E.A. Technique
"the shipping people"

REALISING POSSIBILITIES

Annual Report
2014

KEY HIGHLIGHTS

28%
Revenue grew to RM155.7 million

9%
EBITDA grew to RM56.9 million

47%
Net Assets increased to RM269.9 million

204%
Cash and Equivalents increased to RM64.4 million

RM0.54
Net Asset Value Per Share

Realising Possibilities

The vast resources in the oil and gas industry provide us the perfect platform to harness the immense possibilities that are out there. By implementing long-term strategies, coupled with the right expertise and technologies, we at EA Technique are ready to capitalise on these growth opportunities. Navigating towards regional expansion and diversifying our business, we will continue to retain our competitive advantage and strengthen our position in order to deliver sustainable value.

CONTENTS

VISION

To be the locally preferred service provider of Marine Services with a Global Vision

core businesses

MARINE TRANSPORTATION AND OFFSHORE STORAGE OF OIL & GAS

The main applications of our oil & gas tankers and floating storage units ("FSU") are as follows:-

- Product tankers are used to transport refined petroleum products from oil refineries to end-users or to another refinery for further processing including clean petroleum products ("CPP") and dirty petroleum products ("DPP").
- FSU are typically used to support production platforms as an offshore oil & gas storage facility; and
- Liquid petroleum gas ("LPG") tankers are used to transport liquefied gases including propane, butane and other gases such as propylene and butylene, albeit in smaller concentrations. These gases are required to be transported under high pressure and/or low temperatures to maintain them in a liquid state.

We also operate offshore supply vessels ("OSV"), namely fast crew boats which are primarily used to transport personnel/light cargoes between shore and platform, platform and platform and other offshore facilities.

corporate **profile**

MISSION

A local shipping company focuses and exemplifies attributes of:-

- Safety
- Quality
- Security Culture

E.A. Technique (M) Berhad (E.A. Technique) was incorporated in Malaysia on 18 January 1993 under the Companies Act 1965 as a private limited company as E.A. Technique (M) Sdn. Bhd. On 27 March 2014, we were converted into a public limited company. Subsequently we were listed on the Main Market of Bursa Malaysia on 11 December 2014.

We are principally an owner and operator of marine vessels where our business is focused on marine transportation and offshore storage of oil & gas ("O&G"), and provision of port marine services. The Company is involved in the charter of various types of tankers for the transportation and offshore storage of oil & gas, charter of marine support vessels for the provision of port marine services and charter of Offshore Support Vessels ("OSV") in the form of fast crew boats to transport personnel/light cargoes between shore and platform, platform and platform and other offshore facilities.

As at 31 December 2014, the Company operates a total fleet of 31 marine vessels in their portfolio, which comprises eight (8) oil & gas tankers (inclusive of one (1) Floating Storage unit ("FSU")), two (2) OSVs and 21 marine support vessels. Of the total 31 marine vessels that they operate, E.A. Technique owns 22 of these marine support vessels. The remaining nine (9) marine vessels are chartered from external parties. The Company's vessel operations are supported by their shipyard which is involved in shipbuilding, ship repair and minor fabrication.

PROVISION OF PORT MARINE SERVICES

We are also engaged in the provision of port marine services for petrochemical and bulk and containerised ports in Malaysia. The types of port marine services that we provide at the ports include, among others:-

- Towage services comprising towing, pushing or manouvering vessels; and
- Mooring services involves securing a marine vessel to specially constructed fixtures such as piers, quays, wharfs, jetties, anchor buoys and mooring buoys.

We also provide dockside mooring services where we have mooring personnel to secure vessels to floating structures and fixtures at the wharf.

SHIPBUILDING, SHIP REPAIR AND MINOR FABRICATION

Our shipbuilding and ship repair activities serve as an internal supporting arm to our marine vessels.

- Shipbuilding: Some of the shipbuilding activities that we carry out include construction of hull and structure, installation of machinery, equipment and instruments, and various embedded systems on the deck of the vessel, painting and coating, as well as testing and commissioning.
- Ship repair: Our ship repair utilises the same facilities, equipment and skill set as shipbuilding. Our repair works involves inspection, replacement modification removal and installation and cleaning.

We also undertake the minor fabrication of steel structures in our shipyard. The steel structures that we fabricate are mainly for marine vessels, for example helipad, flare stack, skids and piping systems.

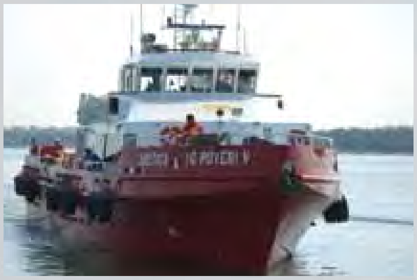
core assets - **our fleet**

OIL TANKER

M.T. Nautica Kota Tinggi
M.T. Nautica Batu Pahat
M.T. Nautica Johor Bahru
M.T. Nautica Maharani
M.T. Princess Sofea
(Formerly Known As M.T. Nautica Kluang)

FLOATING STORAGE UNIT (FSU)

M.T. FOIS Nautica Tembikai
M.T. Nautica Muar



OFFSHORE SUPPORT VESSEL (OSV)

M.V. Nautica Tg. Puteri IV
M.V. Nautica Tg. Puteri V
M.V. Nautica Tg. Puteri XXX

PORT OPERATIONS

M.V. Nautica Tg. Puteri I
M.V. Nautica Tg. Puteri II
M.V. Nautica Tg. Puteri VII
M.V. Nautica Tg. Puteri VIII
M.V. Nautica Tg. Puteri IX
M.V. Nautica Tg. Puteri X
M.V. Nautica Tg. Puteri XI
M.V. Nautica Tg. Puteri XII
M.V. Nautica Tg. Puteri XV
M.V. Nautica Tg. Puteri XVI
M.V. Nautica Tg. Puteri XVII
M.V. Nautica Tg. Puteri XVIII
M.V. Nautica Tg. Puteri XIX
M.V. Nautica Tg. Puteri XX
M.V. Nautica Tg. Puteri XXIV
M.V. Nautica Tg. Puteri XXV

charter-in **vessels**

OIL TANKER

M.T. Maliau

LPG TANKER

M.T. Inge Kosan
M.T. Summer Coral

PORT OPERTATIONS

M.V. KST Sutra
M.V. KST 43
M.V. KST 57
M.V. KST 59
M.V. Badang 7
M.V. Badang 10
M.V. Badang 12

key achievements & milestones

'93

Incorporation of E.A. Technique (M) Sdn. Bhd., which was involved in the provision of marine consultancy services.

'95

Expanded business to include marine vessel operations.

Acquired our first product tanker, Kaikura (disposed of in 2000).

Successfully registered ourselves with Petroliam Nasional Berhad ("PETRONAS") and Ministry of Finance ("MOF").

'97

Secured our first contract with PETRONAS Dagangan Berhad ("PETRONAS Dagangan") for time chartering of our product tanker, namely M.T. Nautica Kluang (currently known as Princess Sofea) for a period of five (5)-year with the option to extend for one (1) additional year, which we have continually extended until end 2013.

'06

Contracted out the design and construction of our first 5,500 DWT double hull product tanker, namely M.T. Nautica Johor Bahru, which was completed in 2008.

'07

Sindora Berhad ("Sindora") acquired a 51% equity stake of our Company.

Incorporated Johor Shipyard and Engineering Sdn Bhd ("Johor Shipyard"), which is involved in shipbuilding, ship repair, and minor fabrication at a rented shipyard in Teluk Intan, Perak.

Acquired a product tanker named M.T. Nautica Muar to service a time charter contract for a period of three (3)-years with the option to extend for one (1) additional year. The vessel was subsequently converted into a FSU in 2013.

Ventured into chartering of OSV to operators in the O&G industry in Malaysia.

'12

Johor Shipyard rented a 10-acre site at Hutan Melintang, Perak as the new location for our shipyard operations. Construction on the new shipyard which is able to accommodate vessels up to 10,000 DWT commenced in June 2013 and was completed in October 2013.

Secured a time charter contract for our FSU. The contract commenced in 2013.

Obtained a three (3)-year contract for four (4) marine vessels for the provision of port marine services for the Sungai Udang LEKAS Regasification Project. Three (3) out of four (4) of the vessels are chartered-in from third parties.

Secured a three (3)-year time charter contract for one (1) of our harbor tugboats.

'13

Secured a one (1)-year contract for the time charter of a pressurised LPG tanker. For the contract, we chartered a 3,728 DWT LPG tanker from an external party.

Obtained a ten (10)-year contract with an option for a two (2)-year extension to construct and operate six (6) new harbor tugboats for Northport. During the interim two (2)-year construction period, three (3) of our vessels with three (3) chartered-in vessels from third parties are currently servicing the contract.

We disposed our entire equity stake in Orkim in April 2013.

‘02

Acquired an additional 4,421 deadweight tonnage (“DWT”) product tanker, namely M.T. Nautica Mersing to complement the above two (2) product tankers until its disposal in 2011.

‘03

Ventured into the operation of liquefied petroleum gas (“LPG”) tankers with an acquisition of a LPG tanker, namely M.T. Nautica Segamat.

‘04

Secured a five (5)-year time charter contract for the time charter of our first LPG tanker, M.T. Nautica Segamat, which was disposed of upon completion of the contract duration.

Obtained a contract for the time charter of two (2) harbor tugboats, namely M.V. Nautica Tg. Puteri I and M.V. Nautica Tg. Puteri II, thus marking our foray into the provision of port marine services.

‘08

Secured three (3) time charter contracts for three (3) units of 10,000 DWT double hull product tankers for a period of ten (10)-years with the option to extend for three (3) additional years.

Involved in the design and construction of our first 10,000 DWT double hull product tanker, namely M.T. Nautica Maharani through Johor Shipyard. The vessel was completed and delivered in 2011.

‘09

We entered into the subscription and share purchase agreement(“SSPA”) to acquire and subscribe an aggregate of approximately 29.9% equity stake in Orkim Sdn. Bhd. (“Orkim”) and subsequently exercised our option to acquire an additional 1.1% in Orkim in 2011.

Secured our first contract for the provision of port marine services incorporating mooring services, crew and time charter of two (2) mooring boats, namely M.V. Nautica Tg. Puteri VII and M.V. Nautica Tg. Puteri VIII for an O&G terminal in Malacca.

‘10

Secured a time charter contract for four (4) tugboats comprising two (2) utility boats and two (2) harbor tugboats via Johor Shipyard, which were subsequently completed in 2011 and 2012, respectively.

‘14

Secured a three (3)-year contract for the time charter of two (2) pressurised LPG tankers and using chartered in third party vessels to service the contract.

Awarded a four (4)-year contract with option to extend for an additional two (2) years from Vestigo Petroleum Sdn. Bhd. for the operations of an FSO to service the Tembikai marginal oilfields.

Acquired an oil tanker to be converted to a Floating Storage and Offloading (“FSO”) to service the Tembikai marginal oilfields, namely M.T. FOIS Nautica Tembikai.

Awarded an eighteen (18)-month contract with the option to extend for an additional sixty (60)-month via a back-to-back time charter party agreement with Libra Perfex Precision Sdn. Bhd. for the provision of tugboat services for the operation of a new floating gas liquefaction facility located offshore Sarawak.

Received Letter of Award for the Provision of Engineering, Procurement, Construction, Installation and Commissioning (“EPCIC”) of a Floating Storage and Offloading (“FSO”) facility for Full Field Development (“FFD”) Project, North Malay Basin valued at USD191.8 million.

E.A. Technique下月11日上市 發行價每股65仙

7 | From left: EA Technique (M) Bhd independent non-executive director Md Tamyes A Rahim, senior independent non-executive director Datuk Anuar Ahmad, independent non-executive director Azli Mohamed, MD Datuk Abdul Hak Md Amin, non-independent non-executive chairman Ahamad Mohamad, non-independent non-executive director Rozan Mohd Sa'at, independent non-executive director Abdul Azim Abdul Halim and independent non-executive director Datuk Mohd Nasir Ali at the company's listing ceremony on Dec 11

每股售价65仙 筹7410万 E.A.Technique 下月挂牌

不怕油价跌影响

EA Technique upbeat on O&G segment

MUHAMMED AHMAD HAMDAN

"We will not be directly impacted by the volatility of the global oil price as we are well-diversified" – Datuk Abdul Hak Md Amin, EA Technique (M) Bhd managing director

EA Technique To Build Two 60-ton Tugboats For Petronas

BAGAN DATOH, March 6 (Bernama) -- Ship- owner and operator of marine vessels for the oil and gas industry EA Technique Sdn Bhd is building two 60-ton tugboats for Petroliam Nasional Bhd's (Petronas) floating liquefied natural gas (FLNG) facility in Labuan.

EA Technique Managing Director Zulkifli Mohd Amin said the company is building a total of four tugboats -- three units with 60-ton bollard pull and one 40-ton unit.

"We will build three of the tugboats at our shipyard in Hutan Melintang, Perak while the other one will be built by a shipping company in Sarawak," he told reporters at EA Techniques's subsidiary Johor Shipyard Engineering Sdn Bhd here Friday.

"EA Technique targets to hand over the four tugboats by Jan 1, 2016, and the value of the 18-month contract is estimated at RM150.5 million," Zulkifli said.

He said with five more vessels on order which are expected to be completed by the first half of this year, the company would be able to enhance operations and replace the marine services vessels it is currently leasing.

EA Technique is also expanding its shipyard, with construction of a 10,000-ton dry dock for repair of ships plying the Melaka Strait expected to begin by year-end, he added.

Pricing IPOs in current market

E.A. Technique expects to raise RM74 million from IPO

media highlights

EA 科技建 4 拖船

IPO募资7410万 EA进军边际油田

E.A.技術IPO籌7410萬

EA Technique: FSO contracts to drive 2015 earnings

E.A. TECHNIQUE TO BUILD 4 MORE TUG BOATS TO SERVICE THE OPERATIONS OF PETRONAS FLOATING LNG 1 (LABUAN) LTD

Malaysian owner and operator of marine vessels to expand its wing into East Malaysia

KUALA LUMPUR, 6 MARCH 2015 – E.A. Technique (M) Berhad ("E.A. Technique" or the "Group") today held keel laying ceremony for the construction of two (2) 60 ton tug boats to service the operations of PETRONAS Floating LNG 1 ("FLNG1") near Labuan. In total, the Company will be servicing four (4) tug boats (3 X 60T and 1 40T) to the FLNG1.

En. Zulkifli bin Mohd Amin, the General Manager shared, "We will be constructing 3 of the tug boats at our own shipyard in Hutan Melintang, Perak and remaining one (1) will be contracted out to a shipyard in Sarawak. We expect to deliver all four (4) tug boats by 1 Jan 2016. The contracts are for 18 months + 60 months extension period starting from 1 Jan 2016. The total contract value is estimated to be RM150.5 mil."

E.A. Technique has also placed an order for 5 new vessels which are currently under construction, and are expected to be delivered throughout 2015. This expansion of their fleet of marine vessels is expected to increase the Group's revenue streams as well as the operational capacity moving forward. These vessels will replace the vessels that E.A. Technique charter-in during construction period.

Utilising funds from their successful IPO, E.A. Technique is also in the process of expanding their shipyard in Hutan Melintang, Perak, focusing on a 10,000 ton dry dock for the repair of vessels, aimed at capturing some of the about 60 thousand ships plying their trade through the Straits of Malacca annually, with construction of this new dry dock and slipway to commence sometime this year.

E.A. TECHNIQUE BAKAL MEMBINA 4 LAGI BOT TUNDA UNTUK PETRONAS FLOATING LNG 1 (LABUAN) LTD

Pemilik dan Operator Perkapalan Luaskan Operasi ke Malaysia Timur

E.A. Technique Bina Dua Bot Tunda 60 Tan Untuk Petronas

EA Technique to convert oil tanker into FSO vessel

EA Technique (M) Bhd, which made its debut on Bursa Malaysia last week, is expecting to convert its oil tanker into a floating, storage and offloading (FSO) vessel next year, as part of expansion plans. According to its managing director Datuk Abdul Hak Md Amin, the FSO is expected to contribute about US$40 mil to the group's topline over the next four years.

4-year financial highlights and summary

	Audited FYE 31 December			
	2014 RM '000	**2013 RM '000**	**2012 RM '000**	**2011 RM '000**
Revenue	**155,657**	121,118	102,724	96,063
Gross Profit ("GP")	**46,048**	40,569	37,111	24,188
Profit Before Taxation ("PBT")	**19,686**	21,116	18,908	12,116
Profit After Taxation ("PAT")	**14,234**	(1) 19,448	18,908	8,652
Shareholders' Funds/Net Assets ("NA")	**269,866**	184,033	126,707	109,799
No. of shares in issue ('000)	**504,000**	(2) 390,000	(2) 390,000	(2) 390,000
NA per Share (RM)	**0.54**	(2) 0.47	(2) 0.32	(2) 0.28
Net Earnings per Share (Sen)	**2.82**	(1) (2) 5.0	(2) 4.8	(2) 2.2
GP margin (%)	**29.58**	33.5	36.1	25.2
PBT margin (%)	**12.65**	(1) 18.1	23.6	12.6
PAT margin (%)	**9.14**	(1) 16.1	18.4	9
Current ratio (times)	**1.38**	0.69	0.42	0.35
Gearing ratio (times)	**1.15**	1.51	1.82	2.35
Average trade receivables turnover period (days)	**(3) 69**	(3) 57	35	34
Average trade payables turnover period (days)	**97**	78	72	67

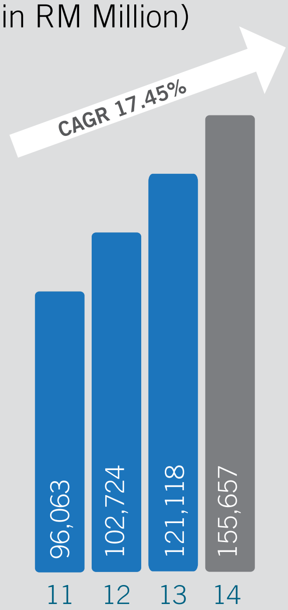
Notes:-

(1) Gain on the disposal of an associate amounting to approximately RM37.5 million was excluded.

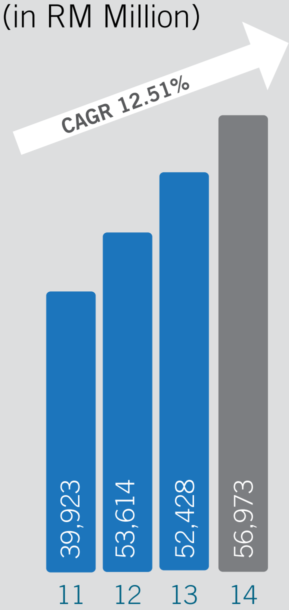
(2) Based on the issued and paid-up share capital prior to the Listing.

(3) Excludes non-current finance lease receivable.

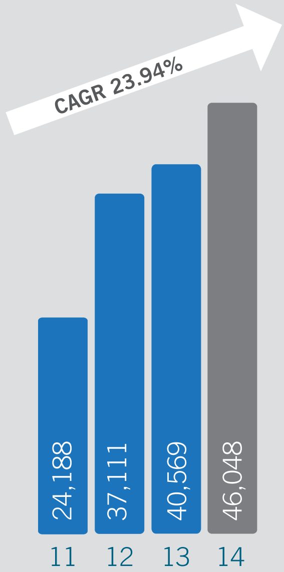
REVENUE
(in RM Million)



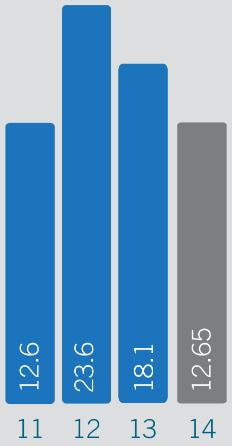
EBITDA
(in RM Million)



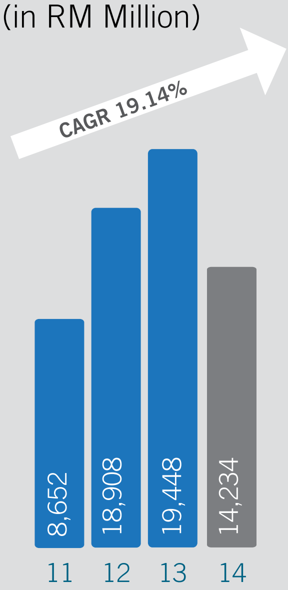
GROSS PROFIT
(in RM Million)



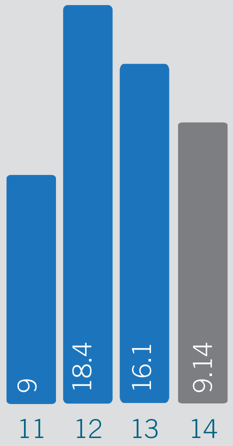
PBT MARGIN
(in %)



PROFIT AFTER TAXATION
(in RM Million)



PAT MARGIN
(in %)



Strategically Aligned For **GROWTH**

We are a shipping company but with our know-how of the oil and gas sector, we develop the best solutions for our diverse customers through collaboration, knowledge and the sharing of best practices.

organisational **structure**

MANAGING DIRECTOR
Dato' Ir Abdul Hak Md Amin

GENERAL MANAGER
JOHOR SHIPYARD AND ENGINEERING SDN BHD
New Kok Ho

Naval Architect - 1
Engineer - 3
HSE/Quality Control -1

Skilled Workers - 9
Unskilled Workers - 3

DIRECTOR
UPSTREAM PROJECTS
Ali Noor Razak Mohd Noor Sidek

BUSINESS DEVELOPMENT/ PROCUMENT MANAGER
Mohd Faizul Abdul Hak

Senior Executive - 1
Executive - 2
Asst Executive - 1

SQS/HSE MANAGER
Capt. Mohamad Nasir Osman

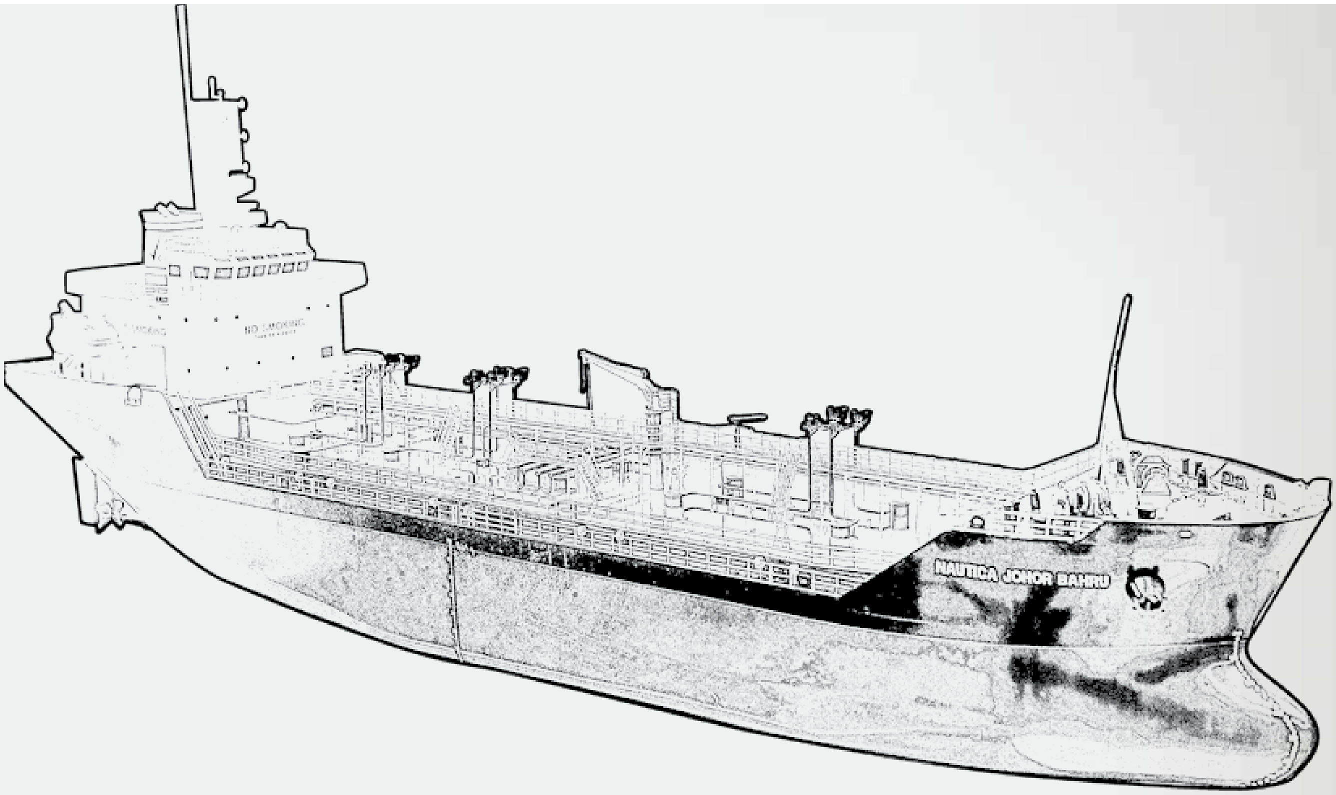
Executive - 4

GENERAL MANAGER
Ir. Zulkifli Mohd Amin

TECHNICAL MANAGER
Tajul Asikin Sallehudin

Asst Technical Manager - 1
Technical Superintendent - 2
Asst Technical Superintendent - 1
Executive - 2

Vessels crew - 263
Mooring crew - 42



DEPUTY GENERAL MANAGER, CORPORATE AFFAIRS
Abdul Rahman Yusoff

CHIEF FINANCIAL OFFICER
Zuraimi Basri

FLEET OPERATION MANAGER
Capt. Mohd Yusni Razali

Deputy Manager - 1
Marine Superintendent - 1
Senior Executive - 1
Executive - 6
Asst Executive - 2

COMMERCIAL MANAGER
Farrah Radziah Abdul Hak

Executive - 1
Asst Executive - 2

ACCOUNT MANAGER
Che Zal Azilah Che Omar

Senior Executive - 2
Executive - 2
Asst Executive - 4
General Workers - 3

corporate information

Board of Directors

Ahamad Mohamad
Non-Independent Non-Executive Chairman

Dato' Ir. Abdul Hak Md Amin
Managing Director

Datuk Anuar Ahmad
Senior Independent Non-Executive Director

Datuk Mohd Nasir Ali
Independent Non-Executive Director

Rozan Mohd Sa'at
Non-Independent Non-Executive Director

Azli Mohamed
Non-Independent Non-Executive Director

Abdul Azmin Abdul Halim
Independent Non-Executive Director

Md Tamyes Hj A.Rahim
Independent Non-Executive Director

Jamaludin Md Ali
Alternate Director to Ahamad Mohamad

Secretaries

Nuraliza A Rahman (MAICSA 7067934)
Sabarudin Harun (MIA 30423)
Telephone : 607-226 7692
Facsimile : 607-222 3044
Email : nuraliza@jcorp.com.my
sabarudin@jcorp.com.my

Registered Office

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80000 Johor Bahru, Johor
Telephone : 607-226 7692
Facsimile : 607-223 3175

Corporate Office

Setiawangsa Business Suites,
Unit C-3A-3A,
No.2 Jalan Setiawangsa 11,
Taman Setiawangsa,
54200 Kuala Lumpur, Malaysia
Telephone : 603-4252 5422
Facsimile : 603-4252 2163

Share Registrar

Pro Corporate Management Services Sdn Bhd
Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru, Johor
Telephone : 607-226 7692
Facsimile : 607-223 3175

Principal Bankers

RHB Bank Berhad
Malayan Banking Berhad

Auditors

Ernst & Young AF: 0039
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia
Telephone : 603-7495 8000
Facsimile : 603-2095 5332
www.ey.com

Audit Committee

Established on 15 July 2014

Chairman
Datuk Anuar Ahmad
Senior Independent Non-Executive Director

Members
Azli Mohamed
Non-Independent Non-Executive Director

Abdul Azmin Abdul Halim
Independent Non-Executive Director

Remuneration Committee

Chairman
Ahamad Mohamad
Non-Independent Non-Executive Chairman

Members
Datuk Anuar Ahmad
Senior Independent Non-Executive Director

Md Tamyes Hj A.Rahim
Independent Non-Executive Director

Nomination Committee

Chairman
Ahamad Mohamad
Non-Independent Non-Executive Chairman

Members
Md Tamyes Hj A.Rahim
Independent Non-Executive Director

Abdul Azmin Abdul Halim
Independent Non-Executive Director

Website

www.eatechnique.com.my

board of **directors**

Ahamad Mohamad
Non-Independent Non-Executive Chairman

Dato' Ir. Abdul Hak Md Amin
Managing Director

Datuk Anuar Ahmad
Senior Independent Non-Executive Director

Rozan Mohd Sa'at
Non-Independent
Non-Executive Director

Azli Mohamed
Non-Independent
Non-Executive Director

Datuk Mohd Nasir Ali
Independent
Non-Executive Director

board of **directors**

Jamaludin Md Ali
Alternate Director

Abdul Azmin Abdul Halim
Independent Non-Executive Director

Md Tamyes Hj A.Rahim
Independent Non-Executive Director

board of **directors profile**

Ahamad Mohamad
Non-Independent Non-Executive Chairman

Ahamad Mohamad, a Malaysian aged 63, is our Non-Independent Non-Executive Chairman. He was appointed to our Board on 12 October 2009. He is also the Chairman of our Nomination and Remuneration Committee. He graduated in 1976 with a Bachelor of Economics (Honours) degree from the University of Malaya. He joined Johor Corporation ("JCorp") in June 1979 as a Company Secretary for various companies within the JCorp Group. He was involved in many of JCorp's projects, among others, the Johor Specialist Hospital and the Kotaraya Complex in Johor Bahru. Presently, he is the Managing Director of Kulim which he held this position since 30 June 1994 and is also a member of the Board of Directors of KPJ Healthcare Berhad .

He is also the Chairman and Director of several other companies within the JCorp Group and a Director of Waqaf An-Nur Corporation Berhad, an Islamic endowment institution that spearheads JCorp Group's corporate responsibility programmes, namely the Corporate Waqaf Concept initiated by JCorp.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of E.A. Technique. He has no personal interest in any business arrangement involving E.A. Technique and has not been convicted for any offences.

Dato' Ir. Abdul Hak Md Amin
Managing Director

Dato' Ir. Abdul Hak Md Amin, a Malaysian aged 60, is our Managing Director. He was appointed to our Board on 1 February 2002. He is responsible for the day-to-day operations and business activities of our Group. He graduated with a Bachelor of Science in Marine Engineering from Merchant Marine Academy, Jakarta in 1976. He also holds a Master of Science in Project Engineering from the University of Lancaster, United Kingdom, a Diploma in Ship Survey from Det Norske Veritas, Oslo, Norway, and the Certificate of Competency as a Foreign Going Marine Engineer.

He is currently registered as a Professional Engineer with the Board of Engineers, Malaysia. He began his career as a marine engineer onboard ocean going vessels owned by Malaysian International Shipping Corporation Sdn Bhd in 1976 prior to becoming a Project Manager with Malaysian Fisheries Development Authority in 1981. In mid of 1981, he worked as a Mill Engineer at Sime Darby Plantation Berhad for approximately two (2) years and later became the Project Engineer at Bank Pembangunan Malaysia Berhad in mid-1983 until end of 1983. Subsequent to his departure, he joined Det Norske Veritas (Singapore) Pte Ltd as a Ship and Engineering Surveyor.

His job scope involved surveying ships in service/in operation, surveying ships under construction, surveying of offshore structures under construction, approval of ship designs, conducting training for newly recruited ship and engineering surveyors, and giving feedback/contributing to the development of "Det Norske Veritas' Steel Ship Rules". During his tenure with Det Norske Veritas (Singapore) Pte Ltd, he was posted to various countries and was subsequently promoted to be a Principal Surveyor in 1990. In the same year, he also became the Managing Director of Det Norske Veritas Sdn Bhd, of which he held the position until 2002.

In 2002, he joined our Company as the Managing Director, focusing on our Company's business strategy and has overseen the growth of our Company from chartering of vessels from third party owners to vessel owning and also shipbuilding. Currently, he is actively involved in the local maritime fraternity and holds many positions in various shipping related non-governmental organisations. He was formerly the President of Institut Kelautan Malaysia ("IKMAL").

Presently, he is the Vice Chairman of Malaysian Shipowners Association ("MASA"), Member of Australia Asia Committee for Bureau Veritas, Member for Nippon Kaiji Kyokai Malaysia Committee, and Chancellor of Ranaco Education and Training Institute ("RETI") Terengganu. He is also the Industry Advisor to University Kuala Lumpur, Malaysian Institute of Marine Engineering Technology ("UNIKL MIMET") and University Technology Malaysia (UTM) for maritime studies. Since 2010, he has been part of the Malaysian delegation at International Maritime Organisation ("IMO")'s Marine Environment Protection Committee ("MEPC") meetings in London.

He is the husband of Datin Hamidah Omar, a substantial shareholder of the Company. Other than as disclosed, he has no other personal interest in any business arrangement involving E.A. Technique and has not been convicted for any offences.

board of **directors profile**

Datuk Anuar Ahmad
Senior Independent Non-Executive Director

Datuk Anuar Ahmad, a Malaysian aged 60, is our Senior Independent Non-Executive Director. He was appointed to our Board on 15 April 2014. He is the Chairman of our Audit Committee and a member of our Remuneration Committee. He graduated in 1977 with a Bachelor of Economics (Honours) from the London School of Economics and Political Science University of London. He started his career in 1977 with PETRONAS Dagangan Berhad ("PETRONAS Dagangan"). During his 36 years of service with the PETRONAS Group, he held various senior managerial and leadership positions in marketing, trading, corporate planning and human resource management until his retirement in April 2014 where his last position held was the Executive Vice President of Gas and Power Business. During his stint with Petroleum National Berhad ("PETRONAS Group"), he was appointed as the Managing Director and Chief Executive Officer in PETRONAS Dagangan from 1998 to 2002. He was also a member of PETRONAS Management Committee and member of PETRONAS board from 2002 to April 2014. He also sat on the board of various companies within PETRONAS Group. In 1997, between his years of service with the PETRONAS Group, he underwent a three (3)-month business management course under the Advanced Management Program at Harvard Business School. Presently, he is a Non-Independent Non-Executive Director of PETRONAS Dagangan which is a company listed on Bursa Securities. He also holds directorships in a few private companies.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of E.A. Technique. He has no personal interest in any business arrangement involving E.A. Technique and has not been convicted for any offences.

Rozan Mohd Sa'at
Non-Independent Non-Executive Director

Rozan bin Mohd Sa'at, a Malaysian aged 55, is our Non-Independent Non-Executive Director. He was appointed to our Board since 1 January 2007.

He graduated with a Bachelor of Economics (Honours) majoring in Mathematics Statistics from Universiti Kebangsaan Malaysia in 1983. He started his career in 1983 as an Administrative Officer in Planning & Research Department of JCorp before being seconded as an Operations Manager in Sergam Berhad, a subsidiary of JCorp in 1986. From 1987 to 1988, he served in the Corporate Communications Department of JCorp as an Administrative Officer. From 1988 to 1993, he was appointed as the Executive Director of several other subsidiaries in JCorp Group. In 1994, he was appointed as the General Manager of JCorp's Tourism Division before assuming the post as Chief Executive of the same Division on 15th June 1996, a post which he held until his appointment as the General Manager, Business Development, JCorp in early 1999.

Prior to his appointment as the Managing Director of Sindora Berhad on 1st September 2002, he served as the Senior General Manager, Business Development of JCorp from 2000 until August 2002. He was appointed as Managing Director of Sindora Berhad in 2002 and resigned in 2014 to assume his new position as the Managing Director of PIJ Holdings Sdn Bhd (PIJH), a wholly-owned subsidiary of Johor State Government, Perbadanan Islam Johor.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of E.A. Technique. He has no personal interest in any business arrangement involving E.A. Technique and has not been convicted for any offences.

Azli Mohamed, a Malaysian aged 46, is our Non-Independent Non-Executive Director. He was appointed to our Board on 15 April 2014. He is a graduate of the Association of Chartered Certified Accountants, United Kingdom and also a member of the Malaysian Institute of Accountants. He began his career as an Audit Assistant in PricewaterhouseCoopers in 1992 and promoted as a Manager which he stayed on until 2001. He left the firm and joined KPJ Healthcare Berhad in 2001 until 2007 as the Group Accountant. He then served JCorp in 2007 as a General Manager, Finance Division until he assumed the current position as the Vice President Finance/Chief Financial Officer of Kulim since 2011. Currently, he also sits on the board of other companies within the JCorp Group and Kulim Group. Given his extensive training and experience in corporate accounting and reporting practices within the JCorp Group, he has been appointed as a member of our Audit Committee.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of E.A. Technique. He has no personal interest in any business arrangement involving E.A. Technique and has not been convicted for any offences.

Azli Mohamed
Non-Independent Non-Executive Director

Datuk Mohd Nasir bin Ali, a Malaysian aged 56, is our Independent Non-Executive Director. He was appointed to the Board on 17 October 2014. He graduated with a Bachelor of Economics (Honours) from the University of Malaya. He also holds a Master of Science (Finance) from the University of Strathclyde, United Kingdom.

He was the Group Executive Director of Utusan Melayu (Malaysia) Berhad until his retirement on 5 June 2014. Prior to that he was the Chief Executive Officer / Executive Director of Kuala Lumpur City Securities Sdn Bhd and General Manager Dealing and Research at Mayban Securities Sdn Bhd.

Presently, he is the Chairman and Independent Non-Executive Director of The Nomad Group Berhad, a company listed on Bursa Malaysia and Chairman of ICB Islamic Bank Limited, a company listed in Dhaka, Bangladesh. He also holds directorships in a few private companies.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of E.A. Technique. He has no personal interest in any business arrangement involving E.A. Technique and has not been convicted for any offences.

Datuk Mohd Nasir Ali
Independent Non-Executive Director

board of **directors profile**

Abdul Azmin Abdul Halim
Independent Non-Executive Director

Abdul Azmin Abdul Halim, a Malaysian aged 61, is our Independent Non-Executive Director. He was appointed to our Board on 15 April 2014. He is also a member of our Audit and Nomination Committee. He obtained a Diploma in Banking Studies from Mara Institute of Technology in 1974. He also obtained a Bachelor of Science degree from Syracuse University, United States in 1976 and Master of Business Administration from Central Michigan University in 1978. He commenced his career in Esso Production Malaysia Inc. in 1978 to 1981 as a Management Executive in the Accounts Department. In 1981, he joined Motorola Malaysia for eight (8)-month as a Cost Accountant prior to joining PETRONAS until his retirement in 2008. During his tenure with PETRONAS, he was a Management Executive in 1981 to 1989 and was subsequently promoted to a Manager, where he was posted to the Commercial Department at the gas processing plant in Kertih, Terengganu in 1989 to 1994 under PETRONAS Gas Sdn Bhd. He later served PETRONAS Carigali Sdn Bhd ("PETRONAS Carigali") in 1994 to 2002 as Senior Manager in the Contracts and Procurement Department and was subsequently transferred to PETRONAS headquarters in 2002 to 2008 as Senior Manager in Tenders and Contracts Division being in charge of companies' tenders and overall licencing and registration.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of E.A. Technique. He has no personal interest in any business arrangement involving E.A. Technique and has not been convicted for any offences.

Md Tamyes Hj A.Rahim
Independent Non-Executive Director

Md Tamyes Hj A.Rahim, a Malaysian aged 63, is our Independent Non-Executive Director. He was appointed to our Board on 15 April 2014. He is also a member of our Remuneration and Nomination Committee. He obtained a Bachelor of Arts degree majoring in Economics in 1974 from Universiti Malaya. He commenced his career in JCorp in 1974 and has held various positions in subsidiary companies and divisions within the JCorp Group. He was the Senior General Manager, Human Resource Development and Administration, JCorp prior to his retirement in year 2008. Previously, he sat on the board of various companies within the JCorp Group during his tenure of service with JCorp. He was appointed as our Independent Non-Executive Director after taking into consideration his wealth of knowledge and experience in human resource and administrative related matters. He left the JCorp Group more than five (5) years ago and since then has not had any business dealings nor holds any directorship in our Company or any of the companies within the JCorp Group following his retirement at the end of year 2008. He is not accustomed to act nor obliged formally or informally to act under the instructions of any other party. We concluded that his length of service in the JCorp Group previously does not interfere with the exercise of independent judgement and ability to act in the best interests of our Company. In addition, we believe that his past experience in the JCorp Group's business and his proven commitment, experience and competence will greatly benefit our Company.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of E.A. Technique. He has no personal interest in any business arrangement involving E.A. Technique and has not been convicted for any offences.

Jamaludin Md Ali, aged 57, was appointed to the Board of E.A. Technique (M) Berhad as Alternate Director to Ahamad Mohamad on 15 March 2015.

He graduated with a Bachelor of Economics (Honours) degree from University of Malaya in 1982 and Master of Business Administration from University of Strathclyde, Glasgow, Scotland in 1987. He started his career with Malayan Banking Berhad as Trainee Officer in 1982 and later served as International Fund Manager in Permodalan Nasional Berhad in 1991. He joined JCorp in 1992 and was appointed the Managing Director of Johor Capital Holdings Sdn Bhd in 1998.

He was also the Group Chief Operating Officer of JCorp since 2001 before he was appointed as the Managing Director of QSR Brands Bhd on 8 June 2006 as well as the Managing Director of KFC Holdings (Malaysia) Bhd on 2 July 2006. He is currently serving as Executive Director of Kulim (Malaysia) Berhad. He is also the Chairman and Director of several other companies within the JCorp Group.

Other than as disclosed, he does not have any family relationship with any director and/or major shareholder of E.A. Technique. He has no personal interest in any business arrangement involving E.A. Technique and has not been convicted for any offences.

Jamaludin Md Ali
Alternate Director to Ahamad Mohamad

company secretaries

from left to right:

Sabarudin Harun
Nuraliza Abdul Rahman
Company Secretaries

management **team**

from left to right:

Syed Khalil UR Rehman
Port Captain

Ali Noor Razak Mohd Noor Sidek
Director
Upstream Projects

New Kok Ho
General Manager
Johor Shipyard and Engineering Sdn Bhd

Farrah Radziah Abdul Hak
Commercial Manager

Mohd Yusni Razali
Fleet Operation Manager

Ahmad Farez Suhami
Deputy Manager, Operations

Zuraimi Basri
Chief Financial Officer

Dato Ir. Abdul Hak Md Amin
Managing Director

Ir. Zulkifli Mohd Amin
General Manager

Mohd Nasir Osman
HSE Manager

Gan Swee Guan
Electrical Superintedant

Che Zal Azilah Che Omar
Account Manager

Mohd Faizal Borhan
Asst. Technical Manager

Mohd Faizul Abdul Hak
Business Development/
Procurement Manager

Abdul Rahman Yusoff
Deputy General Manager
Corporate Affairs

Enabling Innovative **TECHNOLOGIES**

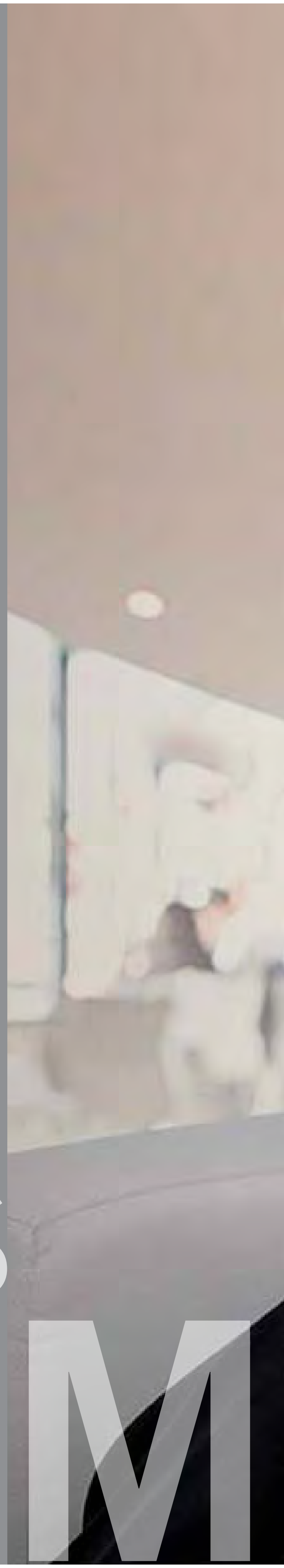
Through our proprietary state-of-the-art technologies, we continue to break new ground with optimised products and solutions whilst continually seeking opportunities through innovative approaches.


FOIS NAUTICA TEMBIKAI

Dear Shareholders,

The year under review ended 31 December 2014 ("FY2014") opened a new chapter in the corporate history of E.A. Technique (M) Berhad ("E.A. Technique" or the "Company").

Chairman's STATEM



AHAMAD MOHAMAD
Chairman

chairman's **statement**

Culminating a transformation journey that began two decades ago, the Company was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") via an Initial Public Offering ("IPO").

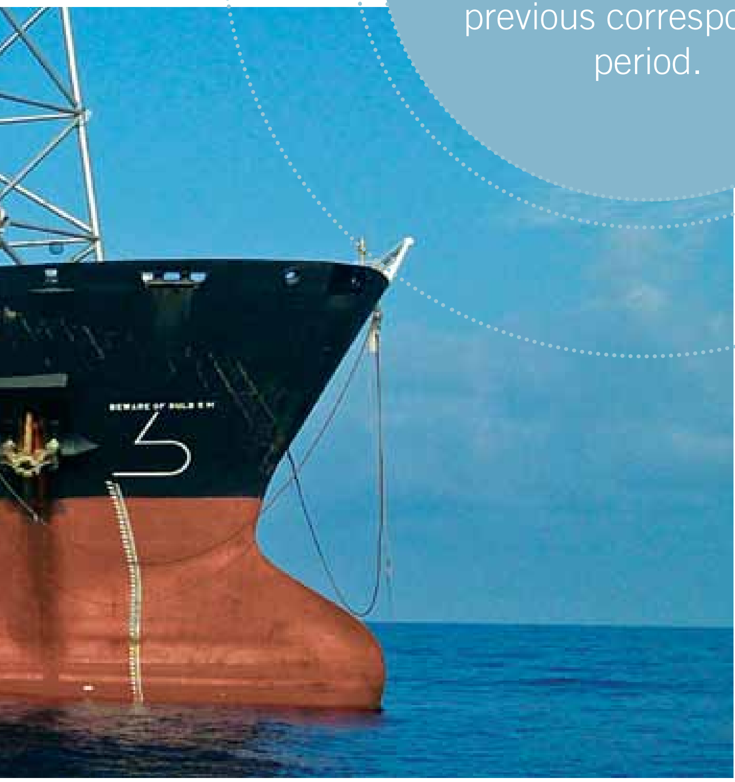
In this inaugural annual report, I am also pleased to report that operationally, FY2014 was also a good year for the Company as we continued to consolidate our position in our core business segments. Despite a competitive environment, a good level of order bookings has translated into a healthy revenue growth of 28.6 percent for FY2014. This has established a strong base for us to meet our longer-term growth goals.

> The successful listing of E.A. Technique has enhanced its stature, giving it greater financial flexibility in tapping the capital markets to pursue its business strategy and growth plans.

The successful listing of E.A. Technique has enhanced its stature, giving it greater financial flexibility in tapping the capital markets to pursue its business strategy and growth plans. This has opened a realm of possibilities in taking the Company to new levels. Having established strong market positions, we have defined the right strategies to realise possibilities for new growth. Our focus now will be on execution to create value and drive tangible results.

As we move forward as a public listed company, we believe that our business strategies and practices must be based on long-term sustainability. While our overriding goal is to provide long-term growth for our

For FY2014, the Group recorded revenue of RM155.7 million, compared to RM121.1 million posted in the previous corresponding period.



shareholders, we are determined to achieve this with a high level of accountability, sustainability and respect for the community and the environment in which we operate. E.A. Technique remains an unfolding story and I invite you to journey with us as we strive to further unlock the tremendous value-creating potential of our businesses and realise our Corporate Vision.

On behalf of the Board of Directors, it is my pleasure to present this inaugural report and audited accounts of E.A. Technique for the financial year ended 31 December 2014.

FINANCIAL PERFORMANCE

For FY2014, the Group recorded revenue of RM155.7 million, compared to RM121.1 million posted in the previous corresponding period. The 28.6 percent increase in revenue was attributed mainly to full year operations for contracts secured in FY2013. Our Marine Transportation and Offshore Storage Operations was the biggest contributor to revenue accounting for RM92.6 million or 59.5 percent, while our Port Marine Services contributed another RM63.1 million or 40.5 percent.

chairman's **statement**

The Group registered a Profit Before Tax ("PBT") of RM19.7 million in FY2014, a decline of 67.0 percent from the previous year. The higher PBT achieved in FY2013 was mainly due to a gain realised in the disposal of an associate company amounting to RM37.5 million and share of profits from the associate amounting to RM2.9 million. The Company also incurred approximately RM5.0 million for its listing expenses, of which RM2.5 million has been recognised in the statement of comprehensive income.

As at 31 December 2014, our total borrowings were around RM331.8 million, with a gearing ratio of approximately 1.15 times. This is mainly because our business strategy of fleet expansion has resulted in significant acquisition of vessels over the past 4 years.

In April 2014, the Board announced the proposed listing of E.A. Technique on the Main Market of Bursa Securities via an IPO exercise. Among others, the IPO would provide an opportunity for the investing community to participate directly in E.A. Technique's equity and continuing growth.

Dividends

E.A. Technique has not formulated a dividend policy or payout ratio. However, it is our intention to pay dividends to shareholders in the future depending on a number of factors, including our financial performance, capital expenditure requirements, general financial conditions and other factors considered relevant by the Board. For the financial year under review, the Board has proposed a dividend payout of 30 percent of Profit After Tax. It is expected that the Company will be maintaining this payout ratio, subject to the abovementioned factors.

CORPORATE DEVELOPMENTS

Since its establishment in January 1993 as a private limited company, E.A. Technique has grown from strength to strength. On 27 March 2014, we became a public limited company setting the stage for the next

phase of our transformation journey. In April 2014, the Board announced the proposed listing of E.A. Technique on the Main Market of Bursa Securities via an IPO exercise. Among others, the IPO would provide an opportunity for the investing community to participate directly in E.A. Technique's equity and continuing growth.

The IPO entailed an offer for sale of 15 million existing shares and a public offering of 114 million new shares, of which 25.2 million new shares were made available to the Malaysian public at an issue price of 65 sen per share. The public response to the IPO was overwhelming, with the public portion oversubscribed by 5.12 times.

On its first day of trading on 11 December, E.A. Technique closed at 46.5 sen with a market capitalisation of RM234.36 million. The 28.5 percent decline was in line with the overall market trend, that was weighed down by the fall in the benchmark Brent crude to below USD65.0 per barrel. We believe that astute investors should be able to look beyond temporal volatilities in the market and see the intrinsic value that our Company has to offer.

CORPORATE GOVERNANCE

As a newly listed public company, E.A. Technique subscribes to the principles and requirements of corporate governance set out in the Malaysian Code on Corporate Governance (MCCG 2012). The Board and Management are committed to maintaining a high level of professionalism, integrity and commitment, underpinned by robust control procedures and risk management framework.

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chairman's **statement**

The Board currently comprises eight members, headed by a Non-Executive Chairman. A strong composition of six Non-Executive Directors ensures the effectiveness of their oversight functions. Given the expertise and experience of Board members in various disciplines and backgrounds, they are well qualified to provide a diversity of views and facilitate effective decision-making. The Board holds regular meetings of no less than four times a year. It also meets to review and approve Company's annual and quarterly financial results prior to submission to Bursa Malaysia. However, Special Board Meetings can be convened as and when necessary.

The Board is responsible for formulating and reviewing the Company's strategic plans and key policies, while providing oversight of the Management's performance, risk assessment and controls over business operations. The daily management of E.A. Technique's business, is however, delegated to the Managing Director and the management team.

In discharging its duties, the Board is assisted by several other Board Committees, such as the Audit, Nomination and Remuneration committees. The Management Committee meets monthly to strategise the business plans and policies of the Company and monitor its operations. The Board has overall responsibility for maintaining a system of internal controls ensuring compliance with internal procedures and guidelines as well as the applicable laws and regulations. The effectiveness of the Company's internal controls is reviewed by the Audit Committee.

We recognise our obligation to systematically manage and review the Company's risk profile at all key levels. To this end, we have developed an Enterprise Risk Management ("ERM") Framework as an essential part of good corporate governance. The ERM Framework will be based on the ISO 310000:2009 – Risk Management Process and will provide the reference for identifying and managing risks associated with the attainment of strategic and operational objectives.

SHAREHOLDER ENGAGEMENT

E.A. Technique aims to strengthen its relationship with shareholders and the general investing public in fulfillment of its corporate responsibility. Wherever possible, we endeavour to disclose and disseminate comprehensive and timely information to our stakeholders so that they can make informed investment decisions. This is not only in compliance with the requirements of Bursa Malaysia's Main Market Listing Requirements but is also in line with the best practices recommended in MCCG 2012.

> However, operators in the marine transportation segment plying the coastal waters, such as E.A. Technique Group, are less likely to be affected as our tankers mainly transport refined petroleum products for domestic consumption. Our port marine services are also less affected by any cut-back in activities in the upstream O&G industry.

We are committed to be open and transparent in our dealings with our stakeholders as we strive to bring value to the Company. To this end, we have established multiple channels of communication to engender a mutually beneficial engagement with our shareholders and the investing public:

- E.A. Technique's corporate website, www.eatechnique.com.my is updated regularly to ensure that our investors, current and future, are able to keep informed about developments within the E.A. Technique Group. Organised into useful categories, the site also contains an Investor Centre that provides stock-price and financial information. Users can also e-mail their enquiries to us via our website.

- Our Annual Report, either in hard copy or CD ROM format, contains comprehensive information about the financial results and activities undertaken by the Group, including our plans for moving forward and the business outlook and prospects.

- The Company also makes quarterly and annual financial results and other important corporate announcements to Bursa Malaysia, which can be accessed through its website.

- Press Releases issued at significant events are another important source of information, which is often picked up by the media and published in the main local papers.

- The Annual General Meeting provides a platform for shareholders to have face-to-face meetings with our senior management team and raise questions or concerns about the Company.

OUTLOOK AND PROSPECTS

The prospects of the marine transportation and support services segment of the O&G industry are closely linked to the overall prospects of the local as well as the global O&G industry. In June 2014, the price of crude oil had started to decline to a five and a half-year low by the end of the year. By year close, the price of the Benchmark Brent crude had fallen to USD57.33 per barrel. (Source: Reuters.com) At these depressed prices, upstream O&G players may find it is no longer economical to explore or produce oil and gas and this would have a cascading effect on other sectors of the industry, including the marine transportation and supporting services segment. In December 2014, PETRONAS had already announced plans to cut its capital expenditure for new projects in 2015 by 15.0 percent to 20.0 percent. (Source : The Sun Daily, 1 December 2014)

chairman's **statement**

However, operators in the marine transportation segment plying the coastal waters, such as E.A. Technique Group, are less likely to be affected as our tankers mainly transport refined petroleum products for domestic consumption. Our port marine services are also less affected by any cut-back in activities in the upstream O&G industry.

The longer-term prospects and outlook of the industry are expected to be favourable based on the following factors:

- According to the International Monetary Fund ("IMF"), global growth will receive a boost from lower oil prices and this would contribute positively to the O&G industry, including the marine transportation and support services segment.

- The rebalancing of the global oil market has yet to run its course, but according to the International Energy Agency ("IEA"), oil prices appear to be stabilising. Oil prices are expected to strengthen in the longer term, which would drive upstream activities and this would have a knock-on effect on demand for marine transportation and support services.

Malaysia has also implemented initiatives that would drive the growth of the domestic O&G industry:

- The O&G industry is central to Malaysia's economic growth. As one of the National Key Economic Areas (NKEA) the sector is expected to achieve an annual growth rate of 5.0 percent up and deliver a Gross National Income ("GNI") of RM131.4 billion by the year 2020. In 2013, there were 100 active Production Sharing Contractors operating in Malaysia. (Source: PETRONAS 2013 Annual Report, page 46) Although PETRONAS has announced a cut in its operating expenditure, projects it has committed to from the previous year are likely to continue to maintain the sustainability of the Malaysian O&G industry.

- To make up for declining O&G production from mature fields, the Government's Economic Transformation Programme has identified Entry Point Projects ("EPP") to rejuvenate existing fields through Enhanced Oil Recovery ("EOR"), develop the more than 100 marginal fields in Malaysia and to intensify exploration activities. PETRONAS has allocated RM1.1 billion until 2018 to rejuvenate mature oil fields.

- An O&G hub is being developed in Southern Johor within Iskandar Malaysia. Projects being developed include the Pengerang Deepwater Petroleum Terminal, Tanjung Langsat Petroleum Terminal, Tanjung Bin Petroleum Terminal, Pengerang Integrated Petroleum Complex and Tanjung Langsat Petroleum Support Services. The increase in refining and storage capacity would provide opportunities for supporting services providers such as E.A. Technique.

Looking ahead, the biggest challenge before us is to live up to our listing expectations. Taking cognizance of our competitive strengths, we are in a strong position to seize unfolding opportunities for a new phase of growth and deliver long-term shareholder value.

ACKNOWLEDGEMENTS

E.A. Technique's transformation journey is one of "Realising Possibilities". At every phase of our journey, this was made possible by our management and staff working closely together creating innovative synergies. Their professionalism, dedication and hard work made FY2014 another positive year for the Company and it is my privilege to work with such a formidable team.

Our success is also due to a great support team, comprising our business associates, bankers, various government agencies, customers and of course, our shareholders. I also wish to record my sincere appreciation to my fellow members of the Board who have been very supportive of all we have set out to achieve.

We have seen our hard work pay off with the listing of E.A. Technique, but this is by no means the end of our transformation journey. We are only at the beginning of a new and more dynamic phase and with the momentum going, you can expect more from us.

I thank all of you.

AHAMAD MOHAMAD
Chairman

25 March 2015


DATO' IR. ABDUL HAK MD AMIN
Managing Director
Review of
OPE

To all our stakeholders,

On behalf of the board of E.A. Technique, it is our pleasure to present the annual report and audited financial statements of the group for the financial year ended 31 December 2014.

RATIONS

review of **operations**

marine transportation and offshore storage of O&G

OVERVIEW

Since June 2014, the price of crude oil had started to decline due to demand and supply dynamics. There was an increase in supply from the United States ("US") from the production of shale oil, but demand for the commodity from the European Union and China was subdued. Under pressure from a global glut, oil prices ended 2014 on a 5½ year low. However, we believe this is a temporary setback for the industry and the crude oil price is expected to hover between USD65 to USD75 per barrel by third quarter of 2015.

Already facing headwinds in 2014, the global economy is only projected to grow marginally by 2.6 percent in 2014. (Source : The World Bank, Global Economic Prospects, January 2015) As an open economy, Malaysia is vulnerable to downside risks in the global environment. Oil prices have had a strong correlation with Malaysia's gross domestic product ("GDP") and according to Bank Negara Malaysia, the country will achieve a more conservative 4.5 percent to 5.5 percent growth in 2014.

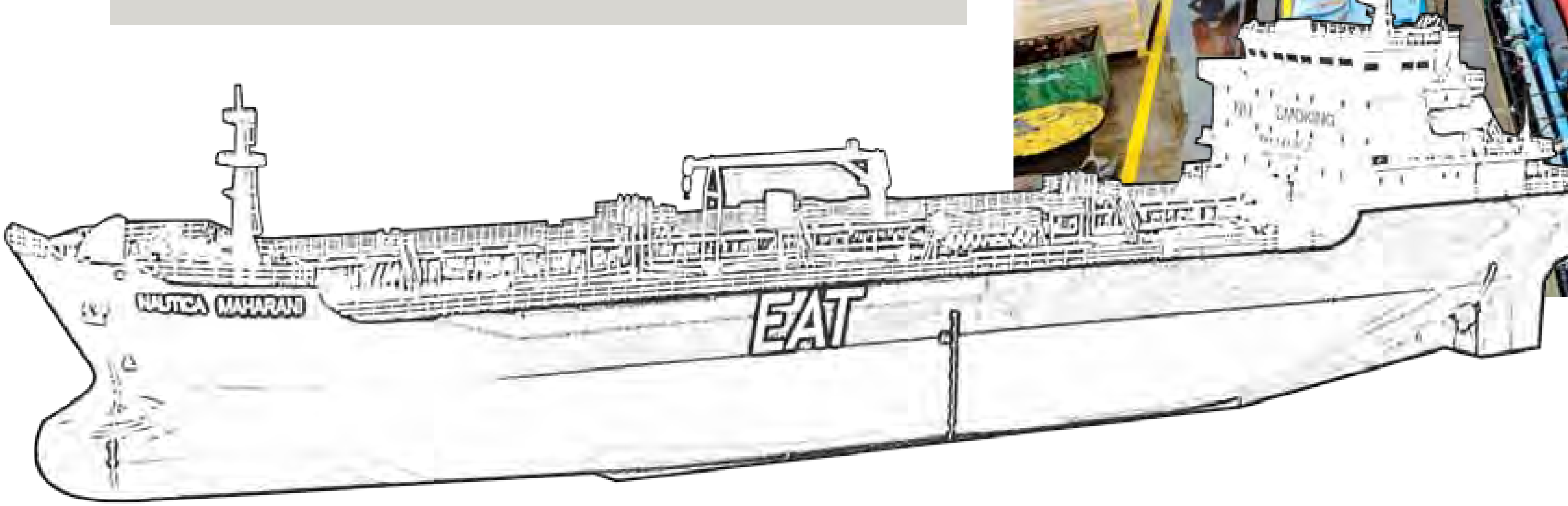
The decline in oil prices may also impact upstream O&G exploration and production activities as players may find it no longer economical to either explore or produce oil and gas. PETRONAS is committed to invest a budgeted capital expenditure ("CAPEX") of RM60.0 billion annually from 2011 until 2015. However, in late 2014, it announced that capital expenditure ("CAPEX") would be cut by between 15.0 percent and 20.0 percent and would need to assess the feasibility of projects.

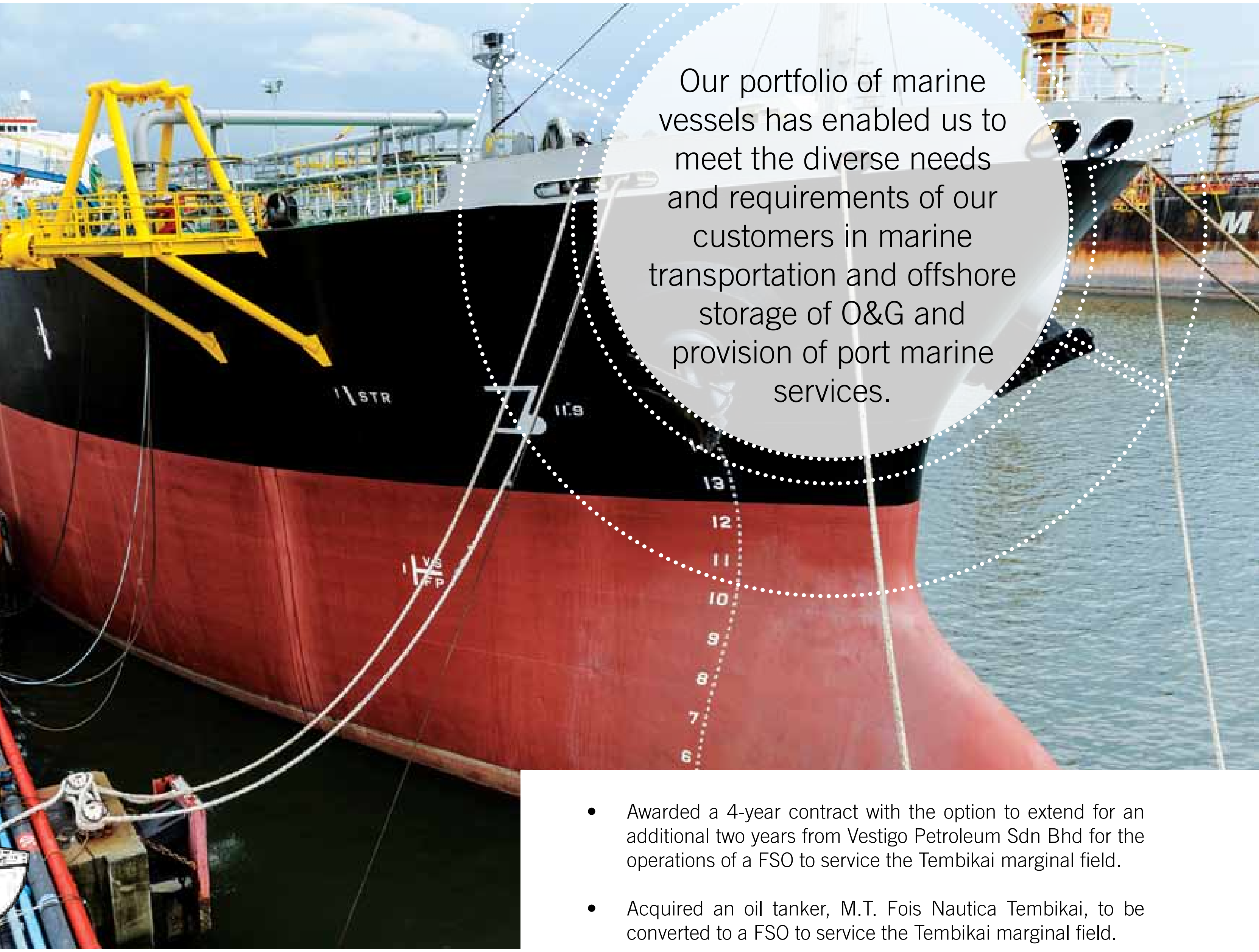
review of **operations**

As an owner and operator of marine vessels, our core business is focused on marine transportation and offshore storage of O&G and provision of port marine services. At year-end 2014, we operated a fleet of 31 marine vessels, comprising eight O&G tankers (including one floating storage unit ("FSU"), 2 offshore support vessels ("OSV") and 21 marine support vessels. We own 22 of these vessels while nine (9) are chartered-in from external parties. Our core business operations are supported by our shipbuilding and ship repair facilities at our shipyard in Hutan Melintang, Perak.

Notwithstanding the challenges in our business environment, FY2014 was a good year for the Group. During the year, we achieved the following milestones:

- M.V.Nautica Tg. Puteri XIX & XX were delivered to E.A. Technique to be commissioned to Northport (Malaysia) Berhad.
- FSU M.T. Nautica Muar redeployed from Kayu Manis Field to Anjung Kecil Field. First offtake from FSU M.T. Nautica Muar successfully carried out on 16 August 2014.
- Secured a three (3)-year contract for the time charter of two pressurised LPG tankers.
- Awarded an 18-month contract with the option to extend for another 60 months for the provision of tugboat services for the operation of a new PETRONAS Floating LNG1 ("PFLNG1") located offshore Sarawak.





Our portfolio of marine vessels has enabled us to meet the diverse needs and requirements of our customers in marine transportation and offshore storage of O&G and provision of port marine services.

- Awarded a 4-year contract with the option to extend for an additional two years from Vestigo Petroleum Sdn Bhd for the operations of a FSO to service the Tembikai marginal field.

- Acquired an oil tanker, M.T. Fois Nautica Tembikai, to be converted to a FSO to service the Tembikai marginal field.

- In December 2014, E.A.Technique earned accreditation to the Integrated Management System covering ISO:9001 Quality Management, ISO:14001 Environmental Management and OHSAS:18001 Occupational Health and Safety Management from the British Standards Institution.

- Received Letter of Award for the Provision of Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") of a Floating Storage and Offloading ("FSO") facility for Full Field Development ("FFD") Project, North Malay Basin valued at USD191.8 million.

review of operations

port marine services

HEALTH, SAFETY AND ENVIRONMENT

As a Company that is ISO:9001, ISO:14001 and OHSAS:18001 compliant, we place strong emphasis on safety management as well as the prevention of pollution. In order to achieve a HSE performance that we can be proud of, we have adopted the following safety management procedures:

- Undertake safe practices and provide a safe working environment during operations
- Establish safeguards against all identified risks
- Continuously provide training and guidance to personnel to improve safety management skills
- Undertake regular maintenance and inspection of our vessels
- Adhere to operating limits and parameters in compliance with industry regulations

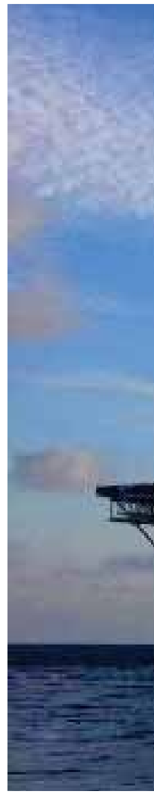
OUR COMPETITIVE STRENGTHS

Notwithstanding the inherent risks of the industry that we are in, we have the competitive advantages and key strengths that will provide us with a solid platform to forge ahead:

review of **operations**

Recent discoveries of oil and gas in Malaysia are positive developments for the industry. Development work to bring these fields into production would result in an increase in demand for, among others, marine transportation and support services.

External demand, via exports, for oil and gas products would also have an impact on the demand for upstream activities, which in turn would affect the demand for offshore oil and gas supporting services.



Track Record and Reputation. Operators with an established track record and market reputation are in a better position to gain customer loyalty and win the confidence and trust of potential customers. With 19 years of experience, E.A. Technique has established a market reputation as one of the major operators in the shipping industry for both upstream and downstream. Our brand presence, strength of our reputation and track record will assist us in securing new customers.

Secured Order Book. Operators that are in a healthy financial position with clear revenue visibility are more likely to retain and attract new customers. As at the end of FY2014, we have secured an order book of approximately RM1.5 billion, which provides the Group with the assurance of a recurring and contractually guaranteed source of revenue. Some of these contracts also contain extension options that are renewable annually worth another RM0.5 billion. Securing the USD191.8 million EPCIC contract from HESS Exploration & Production Malaysia B.V. (a subsidiary of HESS Corporation, USA and listed at NYSE), has catapulted the Company into the world map as one of the key player in the FSO segment.

Ownership of Marine Vessels. As at the end of FY2014, the Group owned a fleet of 22 marine vessels. Another nine (9) marine vessels were chartered-in from external parties. Six (6) additional tugboats are being constructed at our shipyard and will be delivered in phases up till mid-2015. This gives us the flexibility to meet the diverse requirements of our clients. E.A. Technique is now one of the top four (4) operators of product tankers in Malaysia with an estimated market share of 8.0 percent. We are also one of two (2) major players engaged in the port marine services.

In-house Shipbuilding and Ship Repair Capabilities. Having our own in-house capabilities has given us an advantage in being able to respond swiftly to favorable market conditions. Besides lowering our operating costs, we are also able to carry out more regular maintenance of our vessels, thus increasing their lifespan.

PETRONAS Approved Licences. Participants in the Malaysian O&G industry require the appropriate licences from PETRONAS, as custodian of the nation's petroleum resources. This requirement serves as a high entry barrier to potential new competitors. E.A. Technique has been licensed by PETRONAS to provide a range of services, including operations of floating offshore facilities, fast crew boats, safety standby vessels, tug vessels, petroleum product tankers and LPG tankers.

High Utilisation Rates. High utilisation rates and relatively long-term contracts for our marine vessels have provided us with a stable and recurring revenue stream while maximising earnings. As at year-end 2014, all our marine vessels have been contracted.

Compliance with International Standards. Vessel operators must be able to provide an assurance of quality to its customers. In December 2014, E.A. Technique received three ISO Certifications from the British Standards Institution, namely OHSAS:18001 Occupational Health and Safety Management, ISO:9001 Quality Management and ISO:14001 for Environmental Management.

review of **operations**

ship building, ship repair, and minor fabrication

Diversified Revenue Streams. The Group has very diversified core businesses, namely marine transportation, offshore storage of O&G, provision of port marine services and O&G engineering solutions. This differentiates us from our competitors and provide growth opportunities in each of these niche business segments.

MOVING FORWARD

E.A. Technique is relatively insulated by the volatility in oil prices as all the contracts it has secured are long-term and have already been locked-in. As at the end of FY2014, the Group has a total orderbook of about RM1.5 billion, which ensures revenue visibility over the mid to longer term and will keep us busy until 2025. This puts us in a comfortable position to bid for projects strategic to our growth plans.

In fact, the decline in oil prices may work in favour of the Company in terms of reducing its operating costs as fuel usage comprises 30.0 percent its costs. Even though PETRONAS has announced it is reducing its capex, the main industry players will need to move on with their plans despite the volatile oil prices. About RM1.0 billion worth of projects will be up for bidding in 2015 and we have already secured a RM150.5 million contract to build three 60-ton harbour tugs plus one 40-ton harbour tug for PFLNG1.

review of **operations**

IPO Proceeds. The Group has set aside RM19.2 million from the IPO proceeds to convert a 47,172 DWT oil tanker into a FSO. The FSO is expected to commence operations by May 2015 and will be deployed at an offshore oilfield where E.A. Technique has been awarded a 4-year contract with the optional extension of another 2-years for the time charter contract of the FSO.

The Group has earmarked RM10.0 million to its shipbuilding facilities on a rented 10-acre piece of land in Hutan Melintang, Perak with the construction of a dry dock to accommodate vessels of up to 120 meters in length. A new slipway that is capable of handling up to 4,000 DWT capacity for vessel construction and repairs will also be constructed. The construction of the new dry-dock and slipway will commence in the second quarter of 2015.

Fleet expansion. The Group plans to acquire two (2) fast crew boats and two (2) harbour tugs to cater for future business opportunities in the Malaysian O&G industry. The acquisition of these vessels will be funded through internally generated funds and/or bank borrowings.

We are currently in the midst of constructing six (6) harbour tugs to be delivered in phases up till mid-2015. The new tugboats will replace the existing vessels servicing our Northport contract and the Kertih Port.

Expanding our Customer Base. Through long-term contracts, the Group has established a stable business relationship with the PETRONAS Group. To diversify our customer base, we have secured contracts with Northport (Malaysia) Bhd, MTC Engineering Sdn Bhd and HESS Exploration and Production Malaysia B.V. All these companies have since become our major customers, contributing more than 50.0 percent to our total revenue for 2015. We can foresee our business and customer base growing in line with the expansion of our asset base as well as shipbuilding capabilities and we have identified potential foreign clients in our business plan.

Shipbuilding, Ship Repair and Minor Fabrication. Undertaken by our wholly-owned subsidiary, Johor Shipyard, our shipbuilding and ship repair activities serve as an internal supporting arm for our other operations. The facility is capable of constructing one vessel of up to 10,000 DWT or six (6) tugboats at any one time.

APPRECIATION

A great deal of hard work has come to fruition over the past year. During the year, our people were called upon to do more than ever and in almost every respect, they delivered. I truly believe we have the best people in the business and I thank them all for their contributions in the making of this great Company.

Looking ahead, the future is bright and I am confident that E.A. Technique will continue to prosper for the benefit of all our stakeholders.

Thank you.

DATO' IR. ABDUL HAK MD AMIN
Managing Director

25 March 2015

corporate **responsibility statement**

We believe that the way to build a sustainable business is to strike a balance between profitability and social conscience. Thus, even as we grow, we believe that our success must be inclusive. This means that while we are committed to making a healthy profit, we also want to ensure that our corporate social responsibility ("CSR") initiatives will have a positive impact for the betterment of our people, the communities in which we operate and environment.

Our employees are the ultimate source of our competitive advantage and we face real competition from the rest of Corporate Malaysia to attract and retain the best talent.

Our employees are the ultimate source of our competitive advantage and we face real competition from the rest of Corporate Malaysia to attract and retain the best talent. E.A. Technique's employment value proposition includes job stability, opportunities for development and a competitive remuneration package. We value the health and safety of everyone who works for our Company and we want to inculcate a performance-driven culture that is marked by openness, integrity and empowerment. We take the training of our human resources very seriously and our training programmes are tailored to support the training needs of staff at every phase of the employment life cycle to ensure optimal job performance and career advancement.

While our people are expected to work hard as a bedrock element of our success, we ensure that it is balanced with time set aside for social and recreational activities. Last year, in conjunction with the Hari Raya festivities, we organised an Open House at our Kertih Branch Office attended by over 200 people, including our staff members, suppliers and invited guests.

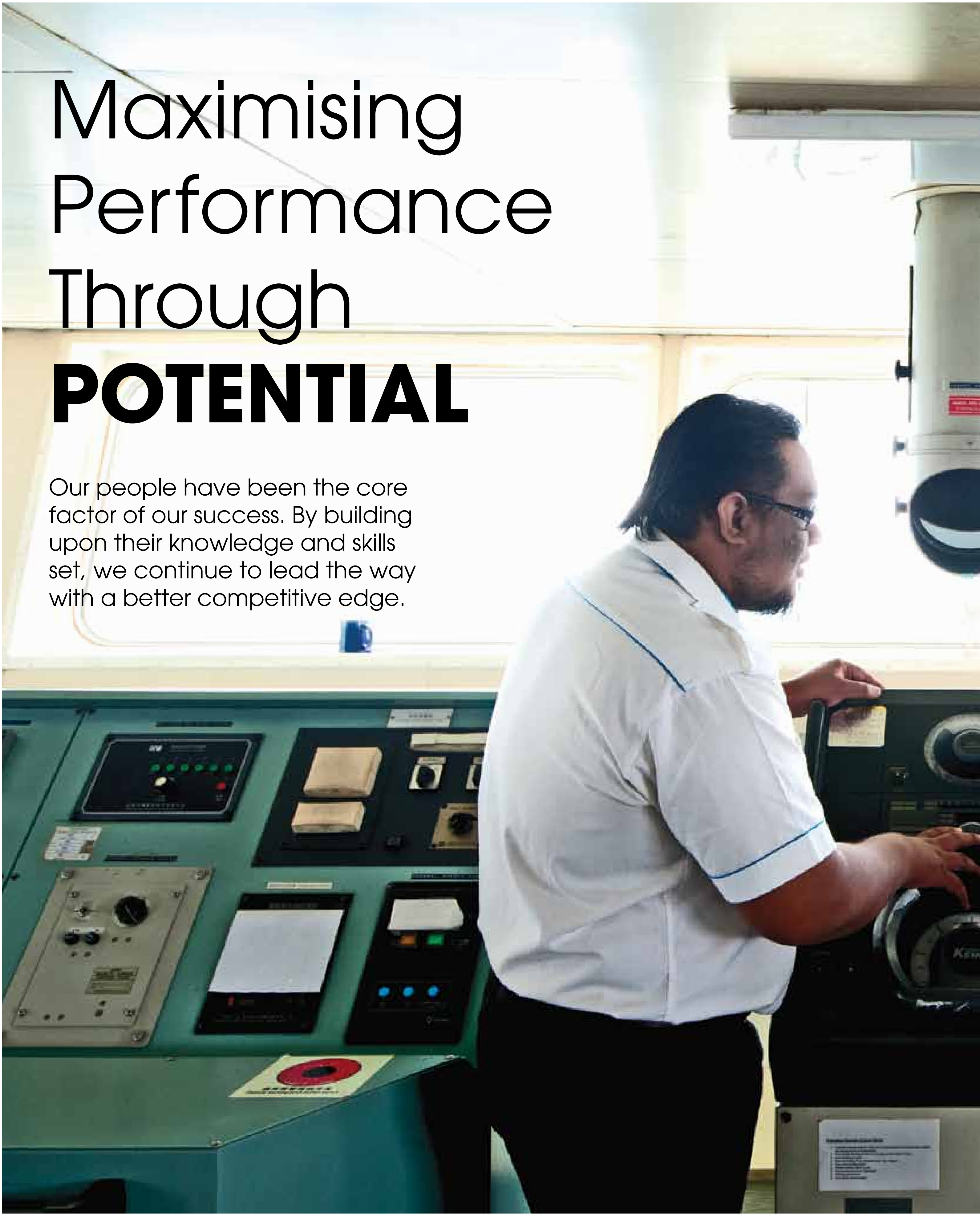
In fulfilling our commitment to the environment, one of the most important steps we have taken is to earn accreditation to ISO:14001 Environmental Management Standard, which is an internationally recognised environmental management standard. It provides a systematic framework for us to manage the immediate and long-term environmental impacts of our activities.

In reaching out to the community, our management and staff are encouraged to get involved in welfare work and charity projects. Volunteerism was very much in evidence during the year-end floods that inundated several east coast states of Peninsular Malaysia. Our people were quick to respond with cash and kind, rallying together to participate in the flood-relief efforts. Over the same period, our M.V. Nautica Tg Puteri IV also rescued five fishermen who were adrift at sea after their fishing boat had sunk.

These are still early days for E.A. Technique as a newly listed entity and CSR is still a work in progress. The options open to us are many and varied and we need some time to come up with an encompassing CSR strategy and roll out programmes that will be both meaningful and relevant.

Maximising Performance Through **POTENTIAL**

Our people have been the core factor of our success. By building upon their knowledge and skills set, we continue to lead the way with a better competitive edge.



calendar of events 2014

JANUARY

11 JANUARY 2014

Delivery of M.V. Nautica Tg. Puteri XIX
Venue: Northport (Malaysia) Bhd

M.V. Nautica Tg. Puteri XIX was officially delivered to E.A. Technique. on 19 December 2013 by Pax Ocean Engineering Zhuhai Co. Ltd. This 45 Bollard Pill vessel is powered by 3,600 BHP Niigata. Diesel Engine 6L25HX. M.V Nautica Tg. Puteri XIX was officially hired by Northport (Malaysia) Bhd on 11 January 2014, to start the 10 years contract with an option of 2 years extension.

28 JANUARY 2014

Delivery of M.V. Nautica Tg. Puteri XX
Venue: Northport (Malaysia) Bhd

M.V. Nautica Tg. Puteri XX was officially delivered to E.A. Technique (M) Sdn. Bhd. on 27 December 2013 from Pax Ocean Engineering Zhuhai Co. Ltd. China. This 45 Bollard Pull vessel is powered by 3,600 BHP Niigata Diesel Engine 6L25HX. M.V. Nautica Tg. Puteri XX is a sister vessel of M.V. Nautica Tg. Puteri XIX and a second vessel delivered to Northport (Malaysia) Bhd on 28 January 2014 for the same contract.

FEBRUARY

14 FEBRUARY 2014

Launching Ceremony for Integrated Management System (ISO:9001, ISO:14001, OHSAS:18001)
Venue: E.A. Technique's Headquarters

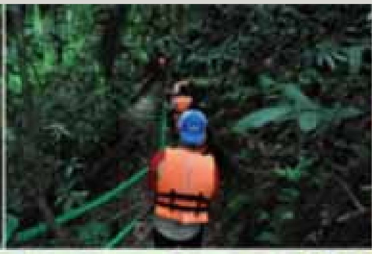
Launching ceremony for Integrated Management System to announce our commitment and share our vision and mission towards the certification among employees was held at E.A. Technique's headquarters in Setiawangsa.

19 – 20 FEBRUARY 2015

Legal & Requirement Training (Integrated Management System)
Venue : Tanah Aina Farrah Soraya, Bentong, Pahang.

E.A. Technique's training days was held at Tanah Aina Farrah Soraya, Bentong Pahang on 19 – 20 February 2014.

- Legal and requirement training in achieving ISO:9001, ISO:14001 and OHSAS:18001 certification.
- Environmental sustaining awareness.





calendar of events 2014

AUGUST

25 AUGUST 2014

Hari Raya Feasts for Clients, Suppliers and E.A Technique's Employees / Crew
Venue : E.A. Technique's Kertih Branch

E.A. Technique hosted a Hari Raya Open House for over 200 guests inviting clients, suppliers, crew staff / E.A Technique's employees across Kertih area. The festive event was held at Bangunan Pentadbiran KPSB on 21 August 2014.

OCTOBER

28 OCTOBER 2014

E.A. Technique's Harbour Tugs Help Put Out the Flames
Venue: Westports Malaysia, Port Klang

M.V. Nautica Tg Puteri II and M.V. Nautica Tg Puteri XX were called to help extinguish fire on 2 container vessels that were involved in a collision at Westports, Port Klang. The fire onboard M.V. Al Riffa and M.V. San Felipe were extinguished on 28 October and 29 October 2014 respectively.


KHAMIS
Harian Metro

24 jam padam kebakaran kapal

NOVEMBER

22 NOVEMBER 2014

Launching of M.V. Nautica Tg. Puteri XXIV
Venue: Johor Shipyard and Engineering Sdn Bhd

E.A. Technique launched a new harbour tug namely M.V. Nautica Tg. Puteri XXIV at Johor Shipyard in Hutan Melintang, Perak on 22 November 2014. The vessel is a 30.50 meter long new built harbour tug which is powered by Niigata 6L26HLX engines.

24 NOVEMBER 2014

Launching of IPO Prospectus
Venue: Sentral Ballroom A, Hilton Kuala Lumpur

E.A. Technique announced launching of IPO Prospectus on 24 November 2014 at Hilton Kuala Lumpur. It involved an offering of a total of 129 million ordinary shares of RM0.25 each, comprising an offer for sale of 15 million existing shares and a public issue of 114 million new shares. A total of 78.8 million issue shares were made available for application by way of private placement to institutional and selected investors and 25.2 million issue shares were made available for application by the Malaysian public at the IPO price of RM0.65. Meanwhile, 10 million issue shares were made available for application by eligible directors and employees of E.A. Technique and its subsidiary at the IPO price.

calendar of events 2014

DECEMBER

8 DECEMBER 2014

Rescue At Sea-NTPIV
Venue: Offshore Bintulu, Malaysia

E.A. Technique's vessel M.V. Nautica Tg. Puteri IV had managed to rescue 5 fishermen from a Malaysian fishing boat that sank in offshore Bintulu, Sarawak. All of them were given food before being handed over to the local authorities.

11 DECEMBER 2014

E.A. Technique (M) Berhad was officially listed on the Main Market of Bursa Malaysia
Venue : Listing Gallery, Ground Floor, Bursa Malaysia, Kuala Lumpur

E.A. Technique (M) Berhad was officially listed on the Main Market (Trading Services) of Bursa Malaysia on 11 December 2014.

statement of **corporate governance**

E.A. Technique remains steadfast in its commitment to excellence in corporate governance standards. We adhere to the principles and best practices of corporate governance. It is a fundamental part of how we discharge our duties and responsibilities towards protecting and enhancing our shareholders' value as well as ensuring that we achieve long term sustainable financial performance. The strong culture and values in the company, nurtured since its inception, and reinforced with each succeeding year, are even more important now than in earlier years given the current challenging business environment.

The Company continues to take a long-term view, striving to deliver sustainable shareholder value and to protect stakeholders' interests. The Board and Management are fully committed to maintaining professionalism, integrity and commitment at all levels, underpinned by robust procedures and risk management system.

As a public Company listed on Bursa Malaysia Securities Berhad (Bursa Malaysia), E.A. Technique conforms with the principles and guidelines of corporate governance set out in the Bursa Malaysia Listing Requirements and Malaysian Code of Corporate Governance (the Code).

BOARD OF DIRECTORS

Size and Composition of Board

The Chairman serves as a bridge between the Board, Management and shareholders. The Chairman ensures that the Board discharge their fiduciary duties, including duty of care, loyalty and candor.

The Board currently comprises 8 Members. The size and composition of the Board are adequate to provide a diversity of views, facilitate effective decision making and appropriate balance of executive, independent and non-independent directors. The Directors come from diverse backgrounds with expertise and skills in economics, accounting, business, science and banking.

Ahamad Mohamad, Chairman of E.A. Technique has received several awards for his excellent achievements as a Managing Director (leading Kulim (Malaysia) Berhad) and a transformational leader and also a member of board of directors of many companies. His relentless and significant contributions in the plantation industry and socio-economic development initiatives are remarkable.

Dato' Abdul Hak Md Amin has vast hands-on experience in the shipping indutry. He is actively involved in the local maritime fraternity and holds many positions in various shipping related NGOs.

Rozan Mohd Sa'at has wide experience and knowledge in steering a previously public listed company, Sindora Berhad and appointed as Executive Director of several JCorp Group's subsidiaries. He is currently the Managing Director of PIJ Holdings Sdn Bhd.

Azli Mohamed has wide experience in the accounting field when he was with one of the Top 5 Accounting Firms and several public listed companies. His current position is Vice President/Chief Financial Officer of Kulim and sits in several board of companies within JCorp Group.

Datuk Anuar Ahmad held various senior managerial and leadership positions in marketing, trading, corporate planning and human resource management.

Datuk Mohd Nasir Ali has wide experience and knowledge in the financial industry which is recognised by his appointment as the Chairman/Director of several organisations/companies in private companies.

Abdul Azmin Abdul Halim has vast experience in the Oil & Gas industry, having served several major oil companies since 1978.

Md Tamyes Hj A.Rahim had held various prominent and senior positions and sat on the board of various companies within the JCorp Group during his tenure of service with JCorp previously.

The profile of each of the Member of the Board is as presented on pages 21 to 25 of this annual report.

Board Balance and Independence of Directors

The Board comprises a Non-Executive Chairman together with the strong presence of 6 Non-Executive Directors, whereby more than one third are Independent Non-Executive Directors.

The appointment of the 6 Non-Executive Directors is to ensure the effectiveness of the Board in their oversight of the duties of management. They are not employees and they do not participate in the day-to-day management as well as the daily business of E.A. Technique. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business direction and business performances.

The Nomination Committee and the Board concluded that the Independent Non-Executive Directors continues to be independent, and demonstrates conduct and behaviour that are essential indicators of independence, and that each of them continues to comply with the requirements as Independent Director as defined in the Bursa Malaysia Listing Requirements.

statement of **corporate governance**

One of the recommendations of the Malaysian Code of Corporate Governance (MCCG 2012) states that the tenure of an Independent Director should not exceed a cumulative of 9 years and none of the Independent Director exceeds the tenure of 9 years. Each of the 6 Independent Non-Executive Directors has provided an annual confirmation of his/her independence to the Nomination Committee and the Board.

Directors' Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

Duties and Responsibilities of the Board

The Board delegates the day-to-day management of E.A. Technique's business to the Management Committee, but reserves for its consideration significant matters such as the following:

- Approval of financial results
- Declaration of dividends
- Operational control
- Risk management
- Short-term and medium term strategic business plans
- Annual budget
- Capital management plan
- Credit policy
- Appointment of key responsible persons

The Board delegates and confers some of the Board's authorities and discretion on the Managing Director as well as on properly constituted Board Committees comprising non-Executive Directors.

The Board Members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest standards of corporate governance and corporate conduct are adhered to, in order for E.A. Technique to achieve strong financial performance for each financial year and more importantly, delivers long-term and sustainable value to stakeholders.

The Board is responsible for formulating and reviewing the company's strategic plans and key policies, and charting the course of its business operations whilst providing effective oversight of the Management's performance, risk assessment and controls over business operation.

The principal responsibilities of the Board include the following:

- Formulating the company's annual business plans and the medium term and long-term strategic plans.
- Approving the company's annual budget and carrying out periodic review of the achievements by the various operating divisions against their respective business targets.
- Prescribing the minimum standards and establishing policies on the management of risk and other key areas of the company's operations.
- Overseeing the company's business operations and financial performance.
- Ensuring that the operating infrastructure, systems of control, systems for risk identification and management, financial and operational controls are in place and properly implemented.
- Undertaking various functions and responsibilities as specified in the guidelines and directives issued from time to time.

The Board has established the roles and responsibilities of the Non-Executive Chairman which are distinct and separate from the duties and responsibilities of the Managing Director/ Chief Executive Officer, ensures an appropriate balance of role, responsibility and accountability of Board level.

The Non-Executive Directors are independent of the Management. Their role is to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with the Management at all levels, and they engage with the external and internal auditors to address matters concerning the management and oversight of E.A. Techniques' business and operations.

The Board has defined the roles and responsibilities of Non-Executive Directors, which include the following:

- Providing independent and objective views (in the case of Independent Non-Executive Directors), assessment and suggestions in deliberations of the Board).
- Ensuring effective check and balance in the proceedings of the Board.
- Mitigating any possible conflict of interest between the policy making process and day-to-day management of the Company.
- Constructively challenging and contributing to the development of the business strategies and direction of the Company.

- Ensuring that there are adequate systems and controls to safeguard the interests of the Company and the stakeholders.
- Ensuring that the culture of accountability, transparency, integrity and professionalism and responsible conduct is consistently adhered to in the Company.

The Directors are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities. The cost of procuring these professional services will be borne by the Company.

Board Charter

The Board had formalised on Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set out in the policy documents and guidelines issued by the regulatory authorities. The Board Charter covers the following key areas:

- Composition, Maximum Tenure for Independent Directors and Age Limit of Directors
- Annual Review of Directors
- New Appointment/Re-appointment/Re-election of Directors
- Principal Duties and Responsibilities of the Board
- Power Delegation
- Roles of Non-Executive Chairman
- Roles of Managing Director
- Roles of Non-Executive Directors

Board Meetings and Supply of Information

The Board holds regular meetings of no less than 4 times a year. In addition, the Board also meets as soon as the Company's annual results and upcoming quarterly results are finalised in order to review and approve the results for submissions to Bursa Malaysia. Special Board meetings maybe convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration.

At the Board meetings, the Board reviews management reports on the business performance of E.A. Technique and review inter-alia, the results compared to the preceding month and year-to-date. As part of the integrated risk management initiatives, the Board is informed of the decisions and salient issues deliberated by the Board Committees and main Working Committees. The Board Members deliberate, and in the process, assess the viability of business propositions and corporate proposals and the principal risks that may have significant impact on the Company's business or on its financial position and the mitigating factors.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient audit findings deliberated at the Audit Committee meetings and which require the Board's notice or direction.

The Chairman of the Risk Management Committee would inform the Directors at Board meetings of salient issues and views raised at the Risk Management Committee meetings which require the Board's discussion on actions that may be required to be taken by the Management.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least 7 days before the Board meeting. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting. Meeting papers tabled to the Board include progress reports on business operations, detailed information on business propositions and corporate proposals including where relevant, supporting documents such as risk evaluations and professional advice from solicitors or advisers.

The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly by the Company. An interested Director is required to abstain from deliberations and decisions of the Board on the transaction and he or she does not exercise any influence over the Board in respect of the transaction. In the event a corporate proposal is required to be approved by shareholders, interested Directors are required to abstain from voting in respect of their shareholdings in E.A. Technique on the resolutions pertaining to the corporate proposals, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the subsequent Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation and upon receiving confirmation from all the members of the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

statement of **corporate governance**

The Board has direct access to the Senior Management and has unrestricted and immediate access to any information relating to E.A. Technique's business and affairs in the discharge of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board.

The Board met five (5) times during the financial year 2014 and all Directors have complied with the minimum 50% attendance as required by Para 15.05 of the Listing Requirements. The members of the Board of Directors and their attendances at Board meetings in 2014 are set out below:

	26th BOD 23.2.2014	27th BOD 15.7.2014	28th BOD 25.9.2014	Special BOD 5.11.2014	Special BOD 4.12.2014	% Based on Meetings after Date Appointed
Ahamad Mohamad	/	/	/	/	/	100
Dato' Ir. Abdul Hak Md Amin	/	/	/	/	/	100
Datuk Anuar Ahmad	NA	/	/	/	/	100
Datuk Mohd Nasir Ali	NA	NA	NA	/	/	100
Rozan Mohd Sa'at	/	/	/	/	/	100
Md Tamyes Hj A.Rahim	NA	/	/	/	/	100
Abdul Azmin Abdul Halim	NA	/	/	/	/	100
Azli Mohamed	NA	/	/	/	/	100

Notes:-

- Datuk Anuar Ahmad was appointed to the Board as Independent Non-Executive Director on 15.04.2014;
- Abdul Azmin Abdul Halim was appointed to the Board as Independent Non-Executive Director on 15.04.2014;
- Azli Mohamed was appointed to the Board as Non-Independent Non-Executive Director on 15.04.2014;
- Md Tamyes Hj A.Rahim was appointed to the Board as Independent Non-Executive Director on 15.04.2014;
- Datuk Mohd Nasir Ali was appointed to the Board as Independent Non-Executive Director on 17.10.2014;
- Md Faizal Abdullah was appointed to the Board as Independent Non-Executive Director on 15.04.2014 and resigned on 17.10.2014.

Company Secretary

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regulary updated and apprised by the Company Secretary who is very experienced, competent and knowledgable on new statues and directives issued by the regulatory authorities. The Secretary gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and Directors arising from new statues and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in E.A. Technique shares, in accordance with the black-out periods for dealing of the Company's securities pursuant to Chapter 14 of the Bursa Malaysia Main Market Listing Requirements.

The Company Secretary attends and ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary also facilitates timely communication and decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretary works closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

Training and Development of Directors

Directors' training is an on-going process as Directors recognise the need to continually develop and refresh their knowledge and skills, and to update themselves on developments in the industry and business landscape both domestically and internationally.

During the financial year 2014, the Members of E.A. Technique Board had attained training on areas relevant to their duties and responsibilities as Directors by attending external seminars/talks and internally facilitated sessions and through reading materials. It works as a platform for directors to gain exposure in best practices to perform their fiduciary duties and responsibilities apart from enhancing ethical behaviour, detection and prevention of fraud through assessing case studies.

The Directors also keep up-to-date with market developments and related issues through Board discussion meetings with the Managing Director, Chief Operating Officer, Chief Financial Officer and other Senior Management Officers and through the Company's Management seminars.

New Appointment and Re-Appointment of Director

The Nomination Committee established by the Board is responsible for assessing the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decision.

The Nomination Committee is responsible for assessing the performance of Directors whose current term of appointment is due to expire, and submitting their recommendation to the Board for decision on re-appointment of the Director concerned.

Re-Appointment and Re-Election of Directors

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

At every annual general meeting of E.A. Technique, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election. All Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. The performance of those Directors who are subject to re-appointment and re-election of Directors at the annual general meeting will be assessed by the Nomination Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment or re-election of the Director concerned for shareholders' approval at the next annual general meeting.

Directors' Remuneration

The Remuneration Committee carries out the annual review of the overall remuneration policy for Directors, Managing Director and key Senior Management Officers whereupon recommendations are submitted to the Board for approval. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of E.A. Technique's corporate objectives and is aligned with the interest of shareholders. The Board as a whole determines the remuneration of Non-Executive Directors.

	Basic Salary	Fees/Allowances /Others emoluments	Bonuses	Benefit-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Ahamad Mohamad	0	63	0	0	63
Dato' Abdul Hak Md Amin	360	321.36	120	27.54	828.9
Datuk Anuar Ahmad	0	20.83	0	0	20.83
Datuk Mohd Nasir Ali	0	0.8	0	0	0.8
Rozan Mohd Sa'at	0	39.8	0	0	39.8
Abdul Azmin Abdul Halim	0	20.73	0	0	20.73
Azli Mohamed	0	20.73	0	0	20.73
Md. Tamyes Hj. A.Rahim	0	20.73	0	0	20.73

statement of corporate governance

COMMITTEES ESTABLISHED BY THE BOARD

The Board has established a number of Board Committees whose compositions and terms of reference are in accordance with the recommendations of the MCCG 2012.

The functions and terms of reference of Board Committees, Management Committee and Working Committees, as well as authority delegated by the Board to these Committees, are reviewed from time to time to ensure that they remain relevant and are up-to-date.

BOARD COMMITTEES

- **Audit Committee**

  E.A. Technique's Audit Committee comprises exclusively of Non-Executive Directors, the majority are Independent Directors.

  The terms of reference of the Audit Committee are set out under the Audit Committee report on pages 87 and 91 of this annual report.

  The Audit Committee met once last year prior to the listing of E.A. Technique.

Name of Audit Committee Members are as follows:

NAME	DESIGNATION	DIRECTORSHIP
Datuk Anuar Ahmad	Chairman	Senior Independent Non-Executive Director
Abdul Azmin Abdul Halim	Member	Independent Non-Executive Director
Azli Mohamed	Member	Non-Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

EA Technique's Nomination and Remuneration Committee ("NRC") comprise exclusively of Non-Executive Directors, the majority are Independent Directors.

A. Nomination Committee

E.A. Technique's Nomination Committee comprises exclusively of Non-Executive Directors, the majority are Independent Directors. The Nomination Committee upon its annual assessment carried out for financial year 2014, was satisfied that:

– The size and composition of the E.A. Technique Board is optimum with appropriate mix of knowledge, skills, attributes and core competencies

The Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Company's operations. All the Directors continue to uphold the highest governance standards in their conduct and that of the Board. All the Members of the Board are well qualified to hold their positions as Directors of E.A. Technique in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities.

The Nomination Committee is made up exclusively of non-Executive Directors and the composition of our Nomination Committee is set out below :-

NAME	DESIGNATION	DIRECTORSHIP
Ahamad Mohamad	Chairman	Non-Independent Non-Executive Director
Abdul Azmin Abdul Halim	Member	Independent Non-Executive Director
Md Tamyes Hj A.Rahim	Member	Independent Non-Executive Director

Terms of Reference

The terms of reference of the Nomination Committee are as follows:

Purpose

The Nomination Committee, a Committee of the Board of Directors (“Board”), is established primarily to:

1. Identify and recommend to the Board, candidates for board directorships of E.A. Technique;
2. Recommend to the Board, directors to fill the seats on Board Committees;
3. Evaluate the effectiveness of the Board and Board Committees (including its size and composition) and contributions of each individual director.
4. Ensure an appropriate framework and plan for Board succession for the Company.

Membership

The Nomination Committee shall have at least 3 members, all of whom shall be non-executive directors with the majority being independent directors. The quorum for the Committee shall be 2 members, of which one should be independent directors. The Nomination Committee members and Chairperson shall be appointed by the Board. The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.

In the event of equality of votes, the Chairperson of the Committee shall have a casting vote (except where 2 directors from the quorum). In the absence of the Chairperson of the Committee, the members present shall elect one of their numbers to chair the meeting.

The Nomination Committee shall have no executive powers.

Meetings

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairperson. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group. The Committee may request other directors, members of management, counsels, and consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee’s responsibilities. Non-committee directors and members of management in attendance may be required by the Chairperson to leave the meetings of the Committee when so requested.

The Secretary of the Committee shall be appointed by the Committee from time to time. Committee meeting agendas shall be the responsibility of the Committee Chairperson with input from Committee members. The Chairperson may also request management to participate in this process. The agenda for each meeting including supporting information shall be circulated at least seven days before each meeting to the Committee members and all those who are required to attend the meeting.

The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be available to all Board members.

The Committee, through its Chairperson, shall report to the Board at the next Board of Directors’ meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance to the Principle 2 of MCCG 2012.

The Chairperson of the Committee shall be available to answer questions about the Committee’s work at the AGM of the Company.

statement of corporate governance

Scope of Activities

The duties of the Nomination Committee shall include the following:

1. To determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board.

2. To review annually and recommend to the Board with regards to the structure, size, balance and composition of the Board and Committees including the required mix of skills and experiences, core competencies which non-executive directors should bring to the Board and other qualities to function effectively and efficiently.

3. To consider, evaluate and propose to the Board any new board appointments, whether of executive or non-executive position. In making a recommendation to the Board on the candidate for directorship, the Committee shall have regard to:

    - Size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board; and

4. To propose to the Board the responsibilities of non-executive directors, including membership and Chairperson of Board Committees.

5. To evaluate and recommend the appointment of senior executive positions, including that of the Managing Director or Chief Executive and their duties and the continuation (or not) of their service.

6. To establish and implement process for assessing the effectiveness of the Board as a whole, the Committee of the Board and for assessing the contribution of each director.

7. To evaluate on an annual basis:

    - the effectiveness of each director's ability to contribute to the effectiveness the Board and the relevant Board Committees and to provide the necessary feedback to the directors in respect of their performances;
    - the effectiveness of the Committees of the Board; and
    - the effectiveness of the Board as a whole.

8. To recommend to the Board:

    - whether directors who are retiring by rotation should be put forward for re-election; and
    - termination of membership of individual directors in accordance with policy, for cause or other appropriate reasons.

9. To establish appropriate plans for succession at Board level, and if appropriate, at senior management level.

10. To provide for adequate training and orientation of new directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Company.

11. To consider other matters as referred to the Committee by the Board.

B. Remuneration Committee

The Remuneration Committee is made up exclusively of non-Executive Directors and the composition of our Remuneration Committee is set out below:

NAME	DESIGNATION	DIRECTORSHIP
Ahamad Mohamad	Chairman	Non-Independent Non-Executive Chairman
Datuk Anuar Ahmad	Member	Senior Independent Non-Executive Director
Md Tamyes Hj A.Rahim	Member	Independent Non-Executive Director

The terms of reference of the Remuneration Committee among others are as follows:

– Provide assistance to our Board in determining the remuneration of executive directors and, if applicable, senior management. In fulfilling this responsibility, the Remuneration Committee is to ensure that executive directors and senior management of our Company are fairly rewarded, compensation is reasonable and similar to other companies;
– Establish the Managing Director's goals and objectives; and
– Review the Managing Director's performance against the goals and objectives.

Membership

The Remuneration Committee shall consist entirely of non-executive directors. It shall have at least 3 members and the quorum for the Committee shall be 2 members. Remuneration Committee members and the Chairperson shall be appointed by the Board based on the recommendations of the Nomination Committee. The appointment of a committee member terminates when the member ceases to be a director, or as determined by the Board.

In the event of equality of votes, the Chairperson of the Committee shall have a casting vote (except where 2 directors from the quorum). In the absence of the Chairperson of the Committee, the members present shall elect one of their number to chair the meeting.

The Committee members shall:

- have a good knowledge of the Company and its executive directors, and a full understanding of shareholders' concern; and
- have a good understanding, enhanced as necessary by appropriate training or access to professional advice, on/of areas of remuneration.

Meetings

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairperson. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Committee may consult the Chairperson of the Board regarding proposals relating to the remuneration of executive directors. The Committee may consult other non-executive directors in its evaluation of the Managing Director/Chief Executive Officer. The Committee may request other directors and key executives to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.

The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Company. The Committee is authorised by the Board to obtain external legal or other professional advice, as well as information about remuneration practices elsewhere. The Committee may, if it thinks fit, secure the attendance of external advisers with relevant experience and expertise, and shall have the discretion to decide who else other than its own members, shall attend its meetings. No director or executive shall take part in decisions on his/her own remuneration.

The Secretary of the Committee shall be appointed by the Committee from time to time. Committee meeting agendas shall be the responsibility of the Committee Chairperson with input from Committee members. The Chairperson may also ask management to participate in this process.

The agenda for each meeting shall be circulated at least 7 days before each meeting to the Committee members and all those who are required to attend the meeting. Written materials including information requested by the Committee from management or external consultants shall be received together with the agenda for the meetings.

The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be available to all Board members.

statement of **corporate governance**

The Committee, through its Chairperson, shall report to the Board at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Principle 2 of MCCG 2012.

The Chairperson of the Committee shall be available to answer questions about the Committee's work at the AGM of the Company.

Scope of Activities

The duties of the Remuneration Committee shall include the following:

1. To establish and recommend the remuneration structure and policy for executive directors and key executives, if applicable, and to review for changes to the policy, as necessary.

2. To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of executive directors.

3. To review and recommend the entire individual remuneration packages for each of the executive directors and, as appropriate, other senior executives, including: the terms of employment or contract of employment/service; any benefit, pension or incentive scheme entitlement; any other bonuses, fees and expenses; and any compensation payable on the termination of the service contract by the Company.

4. To review with the Managing Director/Chief Executive Director, his/her goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy.

5. To review the performance standards for key executives to be used in implementing the Group's compensation programs where appropriate.

6. To consider and approve compensation commitments/severance payments for executive directors and key executives, where appropriate, in the event of early termination of the employment/service contract.

7. To consider other matters as referred to the Committee by the Board.

MANAGEMENT COMMITTEE

- Strategises the business of the Company. Proposes strategic business plans and policies to the Board Executive Committee for consideration to recommend to the Board.
- Monitors the business operations of the Company.
- Responds to issues through the establishment of action oriented task force/working groups and keeps in tandem with changes in the business environment, both external and domestic, through recommendation and proposals.

The Management Committee holds meetings once a week.

OPERATIONAL RISK MANAGEMENT COMMITTEE

- Oversees the formal development of operational risk management policies encompassing all business activities and ensuring the development of policy manuals, processes, procedures and practices.
- Evaluates and assesses the adequacy of controls to manage the overall operational risks associated with business activities including physical/premises security

The Operational Risk Management Committee holds monthly meetings, meetings twice a year.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to providing a balanced, clear and comprehensive assessment of the financial performance and prospects of E.A. Technique and the E.A. Technique Group in all the disclosures made to the stakeholders and the regulatory authorities.

The Board is also committed to providing transparent and up-to-date disclosures of the performance of E.A. Technique as reflected in the timely release of announcements on financial statements.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the financial reports of the Group. The Audit Committee reviews and monitors the `integrity of E.A. Technique's and the Group's annual and interim financial statements. It also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies as well as ensures these financial statements comply with accounting standards and regulatory requirements.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of E.A. Technique and the Group is set out on page 93 in the Financial Statements section of this annual report.

Annual General Meeting

The AGM is a vital platform for dialogue and interaction with the shareholders of the Company. The shareholders are given sufficient time through an early notice of AGM which allows them to make a necessary arrangements to attend, participate and opportunity to vote on the regular businesses of the meeting by show of hands. Each item of special business included in the notice of the meeting will be accompanied by detailed explanations. Separate resolutions are proposed for substantially different issues at the meeting and the Chairman declares the number of proxy votes received both for and against each resolutions. The resolutions passed at the meeting are released to Bursa Malaysia in a timely manner.

Besides the usual agenda, the Board also presents the progress and performance of the Group at each AGM. Shareholders, including the minority shareholders, are encouraged to participate and raise questions during the question and answer session with the Directors. All Board members, senior management and the external auditors are present to respond to questions from the shareholders during AGM. Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

Other than the Board Chairman and the Managing Director, the shareholders or any stakeholders may convey any concerns that they may have to Datuk Anuar Ahmad, an Independent Non-Executive Director and Chairman of the Audit Committee.

Related Party Transactions

All related party transactions are reviewed by the internal auditors on a monthly basis and a report is submitted to the Audit Committee for their review on a quarterly basis.

Details of these transactions are set out under Note 22 to the Financial Statements on pages 166 to 167 in the Financial Statements section of this annual report.

Internal Controls

The Board has an overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with the applicable laws and regulations, as well as with internal procedures and guidelines.

The size and complexity of the operations of the Company and the Group involve the management of a wide variety of risks. The nature of these risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Company's and the Group's systems of internal controls are designed to provide reasonable and not absolute assurance against the risk of material errors, frauds or losses occurring. The Risk Management Committee meets monthly to ensure that the accountability for managing the significant risks identified is clearly assigned and that identified risks affecting the Company and the Group are being satisfactorily addressed on an ongoing basis.

The effectiveness of the system of internal controls of Company and the Group is reviewed by the Audit Committee during its periodic meetings. This review covers the financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Company and the Group. Internal Audit Department checks for compliance with regulatory requirements, policies and standards and the effectiveness of internal control structures across the Company and the Group.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Company and the Group, is set out on pages 78 and 85 of this annual report.

Relationship With External Auditors

It is the policy of the Audit Committee to meet with the external auditors at least three times a year to discuss their audit plan, audit findings and E.A. Technique's financial statements. At least two of these meetings are held without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors additionally whenever it deems necessary. In addition, the external auditors are invited to attend the annual general meeting of E.A. Technique and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

statement of **corporate governance**

The Audit Committee is responsible for reviewing audit, recurring audit-related and non-audit services provided by the external auditors. These recurring audit-related and non-audit services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services. The Audit Committee also reviews all adhoc non-audit services. In reviewing such cases, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised in accordance with the assessment criteria set out in the Policies and Procedures for the Appointment/Re-appointment of External Auditors for Audit and Non-Audit Services. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

The Audit Committee has considered the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors' independence and objectivity.

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2014 to the external auditors are set out below:

	E.A. TECHNIQUE RM'000
Fees paid/payable to E.Y.	
Audit	160.0
Audit-Related	
– Statement of Internal Control (Eg)	18.0
Non-Audit*	919.7

* The non-audit fees paid/payable to the external auditors were for consultancy services on accountant's report for IPO exercise and taxation matters and for preparation, review and submission of tax returns. The provision of these services by the external auditors to the Group was cost effective and efficient owing to their knowledge and understanding of the operations of the Group.

STRENGTHENING RELATIONSHIP WITH SHAREHOLDERS

The Group continues to place great emphasis on strengthening the Group's relationship with shareholders as it is one of the key components to upholding the principles and best

practices of corporate governance for the Group. As part of the effort in strengthening its relationship with shareholders, the Group maintains its commitment to continuously disclose and disseminate comprehensive and timely information to its shareholders as well as to the general investing public. This practice of disclosure of information is not just established to comply with the requirements of Bursa Malaysia Main Market Listing Requirements pertaining to continuing disclosure, it also adopts the best practices as recommended in the MCCG 2012 with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis.

The Group believes that consistently maintaining extensive communication with its shareholders strengthens the mutual relationship with the Group, which enhances shareholders' understanding of the Group as well as their ability in making informed investment decisions. The annual report is a main channel of communication between the Group and its stakeholders. The annual report communicates comprehensive information of the financial results and activities undertaken by the Group. As a licensed financial institution, E.A. Technique is required to provide disclosures that are in compliance with the BNM Guidelines on Financial Reporting for Financial Institutions in respect of the contents and format of financial statements which mandate significantly higher levels of disclosure of financial and risk management information than that of a non-financial corporation.

E.A. Technique disseminates its annual report, together with an executive summary, to its shareholders either in hard copy or in CD ROM media. The executive summary provides highlights of the Group's key financial and corporate information, in order to facilitate shareholders' access to such key information. All information to shareholders is available on the corporate website of E.A. Technique as soon as it is announced or published.

The annual general meeting of E.A. Technique is another key avenue of the Group's engagement with its shareholders. It provides a useful forum for shareholders to engage directly with the Company's Directors and Senior Management. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors and Senior Management Officers.

At the annual general meeting of E.A. Technique, the Chairman of presents a comprehensive and concise review of the Group's financial performance and value created for shareholders.

The Company always endeavours to enhance the level of transparency in disclosure of information. Apart from the above engagement with stakeholders through annual reports and general meetings, the Company also makes announcement of quarterly and yearly results and other announcements to Bursa Malaysia to provide stakeholders with key information regarding the Group. To promote wider publicity and dissemination of information that is made public, the Group also issues press releases to the media on all significant corporate developments and business initiatives to keep the investment community and shareholders updated on the progress and strategic development of the business of the Group.

The Group continues to emphasise on the importance of prompt and timely dissemination of information to shareholders and investors, in order for these stakeholders to be able to make informed investment decisions. The Group is of the view that information that is not released in a timely manner, albeit comprehensive and accurate, would be less relevant for such investment purposes. As such, E.A. Technique accords a high priority in ensuring that information is made available and disseminated as early as possible.

The Group's Investor Relations function provides further channel in communicating and engaging directly with the relevant shareholders, investors and the investment community broadly, both in Malaysia and internationally on an appropriate, accurate and timely basis.

Apart from the regulatory public statements required by Bursa Malaysia, the Company issues press releases and provides comprehensive insights into its financial performance. The Group also recognises the importance of communicating its business strategies, updates on the progress of the Group's current business initiatives as well as its financial performance.

Primary contacts for Investor Relations matters of E.A. Technique

Contact Details

Telephone number : **603-4252 5422**

E-mail : **eat@eatechnique.com.my**
rahman@eatechnique.com.my

ABDUL RAHMAN YUSOFF
Deputy General Manager, Corporate Affairs

This statement is approved by the Board of Directors on 16 April 2015.

AHAMAD MOHAMAD
Chairman

statement on risk management and internal control

INTRODUCTION

The Board of Directors of E.A. Technique (M) Berhad ("the Board") is pleased to provide the Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad and the revised Malaysian Code on Corporate Governance 2012 ("MCCG 2012") that requires Directors of listed companies to include a statement in their annual reports on the state of their internal control and to establish a sound risk management framework and internal control system.

The statement is prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers". These guidelines set out the obligations of management and the Board with respect to risk management and internal control. It also provides guidance on the key elements needed in maintaining a sound system of risk management and internal control, and describes the process that should be considered in reviewing its effectiveness.

BOARD'S RESPONSIBILITIES

The Board acknowledges overall responsibility for the Group's risk management and internal controls. This includes the establishment of an appropriate control environment and framework, as well as reviewing the effectiveness, adequacy and integrity of this system.

The Board recognises the importance of sound risk management and internal control system practices for good corporate governance with the objective of safeguarding the shareholders' investment and the Group's assets.

Good corporate governance practices contribute towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interests of other stakeholders.

The Group shall have an ongoing control structure and process for identifying, analysing, evaluating and managing the significant risks to achieve its strategy, policies and business objectives throughout the financial year under review up to the date of approval of this statement. This process is regularly reviewed by the Board with assistance from the management. The Board retains overall responsibility for implementing and monitoring the internal control and risk management process within the Group.

The Group's system of internal control is designed to manage, rather than eliminate the risk which could arise from human error, the possibility of poor judgment in decision making, control process being deliberately circumvented by employees and others, management overriding controls and the incidence of unforeseeable circumstances. Accordingly, it must be recognised that the system can only provide reasonable and not absolute assurance against misstatement, breaches of laws or regulations, fraud or losses. In addition, the management needs to consider the expected cost and benefits to be derived from the implementation of the internal control system.

RISK MANAGEMENT FRAMEWORK

The Group adopts an ERM framework which incorporates the principles and guidelines of ISO31000:2009 Risk Management. The framework determines the process and identifies tools for realising the Group's objectives aside from supporting and sustaining risk management throughout the organisation. It supports the Group's efforts to achieve the highest levels of corporate governance, including the creation of value in the short and long term.

The Group recognises that it is obliged to systematically manage and regularly review its risk profile at a strategic, financial, compliance and operational level. The Group has two committees that have risk management and internal control oversight responsibilities, namely the Audit Committee ("AC") and Risk Management Committee ("RMC").

The AC assesses the quality and effectiveness of the system of internal control and the efficiency of the Group's operations, particularly those relating to areas of significant risks. The AC also evaluates the process the Group has in place for assessing and continuously improving internal controls.

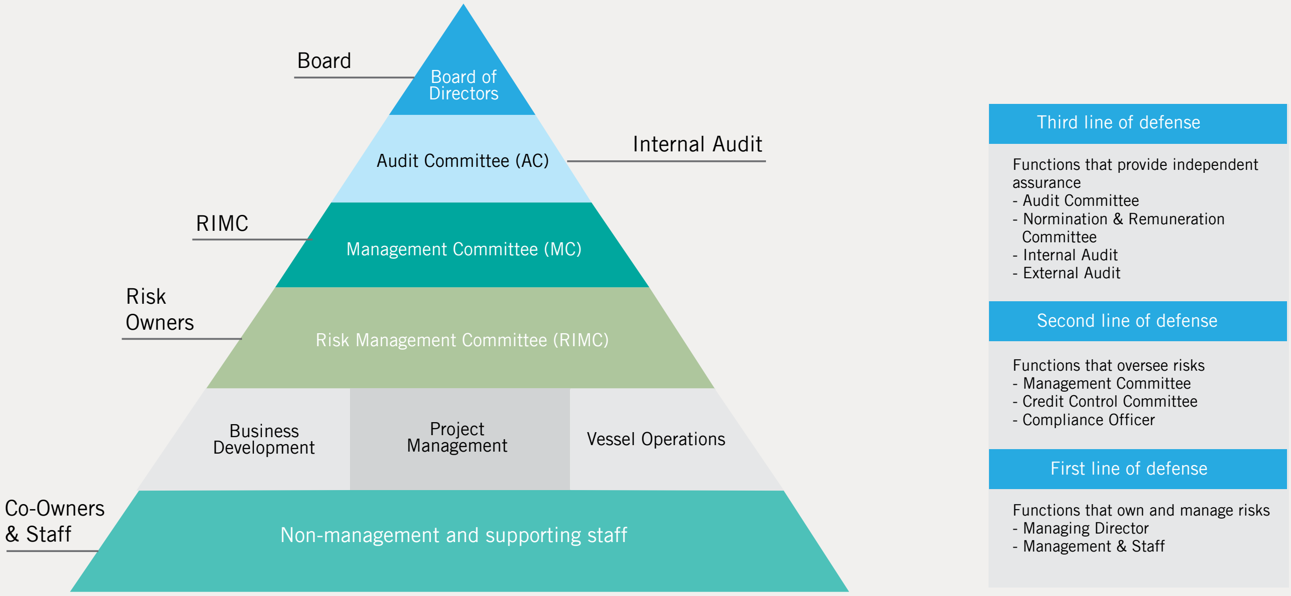
The RMC shall be chaired by the General Manager of the Group; and represented by senior management members from all functions of the Group. Apart from complying with the governance requirement, this Committee, which is cross-functional in nature, is formed to assist the Board in implementing the process for identifying, analysing, evaluating, monitoring and reporting of risks and internal control and to ensure proper management of risks to which the Group is exposed and to take appropriate and timely actions to manage such risks.

On an annual basis, the Internal Audit function assists the AC in reviewing the effectiveness of risk management and internal controls and providing an independent view on specific risks and control issues, the state of internal controls, trends and events.

The ERM risk reporting structure; risk management and internal controls are intertwined within the activities at strategic and operational level.

statement on **risk management and internal control**

The structure of the ERM risk reporting promotes the active participation of executive management in all of the operational and strategic decisions affecting their business units. A strong culture of ownership and accountability is to be built through a clear identification of specific roles and responsibilities from the Board, Audit Committee, Management Committee, RMC, Risk Owner, Risk Co-Owner and Staff.



The unambiguous identification of roles and responsibilities among these groups promotes excellent accountability so that there are neither gaps in control nor unnecessary duplication of coverage. This shall also improve the control owner's understanding of the boundaries of their responsibilities and how their positions fit into the organisation's overall risk and control structure.

The Three Lines of Defense make a distinction amongst three (3) groups involve in effective risk management. As the first line of defense, management own and manage risks. They also are responsible for implementing corrective actions to address process and control deficiencies.

The second line of defense serves a vital purpose as it ensures that the first line of defense is properly designed, in place, and operating as intended. As management functions, they may intervene directly in modifying and developing the internal control and risk systems.

On the third line of defense, the AC, NRC and External Auditor have an important role in the Group's overall corporate governance, risk management and internal control structure. Internal audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defense achieve risk management and control objectives.

The key success factors of the Group's risk management process are active contribution and communication at operational or strategic level. Group risks are managed on an integrated basis and their evaluation is incorporated into the Group's decision-making process such as strategic planning and project feasibility studies. This will ensure the Group has reliable information and appropriate planning to handle the changing environment.

The Group shall identify and implement a systematic approach in managing the significant risks. This shall be done through the Risk Action Plan process which documents the detailed actions on how the approved chosen treatment options will be implemented as well as clearly identifies the priority order and designated person through which individual risk treatments should be implemented. Furthermore, to ensure that the agreed Risk Action Plan is being appropriately implemented, follow up processes are periodically performed on the Risk Owner until the agreed treatment options are executed successfully.

The Group's ERM approach which prioritises risks according to their likelihood and impact will go through the following steps:

Department or Business Unit risk assessment: The risk owner performs the identification and assessment of risks exercise. The exercise also covers the Hazard Identification, Risk Assessment & Risk Control (HIRAC). The risk owner updates their risk register to the RMC on a quarterly basis. The risk level is determined according to their respective financial or non-financial risk parameter.

Presentation to the RMC: The RMC will facilitate the risk owner during the risk assessment and risk action planning. On a quarterly basis, the Group Chief Risk Officer will present all the risks and its mitigation actions from the departments and business units to the RMC. The RMC will review, rank and debate the risk ratings, control effectiveness, risk treatment options and risk action plans identified by risk owners.

Compilation of Group Risk Profile: The Group Chief Risk Officer extracts all the endorsed top risks as tabled in RMC as the Group Risk Profile in accordance to the Group's financial or non-financial risk parameter.

Board of Audit Committee Review: A risk management report is tabled to the AC on a quarterly basis and to the Board on a half-yearly basis. The AC provides an objective view on the Top Group Risks, requests and challenges risk information from the business and acts as change catalyst in risks and control areas in the Group.

Internal Audit Review: The IA shall review the effectiveness of risk management and internal controls and provide an independent view on specific risks and control issues, the state of internal controls, trends and events.

In ensuring the Group achieve its objectives, sustains the businesses and continues to add value to the stakeholders in the short, medium and long-term, the risk management process and approach is tailored to the Company's structure and its constantly changing environment to ensure that the Group can continuously monitor and review its risks and the effectiveness of its risk management over time. Continuous ERM phases shall be practiced by the Group and based on the results of monitoring and reviews, decisions are made on how the risk management program can be improved. These decisions should lead to improvements in the Group's management of risks and its risk management culture.

In essence, the management of risks is treated as an interactive process. The benefits arising from effective risk management processes is the creation of awareness among employees of different departments to take cognizance of risk on Group-wide basis. This enhances the Risk Ownership factor across the Group significantly.

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

Key to the Group's Internal Control and Risk Management process is its Control Self-Assessment ("CSA") process. The process is a recognised and flexible management tool for acquiring information about business process risks, while empowering the risk owners to undertake responsibility for managing those risks. Risk assessment and evaluation form an integral part of the annual strategic cycle. The Board, as part of the annual strategic review, considers and approves the Group's risk structure.

The Board has adopted a control framework in ensuring the achievement of Group's established objectives and that the Group's business operations are effectively managed.

The key elements of the Group's system of internal control are as follows:

Board and Management Committees

Board and Management Committees are set up to promote corporate governance, transparency and accountability and to assist the Board in implementing and monitoring the system of internal controls within the Group with the aim of realising the vision, mission, strategies and objectives established for the Group.

The Committees oversee the areas assigned according to their Term of Reference ("TOR") which are carefully developed to ensure it is aligned with Group's objectives, short-term and long-term strategic plans and to avoid overlapping activities and gaps in governance coverage.

statement on **risk management and internal control**

Committee Structure

BOARD COMMITTEE

NAME OF COMMITTEE	PRIMARY FUNCTION
Audit Committee	To assist the Board in maintaining a sound system of internal control by ensuring the openness, integrity and accountability of the Group's activities so as to safeguard the rights and interest of the shareholders.
Nomination and Remuneration Committee	To oversee the selection and assessment of directors by development, maintenance and review of the criteria to be used in the recruitment process and annual assessment of directors. The Committee is also responsible for establishing formal and transparent remuneration policies and procedures to attract and retain directors.

MANAGEMENT COMMITTEE

NAME OF COMMITTEE	PRIMARY FUNCTION
Management Committee ("MCM")	To review and evaluate the performance progress including the key policy and strategy implementations of the various divisions, subsidiaries and operating units of the Group. Where authorised, to formulate and approve matters relating to Group policy, objectives and business strategy and projects, and where necessary to evaluate and recommend for Board's approval.
Executive Committee ("EXCO")	To coordinate departmental roles and administrative matters in relation to the various divisional operations and to review, recommend and seek Management's approval on any related proposals.
Risk Management Committee	To conduct risk identification, evaluation and review of risk treatment process on a periodic basis to ensure that the Group is managing risks effectively.
Appraisal, KPI and Bonus Committee	To deliberate on performance, KPIs, behavioural competencies and recommend appropriate increments, promotions and merit of all executives and corporate office staff.
Training Committee	To formulate training plans to meet the objective of enhancing the knowledge, skill and competencies of Kulim's employees.
OSH Committee	To foster cooperation and consultation between management and workers in identifying, evaluating and controlling hazards at workplaces.
Agreement Committee	To ensure that material agreement are forwarded for committee discussion and/or approval. This is to ensure and safeguard the Group's interest.

Organisation Structure

The Board has established a formal organisation structure for the Group with delineated lines of authority, responsibility and accountability. The organisation structure is formed by focusing both on performance delivery and business continuity through succession planning. It fosters and promotes the continual development of employees, and ensures that key positions maintain some measure of stability, thus enabling the Group to achieve business objectives.

The structure supports the Group's ability to ensure that qualified and experienced management personnel which head the Group's diverse operating units are always available and in place to carry out their job functions. Their performance is measured against Key Performance Indicators which have been approved by the Board.

statement on **risk management and internal control**

Internal Audit

The Board recognises that the Internal Audit function is an integral component of the governance process. The Internal Audit operates within the Audit Charter approved by the Audit Committee and performs internal audit across the Group's diverse areas and environment focusing on any management, accounting, financial and operational activities including the effectiveness of risk management process and internal control within the organisation. As such, the Group has appointed Internal Audit Department from Kulim (Malaysia) Berhad to provide the Internal Audit function for the Group.

The Group's Internal Audit maintains a Quality Assurance and Improvement Programme ("QAIP") and continuously monitors its overall effectiveness.

OTHER ELEMENTS OF INTERNAL CONTROL

Apart from the committees and parties mentioned in the Corporate Governance Statement, the Audit Committee Report and sections above, the other elements of the Group's Internal Controls are as follows:

Financial Authority Limit

The Financial Authority Limit defines revenue and capital expenditure spending limits for each level of management within the Group. These limits cover authority for cheques signatories, purchasing and contract procedures and approval mechanism for budget.

Budget Approval

Budget is an important control mechanism used by the Group to ensure an efficient allocation of the Group's resources and that the operational managers have sufficient guidance in making business decisions. Budgets are generated annually at subsidiary and operating units.

The budget will then be presented for deliberation of the MCM and subsequently will be tabled for approval and endorsement. Finally the budget will be presented to the Board for final review and approval.

Procurement

A centralised and coordinated procurement function is established by the Group to enable the Group to leverage on economies of scale and ensures adherence to authority limits, policies and procedures.

Major contract and supply works of both capital and revenue nature exceeding the defined threshold amounts in the relevant contract procedure are required to be tendered out. Eligible bidders for contract works will need to attend a contract interview with the Contract Interview Committee, which is made up of representatives from several departments including the acquiring unit's Manager. The Contract Interview Committee will then forward the recommendations to the MCM for further review and approval.

Operating and Procedural Manuals

The Group has reference manuals covering vessel operations, procurement, financial operating system and financial policies and procedures. These will assist and guide employees on purchasing and contract awards, preparing of financial statements, observing the various internal control policies and procedures, as well as maintaining good management practices to ensure cost efficiencies, integrity of financial records and to safeguard the Group's assets. The Board believes that all these control measures will significantly enhance the internal control of the Group.

The major written Policy and Procedure Manuals include:

1) Vessel Operation Manual
2) Accounting Policies & Procedures
3) Executive and Staff Schemes of Service
4) Contract Administration and Purchasing Guidelines Procedures

Regulatory Compliance

The Group adheres strictly to health, safety and environmental regulations and is subject to regular inspections by the relevant government authorities.

For the Group's Vessel Operations Department, the Health, Safety and Environment Department is responsible to ensure that the vessel operations are conducted within the applicable laws, regulations and quality standards.

Whistleblowing Policy

The Group is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.

The Group views any detrimental action taken against a whistleblower or any person related to or associated with the whistleblower in reprisal for a disclosure of improper conduct seriously and will treat such action as gross misconduct.

This Policy aims to:

- Encourage stakeholders to feel confident in raising serious concerns and to question and act upon concerns.
- Provide avenues to raise those concerns and receive feedback on any action taken.
- Ensure that whistleblower receives a response and is aware of how to pursue further action if they are not satisfied.
- Provide reassurance that whistleblower will be protected from possible retaliations.

Code of Ethics

This code of ethics defines the standards of conduct that are expected of employees to help them make the right decision in the course of performing their jobs to the highest standards of ethics, integrity and governance. Among others, the Code also requires the employees to ensure the following:

- maintaining full and accurate Company records;
- all assets and property of the Company will be used only for the benefit of the company;
- always dealing with customers and suppliers based on merit and fairness;
- engage competitors in a fair manner and not to engage in any unfair or illegal practice in order to gain an unfair advantage;
- always act to ensure a workplace environment that is free from harassment and discrimination; and
- deal with all team members with respect, courtesy and fairness.

All employees are required to adhere to the Group's code of ethics and to submit the Ethics Declaration Form annually.

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is of the view that the system of internal controls instituted throughout the Group is sound and effective and provides a level of confidence on which the Board relies for assurance. There has been no significant control failure or weakness or any adverse compliance events that would result in any material losses, contingencies or uncertainties that would require separate disclosure in the Annual Report.

The Board will ensure that the review of the internal control system of the Group be carried out continuously to ensure ongoing adequacy and effectiveness of the system of internal controls and risk management practices to meet the changing and challenging operating environment.

The Board is therefore pleased to affirm that the state of internal controls of the Group is adequate, appropriate and effective and in line with the Malaysian Code of Corporate Governance and the Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

audit committee **report**

COMPOSITION AND ATTENDANCE

For the financial year ended 31 December 2014, the Audit Committee comprised of three Directors, all of whom are also members of the Board of E.A Technique (M) Berhad.

The composition of the Audit Committee was as follows:

Datuk Anuar Ahmad
Chairman / Senior Independent Non-Executive Director

Abdul Azmin Abdul Halim
Member / Independent Non-Executive Director

Azli Mohamed
Member / Non-Independent Non-Executive Director

The Committee met only once prior to the Listing of E.A. Technique in the financial year 2014.

TERMS OF REFERENCE

Primary Purpose

The primary purposes of the Audit Committee are:

1. To ensure openness, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the shareholders;
2. To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
3. To improve the Group's business efficiency, the quality of accounting and audit function and strengthening of public's confidence in the Group's reported results;
4. To maintain a direct line of communication between the Board and the External and Internal Auditors;
5. To enhance the independence of the external and internal audit functions; and
6. To create a climate of discipline and control, this will reduce the opportunity for fraud.

Membership

1. The members of the Committee shall be appointed by the Board of Directors of Kulim and shall consist of not less than three members, all of whom must be non-executive directors, with a majority of them being independent directors. If membership for any reason falls below three members, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.
2. No alternate directors shall be appointed to the Committee.
3. At least one member of the Audit Committee:

   i. must be a member of the Malaysian Institute of Accountants (MIA); or

   ii. if he is not a member of MIA, he must have at least three years of working experience and:

      - he must have passed the examinations specified in Part I of the 1st Schedule in the Accountants Act, 1967; or
      - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule in the Accountants Act, 1967; or
      - fulfils such other requirement as prescribed or approved by the Exchange.
4. The Committee Members shall collectively have:

   i. knowledge of the industries in which the Group operates;

   ii. the ability to read and understand fundamental financial statements, including a company's balance sheet, income statement of cash flow and key performance indicators; and

   iii. the ability to understand key business and financial risks and related controls and control processes.

audit committe report

Authority

The Committee for the performance of its duties shall in accordance to the same procedures adopted by the Board and at the cost of the Group:

1. Have the authority to investigate any activity within its Terms of Reference;

2. Have the resources which are required to perform its duties;

3. Have full and unrestricted access to any employee and information pertaining to the Group. All documents of the Group shall be made accessible to the Committee;

4. Have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity for the Group;

5. Have the authority to direct the Internal Audit Department (both corporate, subsidiaries, associates, joint ventures, where applicable) in its activities, including approval of appointments of senior executives and budget in these functions; and

6. To be able to engage independent professional advisors or other advisors and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

Functions and Duties

The Committee shall carry out the following responsibilities:

Financial Statements

1. Review and recommend acceptance or otherwise of major accounting policies, principles and practices.

2. Review the Group's quarterly results and annual financial statements of the Company and the Group before submission to the Board. The review should focus primarily on:
   (a) any changes in or implementation of major accounting policy changes
   (b) major judgmental areas, significant and unusual events
   (c) significant adjustments resulting from audit
   (d) the going concern assumptions
   (e) compliance with accounting standards
   (f) compliance with stock exchange and legal requirements

3. Review with management and the external auditors, the results of the audit, including any difficulties encountered.

4. Review, with the Group's Counsel, any legal matter that could have a significant impact on the organisation's financial statements.

Internal Control

1. Assess the quality and effectiveness of the systems of internal control and the efficiency of the Group's operations, particularly those relating to areas of significant risks. To evaluate the process the Group has in place for assessing and continuously improving internal controls.

2. Assess the internal processes for determining and managing key risks other than those that are dealt with by other specific Board committees.

3. Review the scope of Internal and External Auditors' review of internal control over the Group.

4. Review Internal Audit reports (including those of the Group) and the management's response and ensure that appropriate action is taken in respect of these reports and the Committee's resolutions. Where actions are not taken within adequate time frame by management, the Committee will report to the Board for its decision.

5. Review External Auditors and the management's response and ensure that appropriate action is taken in respect of these reports and the Committee's resolutions.

Internal Audit

1. Approve the Corporate Audit Charter and charters of the Internal Audit functions in the Group and ensure that the Internal Audit functions are adequately resourced and have appropriate standing in the Group. This includes a review of the organisational structure, resource budgets and qualifications of the internal audit functions.

2. Review the adequacy of the Internal Audit plans and the scope of audits and that the Internal Audit Department has the necessary authority, competency and resources to carry out its work.

3. Approve the appointment of Head of Internal Audit.

4. Review appraisals or assessments of members of the Internal Audit functions.

5. Inform itself of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

6. Direct any special investigations to be carried out by the Internal Audit.

External Audit

1. Review External Audit plans and scope of work before the audit commences.

2. Discuss problems and reservations arising out of external audits, including assistance given by the employees and any matters the auditors may wish to discuss, in the absence of Management or Executive Directors where necessary.

3. Nominate the External Auditors together with such other functions as may be agreed to by the Committee and the Board, and recommend for approval of the Board the external audit fees, and consider any questions of resignation or dismissal, experience, resources and capability.

Compliance

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of the management's investigation and follow-up of any instances of non-compliance.

2. Review the findings of any examinations by regulatory authorities.

3. Obtain regular updates from the management and Group's legal counsel regarding compliance matters.

4. Review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of the management integrity.

5. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach to the Main Market Listing Requirements, the Committee must promptly report such matters to the Bursa Malaysia.

Other Responsibilities

1. Review and reassess, with the assistance of the management, the External Auditors and legal counsel, the adequacy of the Terms of Reference of the Committee at least annually.

2. Confirm annually that all responsibilities outlined in the Terms of Reference have been carried out.

3. Perform other duties as directed by the Board.

Meetings

1. Meetings of the Committee shall be held not less than four times during the financial year of the Company.

2. Upon the request of any member of the Committee, the Head of Internal Audit or the External Auditor, the Chairman of the Committee shall convene a special meeting of the Committee to consider any matter brought up by them.

audit committe **report**

3. The quorum for the meeting of the Committee shall be two members and the majority of the members present shall be independent directors. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.

4. The meetings of the Committee shall be governed by the provisions contained in the Memorandum and Articles of Association of the Company for regulating the meetings and proceedings of Directors unless otherwise provided in this Terms of Reference.

5. The Non-Executive Directors of the Board who are not members of the Committee may also attend the meeting of the Committee, but they shall not have any voting rights.

6. The meetings of the Committee shall normally be attended by the Head of Internal Audit and the Management of the Company shall be represented by the Managing Director and the Head of Finance, or their nominated person(s), at the invitation of the Committee and shall excuse themselves from the meeting when so directed by the Committee.

7. The Committee may request other directors, members of management, counsels, internal auditors (including subsidiaries) and external auditors, applicable to participate in the Committee meetings, as necessary and when so invited, to carry out the Committee's responsibilities.

8. The Committee shall meet the External Auditors, the internal auditors or both, excluding the attendance of other directors and employees, whenever deemed necessary.

9. A Committee member shall excuse himself/herself from the meeting during discussions or deliberation of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this cause insufficient directors to make up a quorum, the Committee has the right to appoint another director(s) which meets the membership criteria.

10. The Secretary of the Committee shall be the Company Secretary or his/her appointed nominee with the appropriate qualifications and experience.

11. The agenda for the Committee meeting shall be the responsibility of the Committee Chairman with input from the Committee members. The Chairman may also ask the management and others to participate in this process.

12. The notice and agenda of each meeting shall be circulated at least 7 working days before each meeting to the Committee members and all those who are required to attend the meeting. Written materials including information requested by the Committee, from the management, internal auditors and external auditors shall be received together with the agenda for the meetings.

13. Reports of the Committee meeting shall be tabled at the meeting of the Board Directors of the Company.

14. The Committee, through its Chairman, shall report to the Board after each meeting.

15. The Chairman of the Committee shall be available to answer questions about the Committee's work at the AGM of the Company.

Summary of Activities

During the period, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference:

The main activities undertaken by the Audit Committee were as follows:

1. Review and approval of the annual internal audit plan for the year 2014.

2. Review of the External Auditors' audit observations, the audit report and recommendations in respect of control weaknesses noted in the course of their audit.

3. Review of the audited financial statements for the financial year ended 31 December 2014before recommending the same to the Board of Directors for approval;

4. Review of the Company's compliance, in particular the quarterly and year-end financial statements with the Main Market Listing Requirements of Bursa Malaysia and the applicable approved accounting standard issued by the Malaysian Accounting Standard Board;

5. Review of the quarterly unaudited financial results announcements before recommending them for the Board of Directors' approval;

6. Review of the Internal Audit activities related to management and operations, capacity, internal audit framework and of the analytical process and reporting procedures;

7. Review of the audit reports presented by the Internal Auditors and management's responses thereto and reviewing management's assurance that significant finding are adequately addressed;

8. Review of related party transactions entered into by the Group;

9. Review of the extent of the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the Main Market Listing Requirements.

Internal Audit Function

The Company engaged the Internal Audit of Kulim (Malaysia) Berhad to carry out the functions of Internal Audit. The Internal Audit Department ("IAD") of Kulim (Malaysia) Berhad is led by a Certified Internal Auditor ("CIA"). The IAD reports directly to the Audit Committee and is guided by its Internal Audit Charter. The IAD assists the Board in fulfilling its fiduciary responsibilities over the areas of financial, operational, information systems, investigations, risk management and governance process in accordance with the approved Risk Based Annual Audit Plan.

On quarterly basis, the IAD provides the Audit Committee with independent and objective reports on the state of internal control, highlighting any areas for improvement and updates on the extent to which the recommendations have been implemented. The management is responsible to ensure that corrective actions on reported weaknesses as recommended are taken within the required time frame to ensure that all potential weaknesses in system and risks under reviewed area are mitigated or remain within manageable levels.

Other IAD activities carried during the year are summarised as below :

1. Conducted roadshows/workshops with the estates/ mill management deliberating on the new Control Self-Assessment ("CSA") topic at all regions.

2. Worked together with the estates and mills in specific risk and control review through Control Self Assessment ("CSA") programmes.

3. Participated in Corporate Social Responsibility ("CSR") programmes organised by management.

4. Performed internal self-assessment on conformance with the International Standards for the professional Practise of Internal Auditor. The Quality Assurance Review (QAR) has been conducted via independent external reviewer to validate the conformance of internal audit activities with the International Standards for the Professional Practice of Internal Auditing ("Standards").

5. Conducted special review based on requests from the Audit Committee and/or management.

additional compliance **information**

UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

E.A. Technique was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 11 December 2014 ("Listing"). In conjunction with the Listing, the Company undertook a public issue of 114,000,000 new ordinary shares of RM0.25 each at an issue price of RM0.65 per share ("Public Issue"), raising gross proceeds of RM74.10 million. The status of the utilisation of the gross proceeds from the Public Issue as at 25 March 2015 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Deviation		Estimated timeframe for Utilisation (from the listing date)
	RM' Million	RM' Million	RM' Million	%	
Repayment of bank borrowing	30.0	16.06	13.94	46.3	Within 1 month
Capital expenditure	29.20	23.17	6.03	20.6	Within 6 months
Working capital	9.90	9.90	-	-	Within 12 months
Estimated listing expenses	5.00	5.00	-	-	Within 3 months
Total gross proceeds	**74.10**	**54.13**	**19.97**	**26.9%**	

Note: The utilisation of proceeds a disclosed above should be read in conjunction with Section 3.9 of the Company's Prospectus dated 24 November 2014.

SHARE BUY-BACK

The Company did not have a share buy-back programme in place during the financial year ended 31 December 2014.

OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year ended 31 December 2014.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2014.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries ("the Group"), Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2014.

NON-AUDIT FEES

The Company incurred non-audit fees amounting to RM919.7 for consultancy services on accountant’s report for IPO exercise and taxation matters and preparation, review and submission of tax returns renderred by external auditors to the Group during the financial year ended 31 December 2014.

VARIATION IN RESULTS

There was no material variation between the audited results for the financial year ended 31 December 2014 and the unaudited results announced by the Company to Bursa Securities previously.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 December 2014.

PROFIT GUARANTEE

The Company did not provide any profit guarantee during the financial year ended 31 December 2014.

MATERIAL CONTACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either subsisting at the end of the financial year ended 31 December 2014.

RECURRENT RELATED PARTY TRANSACTIONS

There were no material recurrent related party transactions entered into by the Group for the financial year ended 31 December 2014.

Positioned For The **FUTURE**

The future offers so much potential and we are ready to forge ahead and explore new frontiers with our strengthened capabilities and abilities.


NAUTICA BATU PAHAT

FINANCIAL


STATEMENTS
62
–60.0%
–29.6
–21.5
–28.0
–22.2
–36.1
8
18

directors' **report**

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are ship owning and operator of marine vessels for the transportation and offshore storage of oil and gas, and provider of port marine services whilst the principal activities of the subsidiary is as stated in Note 5 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	14,233,772	16,914,686

There was no material transfer to or from reserves or provisions during the financial year.

In the opinion of the Directors, the results of the operation of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2014, of 1% on 504,000,000 ordinary shares, amounting to a dividend payable of RM5,040,000 (1 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

DIRECTORS

The Directors of the Company in office since the date of the last report and the date of this report are:

Ahamad Bin Mohamad	
Dato' Ir. Abdul Hak bin Md Amin	
Hj Rozan Bin Mohd Sa'at	
Md Tamyes Bin Hj.A. Rahim	(Appointed on 15/04/2014)
Abdul Azmin Bin Abdul Halim	(Appointed on 15/04/2014)
Azli Bin Mohamed	(Appointed on 15/04/2014)
Datuk Anuar Bin Ahmad	(Appointed on 15/04/2014)
Datuk Mohd Nasir Bin Ali	(Appointed on 17/10/2014)
Datuk Abdullah Bin Ahmad	(Resigned on 15/04/2014)
Nasharuddin Bin Shukor	(Resigned on 15/04/2014)
Md Faizal Bin Abdullah	(Resigned on 17/10/2014)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 16 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 22 to the financial statements.

DIRECTORS' INTERESTS

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

	I--------- Number of ordinary shares of RM0.25 each ----------I			
	1.1.2014	**Acquired**	**Sold**	**31.12.2014**
Dato' Ir. Abdul Hak Bin Md Amin				
Interest in Company				
- Direct	132,600,000	-	41,700,000	90,900,000
- Indirect	58,500,000	-	29,400,000	29,100,000
Ahmad bin Mohamad				
Interest in Company				
- Direct	-	500,000	-	500,000
Rozan bin Mohd Sa'at				
Interest in Company				
- Direct	-	327,500	-	327,500
Md Tamyes Bin Hj A.Rahim				
Interest in Company				
- Direct	-	327,500	-	327,500
Azli bin Mohamed				
Interest in Company				
- Direct	-	327,500	-	327,500
Datuk Mohd Nasir bin Ali				
Interest in Company				
- Direct	-	327,500	-	327,500

directors' **report**

DIRECTORS' INTERESTS

	I--------- Number of ordinary shares of RM0.25 each ----------I			
	1.1.2014	**Acquired**	**Sold**	**31.12.2014**
Datuk Anuar bin Ahmad				
Interest in Company				
- Direct	-	327,500	-	327,500
Abdul Azmin bin Abdul Halim				
Interest in Company				
- Direct	-	327,500	-	327,500
Rozan bin Mohd Sa'at				
Interest in ultimate holding company				
Kulim (Malaysia) Berhad				
- Direct	8,800	-	-	8,800
Ahamad bin Mohamad				
Interest in ultimate holding company				
Kulim (Malaysia) Berhad				
- Direct	963,400	-	-	963,400
Md Tamyes Bin Hj A.Rahim				
Interest in ultimate holding company				
Kulim (Malaysia) Berhad				
- Direct	28,000	-	-	28,000
Azli bin Mohamed				
Interest in ultimate holding company				
Kulim (Malaysia) Berhad				
- Direct	98,000	82,300	-	180,300
Ahamad bin Mohamad				
Interest in related company				
KPJ Healthcare Berhad				
- Direct	1,125	-	-	1,125
Hj. Rozan bin Mohd Sa'at				
Interest in related company				
KPJ Healthcare Berhad				
- Direct	750	-	-	750

Save as disclosed above, none of the other Directors at the end of the financial year had any interest in shares and options over shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

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

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

directors' **report**

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM97,500,000 to RM126,000,000 by way of issuance of 114,000,000 ordinary shares of RM0.25 each at an issue price of RM0.65 per ordinary share pursuant to its listing and quotation of the shares of the Company on Bursa Malaysia Securities Berhad (Bursa Securities).

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

Significant event

Significant event during the financial year is disclosed in Note 24 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 16 March 2015.

Ahamad Bin Mohamad

Dato' Ir. Abdul Hak Bin Md Amin

statement by **directors**

pursuant to Section 169(15) of the Companies Act, 1965

We, Ahamad Bin Mohamad and Dato' Ir. Abdul Hak Bin Md Amin, being two of the directors of E.A. Technique (M) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 106 to 169 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 26 to the financial statements on page 170 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 March 2015.

Ahamad Bin Mohamad

Dato' Ir. Abdul Hak Bin Md Amin

statutory **declaration**

pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Ir. Abdul Hak Bin Md Amin, being the director primarily responsible for the financial management of E.A. Technique (M) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 106 to 169 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Dato' Ir. Abdul Hak Bin Md Amin
at Kuala Lumpur in the Federal Territory
on 16 March 2015.

Dato' Ir. Abdul Hak Bin Md Amin

Before me,

PESURUHJAYA SUMPAH
No W533
Nama: YM TENGKU FARIDDUDIN
BIN TENGKU SULAIMAN
MALAYSIA
205, Bangunan Loke Yew
4, Jln Mahkamah Persekutuan
50050 Kuala Lumpur (W.P.)

independent auditors' **report**

to the members of E.A. Technique (M) Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of E.A. Technique (M) Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 106 to 169.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b We are satisfied that the financial statements of the subsidiary that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 26 to the financial statements on page 170 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Sundralingam A/L Navaratnam
No. 2984/05/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
16 March 2015

statements of **financial position**
as at 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Assets					
Non-current assets					
Property, plant and equipment	4	**536,698,060**	435,908,206	**546,153,895**	456,350,033
Investment in a subsidiary	5	**-**	-	**2,500,000**	2,500,000
Trade receivable	6	**3,207,081**	3,820,249	**3,207,081**	3,820,249
		539,905,141	439,728,455	**551,860,976**	462,670,282
Current assets					
Trade and other receivables	6	**58,171,882**	35,299,234	**58,144,614**	33,054,890
Cash, bank balances and deposits	7	**64,417,206**	21,204,998	**61,496,018**	20,457,153
Tax recoverable		**-**	-	**441,538**	-
		122,589,088	56,504,232	**120,082,170**	53,512,043
Total assets		**662,494,229**	496,232,687	**671,943,146**	516,182,325
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	8	**126,000,000**	97,500,000	**126,000,000**	97,500,000
Share premium	8	**43,100,000**	-	**43,100,000**	-
Retained earnings	9	**100,766,427**	86,532,655	**108,288,748**	91,374,062
Total equity		**269,866,427**	184,032,655	**277,388,748**	188,874,062
Non-current liabilities					
Loans and borrowings	10	**287,004,948**	218,160,436	**286,720,486**	218,113,573
Deferred tax liabilities	11	**16,672,466**	12,770,771	**16,613,136**	12,741,511
		303,677,414	230,931,207	**303,333,622**	230,855,084
Current liabilities					
Trade and other payables	12	**42,983,326**	36,289,066	**46,460,173**	51,741,015
Loans and borrowings	10	**44,844,763**	44,618,973	**44,760,603**	44,601,672
Tax payable		**1,122,299**	360,786	**-**	110,492
		88,950,388	81,268,825	**91,220,776**	96,453,179
Total liabilities		**392,627,802**	312,200,032	**394,554,398**	327,308,263
Total equity and liabilities		**662,494,229**	496,232,687	**671,943,146**	516,182,325

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

statements of **comprehensive income**

for the financial year ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	13	**155,657,423**	121,117,953	**155,657,423**	116,889,449
Cost of services		**(109,609,281)**	(80,548,629)	**(109,609,281)**	(75,490,929)
Gross profit		**46,048,142**	40,569,324	**46,048,142**	41,398,520
Other operating income		**3,187,461**	41,154,955	**3,595,172**	53,517,728
Administrative expenses		**(17,389,587)**	(12,849,446)	**(16,717,437)**	(12,345,343)
Results from operating activities		**31,846,016**	68,874,833	**32,925,877**	82,570,905
Finance income		**2,163,203**	2,086,928	**2,163,203**	2,086,928
Finance costs	14	**(14,322,639)**	(14,541,196)	**(14,285,838)**	(14,541,196)
		19,686,580	56,420,565	**20,803,242**	70,116,637
Share of profit of associate, net of tax		**-**	2,946,938	**-**	-
Profit before tax	15	**19,686,580**	59,367,503	**20,803,242**	70,116,637
Income tax expense	17	**(5,452,808)**	(2,464,592)	**(3,888,556)**	(2,204,276)
Profit for the financial year, representing total comprehensive income for the financial year		**14,233,772**	56,902,911	**16,914,686**	67,912,361
Profit/total comprehensive income attributable to:					
Owners of the Company		**14,233,772**	56,902,911	**16,914,686**	67,912,361

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

statements of **changes in equity**

for the financial year ended 31 December 2014

	Note	← Non-distributable →		Distributable	
		Share capital RM	**Share premium RM**	**Retained earnings RM**	**Total RM**
Group					
At 1 January 2013		44,040,816	-	82,665,813	126,706,629
Profit for the year, representing total comprehensive income for the financial year		-	-	56,902,911	56,902,911
Transaction with owners					
Dividend	18	-	-	(25,000,000)	(25,000,000)
Conversion of RCCPS	8	12,897,412	-	-	12,897,412
Issuance of ordinary shares	8	12,525,703	-	-	12,525,703
Issuance of bonus shares	8	28,036,069	-	(28,036,069)	-
At 31 December 2013		97,500,000	-	86,532,655	184,032,655
Profit for the year, representing total comprehensive income for the financial year		-	-	14,233,772	14,233,772
Transaction with owners					
Issuance of ordinary shares	8	28,500,000	45,600,000	-	74,100,000
Share issuance expenses	8	-	(2,500,000)	-	(2,500,000)
At 31 December 2014		**126,000,000**	**43,100,000**	**100,766,427**	**269,866,427**
Company					
At 1 January 2013		44,040,816	-	76,497,770	120,538,586
Profit for the year, representing total comprehensive income for the financial year		-	-	67,912,361	67,912,361
Transaction with owners					
Dividend	18	-	-	(25,000,000)	(25,000,000)
Conversion of RCCPS	8	12,897,412	-	-	12,897,412
Issuance of ordinary shares	8	12,525,703	-	-	12,525,703
Issuance of bonus shares	8	28,036,069	-	(28,036,069)	-
At 31 December 2013		97,500,000	-	91,374,062	188,874,062
Profit for the year, representing total comprehensive income for the financial year		-	-	16,914,686	16,914,686
Transaction with owners					
Issuance of ordinary shares	8	28,500,000	45,600,000	-	74,100,000
Share issuance expenses	8	-	(2,500,000)	-	(2,500,000)
At 31 December 2014		**126,000,000**	**43,100,000**	**108,288,748**	**277,388,748**

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

statements of **cash flows**
for the financial year ended 31 December 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax		**19,686,580**	59,367,503	**20,803,242**	70,116,637
Adjustments for:					
Depreciation of property, plant and equipment		**25,012,856**	21,007,573	**26,097,177**	21,644,909
Finance costs		**14,322,639**	14,541,196	**14,285,838**	14,541,196
Loss on disposal of property, plant and equipment		**12,886**	1,262,497	**12,886**	1,289,169
Gain on disposal of an associate		**-**	(37,455,128)	**-**	(49,719,574)
Interest income		**(2,163,203)**	(2,086,928)	**(2,163,203)**	(2,086,928)
Allowance for impairment losses of trade receivables		**3,171,971**	1,254,130	**3,171,971**	1,254,130
Reversal of impairment loss on trade receivable		**(1,602,592)**	-	**(1,602,592)**	-
Share of profit of equity accounted associate		**-**	(2,946,938)	**-**	-
Operating profit before changes in working capital		**58,441,137**	54,943,905	**60,605,319**	57,039,539
Changes in working capital:					
Increase in trade and other receivables		**(21,893,800)**	(17,589,025)	**(24,350,735)**	(15,356,310)
Increase/(decrease) in trade and other payables		**6,767,868**	1,773,191	**(4,967,375)**	11,348,911
Cash generated from operations		**43,315,205**	39,128,071	**31,287,209**	53,032,140
Interest received		**2,163,203**	2,086,928	**2,163,203**	2,086,928
Interest paid		**(14,322,639)**	(14,541,196)	**(14,285,838)**	(14,541,196)
Tax paid		**(863,206)**	(1,013,386)	**(642,567)**	(25,186)
Net cash generated from operating activities		**30,292,563**	25,660,417	**18,522,007**	40,552,686
Cash flows from investing activities					
Increase in fixed and security deposits pledged		**(27,563,508)**	(4,620,078)	**(27,563,508)**	(4,620,078)
Purchase of property, plant and equipment		**(129,022,165)**	(101,822,099)	**(119,484,494)**	(117,392,280)
Proceeds from disposal of property, plant and equipment		**1,722,510**	211,000	**1,722,510**	161,000
Proceeds from disposal of an associate		**-**	66,862,745	**-**	66,862,745
Net cash used in investing activities		**(154,863,163)**	(39,368,432)	**(145,325,492)**	(54,988,613)

statements of **cash flows**
for the financial year ended 31 December 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from financing activities					
Dividend payment		**-**	(27,000,000)	**-**	(27,000,000)
Repayment of conventional term loan		**(26,860,376)**	(7,634,170)	**(26,860,376)**	(7,634,170)
Drawdown from conventional term loan		**74,534,980**	132,738,705	**74,534,980**	132,738,705
Repayment of islamic term financing facilities		**(15,187,594)**	(101,876,260)	**(15,187,594)**	(101,876,260)
Drawdown from islamic term financing facilities		**35,893,367**	-	**35,893,367**	-
Proceeds from issuance of ordinary share		**74,100,000**	12,525,703	**74,100,000**	12,525,703
Share issue expenses		**(2,500,000)**	-	**(2,500,000)**	-
Proceeds from conversion of RCCPS		**-**	3,899,453	**-**	3,899,453
Net repayment of finance lease		**(119,506)**	(47,644)	**(59,964)**	(31,143)
Net cash generated from financing activities		**139,860,871**	12,605,787	**139,920,413**	12,622,288
Net increase/(decrease) in cash and cash equivalents		**15,290,271**	(1,102,228)	**13,116,928**	(1,813,639)
Cash and cash equivalents at beginning of the financial year	(i)	**6,295,072**	7,397,300	**5,547,227**	7,360,866
Cash and cash equivalents at end of the financial year	(i)	**21,585,343**	6,295,072	**18,664,155**	5,547,227

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	7	**25,396,315**	9,747,615	**22,475,127**	8,999,770
Fixed and security deposits with licensed banks	7	**39,020,891**	11,457,383	**39,020,891**	11,457,383
		64,417,206	21,204,998	**61,496,018**	20,457,153
Less: Bank overdrafts	10	**(3,810,972)**	(3,452,543)	**(3,810,972)**	(3,452,543)
		60,606,234	17,752,455	**57,685,046**	17,004,610
Less: Fixed and security deposits pledged	7	**(39,020,891)**	(11,457,383)	**(39,020,891)**	(11,457,383)
		21,585,343	6,295,072	**18,664,155**	5,547,227

notes to the **financial statements**

For the financial year ended 31 December 2014

1. CORPORATE INFORMATION

E.A. Technique (M) Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor. The principal place of business of the Company is located at Setiawangsa Business Suites, Unit C-3A-3A, No. 2, Jalan Setiawangsa, 54200 Kuala Lumpur.

The immediate holding company is Sindora Berhad, a company incorporated in Malaysia.

The intermediate holding company is Kulim Berhad, a company incorporated in Malaysia and produces financial statements available for public use.

The ultimate holding corporation is Johor Corporation, a body corporate established under the Johor Corporation Enactment (No. 4 of 1968) (as amended by Enactment No. 5 of 1995).

The principal activities of the Company are ship owning and operator of marine vessels for the transportation and offshore storage of oil and gas, and provider of port marine services.

The principal activities of the subsidiary are shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy.

There had been no significant changes in the nature of the principal activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 16 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended MFRS which are mandatory for financial periods beginning on or after 1 January 2014 as fully described in Note 2.2.

The financial statements have also been prepared on the historical cost basis and are presented in Ringgit Malaysia ("RM").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description		Effective for annual periods beginning on or after
Amendments to MFRS 10, 12, 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuance of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company, except for those discussed below:

<u>Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities</u>

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively. These amendments have no impact on the Group and the Company, since none of the entities in the Group and the Company has any offsetting arrangements.

<u>Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities</u>

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

notes to the **financial statements**
for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group's and the Company's intend to adopt these standards, if applicable, when they become effective.

Description		Effective for annual periods beginning on or after
Amendment to MFRS 2	Share-based Payment (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 8	Operating Segments (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 13	Fair Value Measurement (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 116	Property, Plant and Equipment (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendment to MFRS 124	Related Party Disclosures (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 138	Intangible Assets (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 140	Investment Property (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 5	Non-current Assets Held for Sales and Discontinued Operations (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendment to MFRS 7	Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

Description		Effective for annual periods beginning on or after
Amendment to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendment to MFRS 10, MFRS 12 and MFRS 128	Investment Entities Applying the Consolidation Exception	1 January 2016
Amendment to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendment to MFRS 101	Presentation of Financial Statements Disclosure Initiative	1 January 2016
Amendment to MFRS 116 and MFRS 138	Clarification of Acceptance Methods of Depreciation and Amortisatoin	1 January 2016
Amendment to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendment to MFRS 119	Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendment to MFRS 127	Equity method in Separate Financial Statements	1 January 2016
Amendment to MFRS 134	Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendment to MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendment to MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd)

The above MFRS and Amendments to MFRS are not expected to have a material impact on the financial statements of the Group and of the Company, except as discussed below:

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For firsttime adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd)

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, such as when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact and plans to adopt the new standard on the required effective date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd)

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Group and the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
MFRS 3 Business Combinations	The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.
MFRS 8 Operating Segments	The amendments are to be applied retrospectively and clarify that: - an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and - the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.
MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets	The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
MFRS 124 Related Party Disclosures	The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd)

<u>Annual Improvements to MFRSs 2011–2013 Cycle</u>

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Group and the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
MFRS 3 Business Combinations	The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.
MFRS 13 Fair Value Measurement	The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (such as existing rights that give it the current ability todirect the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiary is consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, gain or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the fair value on initial recognition of a financial asset or cost on initial recognition of an investment in associate or joint venture.

Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity will not be remeasured. Subsequent settlement is accounted for within equity.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiary and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit and loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Vessels	5 - 25 years
- Buildings	50 years
- Motor vehicles	5 years
- Renovation	5 years
- Furniture, fittings and office equipment	5 - 10 years

notes to the **financial statements**
for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Property, plant and equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Residual value of the vessels is estimated by management as equivalent to the light weight tonnage of the vessels times the estimated long term price of steel per tonne.

Dry-docking costs which enhance the useful lives of the vessels are capitalised in the year they are incurred and amortised over 1 to 5 years until the next dry-docking.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Vessel under construction and shipyard under construction are not depreciated until the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Subsidiary

A subsidiary is an entity over which the Group has all the following:

(i) power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.8 Investment in associate

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Investment in associate (cont'd)

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.9 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, such as the date that the Group commits to purchase or sell the asset.

notes to the **financial statements**
for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss. The Group has not designated any financial assets at fair value through profit or loss during the years ended 31 December 2014 and 2013.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as interest income. The losses arising from impairment are recognised in profit or loss as finance costs for loans and as cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as interest income. The losses arising from impairment are recognised in profit or loss as finance costs. The Group does not have any held-to-maturity investments during the years ended 31 December 2014 and 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Available-for-sale ("AFS") financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income ("OCI") and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss. The Group does not have any AFS financial investments during the years ended 31 December 2014 and 2013.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (such as removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Derecognition (cont'd)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Financial instruments - initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

AFS financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Financial instruments - initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables, amount due to a subsidiary and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss during the years ended 31 December 2014 and 2013.

Other financial liabilities

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as finance costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Financial instruments - initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. For the purpose of assessing impairment, recoverable amount is determined for an individual asset. Unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and deposits with a licensed bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, with a maturity of three months or less.

notes to the **financial statements**
for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Inventories

Inventories consist of bunker on board which is for own consumption. Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method. Cost is the aggregate of cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 Redeemable Cumulative Convertible Preference Shares ("RCCPS")

The RCCPS are regarded as compound instruments, consisting of a liability component and an equity component. The component of RCCPS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as interest expense in profit or loss using the effective interest rate method. On issuance of the RCCPS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the accounting policy for other payables set out in Note 2.9.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholder's equity, net of transaction costs.

Transaction costs are apportioned between the liability and equity components of the RCCPS based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

2.15 Leases

As Lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Leases (cont'd)

As Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.17 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.18 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

notes to the **financial statements**
for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Employee benefits (cont'd)

(b) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Freight income

Freight income is recognised when the goods are delivered and services rendered and accepted by customers.

(ii) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(iii) Fabrication works

Revenue from the fabrication works are recognised on an accrual basis when the service are rendered.

2.20 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Income taxes (cont'd)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probably that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 25, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in the normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, the Directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

(i) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised deferred tax assets of the Group and of the Company is disclosed in Note 11.

(ii) Depreciation of vessels and equipment on vessel

The cost of vessels and equipment on vessel are depreciated on a straight-line basis over the assets' useful life. Management estimates the useful lives of the Group's vessels to be between 5 to 25 years. These are common life expectancies applied in the shipping industry. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's receivables at the reporting date are disclosed in their respective notes.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels RM	Vessels under construction RM	Buildings RM	Shipyard under construction RM	Motor vehicles RM	Forklifts RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
Cost									
At 1 January 2014	493,816,110	43,993,929	1,696,912	2,550,460	986,776	-	517,746	698,794	544,260,727
Additions	7,852,935	117,059,653	-	2,005,674	99,739	364,000	85,689	70,416	127,538,106
Disposals	(13,126,474)	-	-	-	(206,691)	-	-	-	(13,333,165)
Transfers	30,459,802	(30,459,802)	-	-	-	-	-	-	-
At 31 December 2014	519,002,373	130,593,780	1,696,912	4,556,134	879,824	364,000	603,435	769,210	658,465,668
Accumulated depreciation									
At 1 January 2014	106,592,914	-	229,573	-	622,345	-	483,946	423,743	108,352,521
Charge for the year	24,717,525	-	33,939	-	124,155	36,400	25,588	75,249	25,012,856
Disposals	(11,391,078)	-	-	-	(206,691)	-	-	-	(11,597,769)
At 31 December 2014	119,919,361	-	263,512	-	539,809	36,400	509,534	498,992	121,767,608
Net carrying amount									
At 31 December 2014	399,083,012	130,593,780	1,433,400	4,556,134	340,015	327,600	93,901	270,218	536,698,060

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Vessels RM	Vessels under construction RM	Buildings RM	Shipyard under construction RM	Motor vehicles RM	Forklifts RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
Cost									
At 1 January 2013	444,857,719	13,249,726	1,696,912	523,250	1,589,441	-	475,496	571,475	462,964,019
Additions	55,607,465	43,993,929	-	2,027,210	153,426	-	42,250	127,319	101,951,599
Disposals	(19,898,800)	-	-	-	(756,091)	-	-	-	(20,654,891)
Transfers	13,249,726	(13,249,726)	-	-	-	-	-	-	-
At 31 December 2013	493,816,110	43,993,929	1,696,912	2,550,460	986,776	-	517,746	698,794	544,260,727
Accumulated depreciation									
At 1 January 2013	99,684,199	-	195,635	-	1,259,509	-	475,496	361,006	101,975,845
Charge for the year	20,783,521	-	33,938	-	118,927	-	8,450	62,737	21,007,573
Disposals	(13,874,806)	-	-	-	(756,091)	-	-	-	(14,630,897)
At 31 December 2013	106,592,914	-	229,573	-	622,345	-	483,946	423,743	108,352,521
Net carrying amount									
At 31 December 2013	387,223,196	43,993,929	1,467,339	2,550,460	364,431	-	33,800	275,051	435,908,206

notes to the **financial statements**
for the financial year ended 31 December 2014

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Vessels RM	Vessels under construction RM	Buildings RM	Motor vehicles RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
Cost							
At 1 January 2014	**499,923,198**	**61,649,002**	**1,696,912**	**887,873**	**517,746**	**472,940**	**565,147,671**
Additions	**7,852,935**	**109,527,656**	**-**	**99,739**	**85,689**	**70,416**	**117,636,435**
Disposals	**(13,126,474)**	**-**	**-**	**(206,691)**	**-**	**-**	**(13,333,165)**
Transfers	**30,459,802**	**(30,459,802)**	**-**	**-**	**-**	**-**	**-**
At 31 December 2014	**525,109,461**	**140,716,856**	**1,696,912**	**780,921**	**603,435**	**543,356**	**669,450,941**
Accumulated depreciation							
At 1 January 2014	**107,134,289**	**-**	**229,573**	**582,785**	**483,946**	**367,045**	**108,797,638**
Charge for the year	**25,880,612**	**-**	**33,939**	**104,375**	**25,588**	**52,663**	**26,097,177**
Disposals	**(11,391,078)**	**-**	**-**	**(206,691)**	**-**	**-**	**(11,597,769)**
At 31 December 2014	**121,623,823**	**-**	**263,512**	**480,469**	**509,534**	**419,708**	**123,297,046**
Net carrying amount							
At 31 December 2014	**403,485,638**	**140,716,856**	**1,433,400**	**300,452**	**93,901**	**123,648**	**546,153,895**
Cost							
At 1 January 2013	448,334,234	15,830,299	1,696,912	1,490,538	475,496	403,303	468,230,782
Additions	55,607,465	61,649,002	-	153,426	42,250	69,637	117,521,780
Disposals	(19,848,800)	-	-	(756,091)	-	-	(20,604,891)
Transfers	15,830,299	(15,830,299)	-	-	-	-	-
At 31 December 2013	499,923,198	61,649,002	1,696,912	887,873	517,746	472,940	565,147,671
Accumulated depreciation							
At 1 January 2013	99,519,202	-	195,635	1,239,729	475,496	326,892	101,756,954
Charge for the year	21,463,221	-	33,938	99,147	8,450	40,153	21,644,909
Disposals	(13,848,134)	-	-	(756,091)	-	-	(14,604,225)
At 31 December 2013	107,134,289	-	229,573	582,785	483,946	367,045	108,797,638
Net carrying amount							
At 31 December 2013	392,788,909	61,649,002	1,467,339	305,088	33,800	105,895	456,350,033

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

4.1 Security

Net carrying amount of assets pledged as security for islamic term financing, overdraft and term loan facilities are as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Vessels	**399,083,012**	387,223,196	**403,485,638**	392,788,909
Vessels under construction	**130,593,780**	43,993,929	**140,716,856**	61,649,002
	529,676,792	431,217,125	**544,202,494**	454,437,911

4.2 Assets held under finance lease

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM129,473,166 (2013: RM101,951,599) and RM119,571,495 (2013: RM117,521,780) respectively of which RM451,000 (2013: RM129,500) and RM87,000 (2013: RM129,500) were acquired by means of finance lease agreement.

Net carrying amount of motor vehicles and forklifts of the Group and of the Company held under finance lease arrangements are RM605,754 (2013: RM282,199) and RM238,591 (2013: RM222,856) respectively.

4.3 Borrowing costs

Included in vessels under construction of the Company is interest capitalised for the year of RM2,005,997 (2013: Nil).

5. INVESTMENT IN A SUBSIDIARY

	Company	
	2014 RM	**2013 RM**
At cost:		
Unquoted shares	**2,500,000**	2,500,000

notes to the **financial statements**
for the financial year ended 31 December 2014

5. INVESTMENT IN A SUBSIDIARY (CONT'D)

Name of subsidiary	Country of incorporated	Principal activities	Effective ownership interest 2014 %	2013 %
Johor Shipyard and Engineering Sdn. Bhd.	Malaysia	Shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy	100	100

6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade				
Non-current				
Finance lease receivable	**3,207,081**	3,820,249	**3,207,081**	3,820,249
Current				
Finance lease receivable	**2,202,668**	449,181	**2,202,668**	449,181
Trade receivables	**33,605,775**	27,523,239	**33,590,136**	25,290,524
Less: Allowance for impairment	**(3,027,471)**	(1,458,092)	**(3,027,471)**	(1,458,092)
	35,988,053	30,334,577	**35,972,414**	28,101,862
Non-trade				
Current				
Other receivables	**3,962,750**	5,988,883	**3,962,750**	5,988,883
Amount due from a company related to a director	**-**	1,482,900	**-**	1,482,900
Amount due from holding company	**146,250**	-	**146,250**	-
Downpayment for the purchase of asset	**20,272,281**	-	**20,272,281**	-
Deposits	**277,223**	41,562	**265,594**	29,933
Prepayments	**732,406**	1,271,561	**732,406**	1,271,561
	25,390,910	8,784,906	**25,379,281**	8,773,277
Total trade and other receivables - Current	**58,171,882**	35,299,234	**58,144,614**	33,054,890
Total trade receivables - Non-current	**3,207,081**	3,820,249	**3,207,081**	3,820,249
Add: Cash, bank balances and deposits	**64,417,206**	21,204,998	**61,496,018**	20,457,153
Less: Prepayments	**(732,406)**	(1,271,561)	**(732,406)**	(1,271,561)
Less: Downpayment for the purchase of asset	**(20,272,281)**	-	**(20,272,281)**	-
Total loans and receivables	**104,791,482**	59,052,920	**101,843,026**	56,060,731

6. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group and the Company has significant concentration of credit risk as 53% (2013: 32%) and 53% (2013: 27%) of the trade receivables is due from one of its major debtors.

(a) Finance lease commitments - as lessor

Finance lease receivable represents the present value of the minimum lease payments receivable by the Group and the Company under a finance lease arrangement for a period of five years. At the end of lease term, the ownership of the vessel will be transferred to the lessee for a consideration of RM1,000,000.

The future minimum lease payments under finance leases together with the present value of the minimum lease payments are as follows:

	2014 RM	2013 RM
Future minimum lease payment:		
Not later than 1 year	**3,323,500**	1,734,000
Later than 1 year but not later than 5 years	**4,757,000**	6,491,000
Total minimum lease payments	**8,080,500**	8,225,000
Less: Unearned finance income	**(2,670,751)**	(3,955,570)
Present value of minimum lease payment	**5,409,749**	4,269,430

	2014 RM	2013 RM
Present value of minimum lease payment		
Not later than 1 year	**2,202,668**	449,181
Later than 1 year but not later than 5 years	**3,207,081**	3,820,249
	5,409,749	4,269,430

7. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed and security deposits with licensed banks	**39,020,891**	11,457,383	**39,020,891**	11,457,383
Cash and bank balances	**25,396,315**	9,747,615	**22,475,127**	8,999,770
	64,417,206	21,204,998	**61,496,018**	20,457,153

notes to the **financial statements**
for the financial year ended 31 December 2014

7. CASH, BANK BALANCES AND DEPOSITS (CONT'D)

The deposits placed with licensed banks for the Group and the Company are all pledged for bank facilities.

Included in the deposits placed with licensed banks for the Group and the Company are deposits under the name of Dato' Ir. Abdul Hak Bin Md Amin and Datin Hamidah Binti Omar, being the individual shareholders' of the Company amounting to Nil (2013: RM593,049) and RM248,688 (2013: RM241,445) respectively. During the financial year, deposits under the name of Dato' Ir. Abdul Hak Bin Md Amin have been transferred to the Company whereby deposits under the name of Datin Hamidah Binti Omar is still in the process of change of name.

Fixed and security deposits with licensed banks earn interest at 3% (2013: 3%) per annum and have maturity periods of 30 days (2013: 30 days).

8. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares		Amount	
	2014	**2013**	**2014 RM**	**2013 RM**
Group/Company				
Authorised:				
Balance at beginning Ordinary shares of RM1.00 each	**800,000,000**	60,000,000	**200,000,000**	60,000,000
Subdivision of par value to RM0.25 each	**-**	180,000,000	**-**	-
	800,000,000	240,000,000	**200,000,000**	60,000,000
Created during the year	**-**	560,000,000	**-**	140,000,000
Balance at end Ordinary shares of RM0.25 each	**800,000,000**	800,000,000	**200,000,000**	200,000,000
Authorised:				
Redeemable Cumulative Convertible Preference Shares ("RCCPS") of RM0.10 each	**16,000,000**	16,000,000	**1,600,000**	1,600,000
Cancellation during the year	**(16,000,000)**	-	**(1,600,000)**	-
Balance at end Redeemable Cumulative Convertible Preference Shares ("RCCPS") of RM0.10 each	**-**	16,000,000	**-**	1,600,000

8. SHARE CAPITAL AND SHARE PREMIUM (CONT'D)

	Number of shares		Amount	
	2014	**2013**	**2014 RM**	**2013 RM**
Issued and fully paid:				
Balance at beginning Ordinary shares of RM1.00 each	**390,000,000**	44,040,816	**97,500,000**	44,040,816
Conversion of RCCPS	**-**	12,897,412	**-**	12,897,412
Issued during the year	**114,000,000**	12,525,703	**28,500,000**	12,525,703
Bonus issue	**-**	28,036,069	**-**	28,036,069
	504,000,000	97,500,000	**126,000,000**	97,500,000
Subdivision of par value to RM0.25 each	**-**	292,500,000	**-**	-
Balance at end Ordinary shares of RM0.25 each	**504,000,000**	390,000,000	**126,000,000**	97,500,000

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM97,500,000 to RM126,000,000 by way of issuance of 114,000,000 ordinary shares of RM0.25 each at an issue price of RM0.65 per ordinary share pursuant to its listing of and quotation for the shares of the Company on Bursa Securities.

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

Share premium

Group/Company

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
At 1 January	**-**	-	**-**	-
Share premium	**43,100,000**	-	**43,100,000**	-
At 31 December	**43,100,000**	-	**43,100,000**	-

During the year, the share premium arose from the issuance of 114,000,000 ordinary shares of RM0.25 each at an issue price of RM0.65 per ordinary share net of RM2,500,000 of Initial Public Offering (IPO) expenses.

notes to the **financial statements**
for the financial year ended 31 December 2014

9. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 and 2013 under the single tier system.

10. LOANS AND BORROWINGS

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Current				
Unsecured				
Bank overdaft	**3,810,972**	3,452,543	**3,810,972**	3,452,543
Finance lease	**151,117**	66,870	**66,957**	49,569
Secured				
Islamic financing facilities	**13,682,736**	15,187,461	**13,682,736**	15,187,461
Conventional financing facilities	**27,199,938**	25,912,099	**27,199,938**	25,912,099
	44,844,763	44,618,973	**44,760,603**	44,601,672
Non-current				
Unsecured				
Finance lease	**454,118**	206,869	**169,656**	160,006
Secured				
Islamic financing facilities	**114,531,006**	92,320,508	**114,531,006**	92,320,508
Conventional financing facilities	**172,019,824**	125,633,059	**172,019,824**	125,633,059
	287,004,948	218,160,436	**286,720,486**	218,113,573
Total loans and borrowings	**331,849,711**	262,779,409	**331,481,089**	262,715,245

10. LOANS AND BORROWINGS (CONT'D)

10.1 Security

The Islamic financing facilities and conventional financing facilities are secured by way of the following:

(i) Duly executed and enforceable Memorandum of Deposit and letter of set-off for the placement of fixed deposits totaling RM4,317,321 (2013: RM5,785,991) in form of Al Mudharabah General Investment Account (GIA) throughout the financing period respectively;

(ii) Assignment of the relevant insurance coverage over the vessels indicating the Bank as loss payee (beneficiary), namely:

(a) Hull and machinery;
(b) Mortgage interest; and
(c) Protection and Indemnity Club (P&I) acceptable to the Bank.

The amount to be covered by insurance shall not be less than the outstanding amount of the facilities.

(iii) Guarantee given by certain directors and shareholders of the Company;

(iv) Duly executed and enforceable Deed of Mortgage and Covenant over the vessels to be financed by the Bank; and

(v) Legal Assignment of the contract proceeds throughout the financing period to be duly acknowledged by Charterer.

Finance lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Group						
Less than one year	182,440	31,323	151,117	78,252	11,382	66,870
Between one and five years	495,444	41,325	454,118	223,697	16,828	206,869
	677,884	72,648	605,235	301,949	28,210	272,739
Company						
Less than one year	76,156	9,199	66,957	58,248	8,679	49,569
Between one and five years	180,525	10,869	169,656	172,048	12,042	160,006
	256,681	20,068	236,613	230,296	20,721	209,575

notes to the **financial statements**
for the financial year ended 31 December 2014

11. DEFERRED TAX

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Group						
Property, plant and equipment	-	-	(24,801,615)	(18,174,610)	(24,801,615)	(18,174,610)
Unutilised capital allowance	6,023,814	4,498,222	-	-	6,023,814	4,498,222
Unutilised tax losses	714,250	249,486	-	-	714,250	249,486
Provisions	1,391,085	656,131	-	-	1,391,085	656,131
Net tax assets/ (liabilities)	8,129,149	5,403,839	(24,801,615)	(18,174,610)	(16,672,466)	(12,770,771)

	Assets		Liabilities		Net	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Company						
Property, plant and equipment	-	-	(24,742,285)	(18,145,350)	(24,742,285)	(18,145,350)
Unutilised capital allowance	6,023,814	4,498,222	-	-	6,023,814	4,498,222
Unutilised tax losses	714,250	249,486	-	-	714,250	249,486
Provisions	1,391,085	656,131	-	-	1,391,085	656,131
Net tax assets/ (liabilities)	8,129,149	5,403,839	(24,742,285)	(18,145,350)	(16,613,136)	(12,741,511)

11. DEFERRED TAX (CONT'D)

Recognised deferred tax assets and liabilities (cont'd)

Movement in temporary differences during the financial years are as follows:

	At 1.1.2013 RM	Recognised in profit or loss RM	At 31.12.2013 RM	Recognised in profit or loss RM	At 31.12.2014 RM
Group					
Property, plant and equipment	(12,667,842)	(5,506,768)	(18,174,610)	(6,627,005)	(24,801,615)
Provisions	-	656,131	656,131	734,954	1,391,085
Unutilised capital allowance	1,837,783	2,660,439	4,498,222	1,525,592	6,023,814
Unutilised tax losses	143,928	105,558	249,486	464,764	714,250
	(10,686,131)	(2,084,640)	(12,770,771)	(3,901,695)	(16,672,466)

	At 1.1.2013 RM	Recognised in profit or loss RM	At 31.12.2013 RM	Recognised in profit or loss RM	At 31.12.2014 RM
Company					
Property, plant and equipment	(12,654,624)	(5,490,726)	(18,145,350)	(6,596,935)	(24,742,285)
Provisions	-	656,131	656,131	734,954	1,391,085
Unutilised capital allowance	1,837,783	2,660,439	4,498,222	1,525,592	6,023,814
Unutilised tax losses	143,928	105,558	249,486	464,764	714,250
	(10,672,913)	(2,068,598)	(12,741,511)	(3,871,625)	(16,613,136)

notes to the **financial statements**

for the financial year ended 31 December 2014

12. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Trade					
Trade payables	12.1	**34,312,308**	24,203,484	**31,328,043**	18,528,245
Amount due to a subsidiary	12.2	**-**	-	**6,976,948**	21,588,849
Freight income received in advance		**5,799,469**	7,626,919	**5,799,469**	7,626,919
		40,111,777	31,830,403	**44,104,460**	47,744,013
Non-trade					
Amount due to holding company	12.2	**-**	239,859	**-**	239,859
Amount due to shareholders		**62,863**	581,610	**62,863**	581,610
Other payables and accrued expenses		**2,808,686**	3,637,194	**2,292,850**	3,175,533
		2,871,549	4,458,663	**2,355,713**	3,997,002
Total trade and other payables		**42,983,326**	36,289,066	**46,460,173**	51,741,015
Add: Loans and borrowings		**331,849,711**	262,779,409	**331,481,089**	262,715,245
Less: Freight income received in advance		**(5,799,469)**	(7,626,919)	**(5,799,469)**	(7,626,919)
Total financial liabilities carried at amortised cost		**369,033,568**	291,441,556	**372,141,793**	306,829,341

12.1 Trade Payables

Credit terms of trade payables granted to the Group vary from 30 to 90 days (2013: 30 to 90 days)

12.2 Amount due to holding company

The amounts due to a subsidiary and holding company are unsecured, interest free and repayable on demand.

13. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Freight income	**155,657,423**	116,889,449	**155,657,423**	116,889,449
Fabrication works	**-**	4,228,504	**-**	-
	155,657,423	121,117,953	**155,657,423**	116,889,449

14. FINANCE COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest/profit expense incurred on:				
- Bank overdraft	**263,788**	309,339	**263,788**	309,339
- Finance leases	**48,113**	5,735	**11,312**	5,735
- Interest on advances from immediate holding company	**512,682**	635,226	**512,682**	635,226
- Conventional and islamic financing	**13,306,993**	13,091,658	**13,306,993**	13,091,658
- RCCPS	**191,063**	499,238	**191,063**	499,238
	14,322,639	14,541,196	**14,285,838**	14,541,196

notes to the **financial statements**
for the financial year ended 31 December 2014

15. PROFIT BEFORE TAX

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration	**160,000**	56,000	**130,000**	44,000
Depreciation on property, plant and equipment	**25,012,856**	21,007,573	**26,097,177**	21,644,909
Allowance for impairment losses of trade receivables	**3,171,971**	1,254,130	**3,171,971**	1,254,130
Reversal of impairment loss on trade receivables	**(1,602,592)**	-	**(1,602,592)**	-
Realised foreign exchange gain/(loss)	**15,597**	(117,109)	**(76,692)**	(53,375)
Rental of office equipment	**14,876**	7,800	**14,876**	7,800
Rental of staff quarters	**48,000**	60,000	**48,000**	60,000
Rental of office	**108,527**	13,902	**108,527**	13,902
Rental of shipyard	**199,500**	237,200	**-**	-
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**18,944,207**	17,620,424	**18,056,531**	16,748,929
- Contributions to Employees Provident Fund	**2,000,086**	1,827,573	**1,877,068**	1,704,705
Insurance recoveries	**(1,117,768)**	(3,507,138)	**(1,117,768)**	(3,637,138)
Interest on fixed deposits	**(878,384)**	(922,996)	**(878,384)**	(922,996)
Interest on finance lease receivable	**(1,284,819)**	(1,163,932)	**(1,284,819)**	(1,163,932)
Loss on disposal of property, plant and equipment	**12,886**	1,262,497	**12,886**	1,289,169
Gain on disposal of an associate	**-**	(37,455,128)	**-**	(49,719,574)
Management fee charged to subsidiary	**-**	-	**(500,000)**	(125,000)

16. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group and Company	
	2014 RM	**2013 RM**
Defined contribution plan	**89,370**	105,300
Short term employee benefits	**901,999**	837,600
Other short term benefits	**47,043**	35,048
	1,038,412	977,948

Included in key management personnel compensation of the Group and of the Company are director's remuneration amounting to RM249,499 (2013: RM180,000).

17. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Statements of comprehensive income				
Current tax expenses				
- Malaysian income tax	**1,549,191**	360,786	**15,009**	110,492
- Under provision in respect of previous financial years	**1,922**	19,166	**1,922**	25,186
	1,551,113	379,952	**16,931**	135,678
Deferred income tax expense				
- Origination of temporary differences	**4,482,663**	3,160,886	**4,452,593**	3,161,120
- Over provision in respect of previous financial years	**(580,968)**	(1,076,246)	**(580,968)**	(1,092,522)
	3,901,695	2,084,640	**3,871,625**	2,068,598
Income tax expense recognised in profit or loss	**5,452,808**	2,464,592	**3,888,556**	2,204,276

notes to the **financial statements**
for the financial year ended 31 December 2014

17. INCOME TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Profit before tax	**19,686,580**	59,367,503	**20,803,242**	70,116,637
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	**4,921,645**	14,841,876	**5,200,811**	17,529,159
Non-deductible expenses	**2,950,634**	1,517,702	**1,107,217**	866,075
Tax exempt income	**(1,840,425)**	(12,101,171)	**(1,840,425)**	(15,123,622)
Effect of share of profit of associate	**-**	(736,735)	**-**	-
(Over)/under provision in respect of previous financial years				
- deferred tax	**(580,968)**	(1,076,246)	**(580,968)**	(1,092,522)
- tax expense	**1,922**	19,166	**1,922**	25,186
	5,452,808	2,464,592	**3,888,556**	2,204,276

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year.

The domestic statutory rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

18. DIVIDEND

	Group and Company	
	2014 RM	**2013 RM**
Recognised during the year		
Interim tax exempt (single-tier) dividend of 56.76% per share on 44,040,816 ordinary shares	**-**	25,000,000

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2014, of 1% on 504,000,000 ordinary shares, amounting to a dividend payable of RM5,040,000 (1 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

(i) Fair value by classes that are not carried at fair value whose carrying amounts are not reasonable approximation of fair values:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Carrying amount				
Finance lease receivable non-current)	**3,207,081**	3,820,249	**3,207,081**	3,820,249
Fixed rate loans and borrowings (non-current)	**47,706,208**	62,669,650	**47,421,746**	62,669,650
Fair value				
Finance lease receivable non-current)	**4,144,575**	5,372,444	**4,144,575**	5,372,444
Fixed rate loans and borrowings (non-current)	**50,976,879**	69,178,307	**50,976,879**	69,178,307

The fair values of non-current finance lease receivables, fixed rate loans and borrowings are estimated by discounting expected future cash flows at the market incremental lending/borrowing rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(ii) The following table provides the fair value measurement hierarchy of the Group's assets and liabilities for which fair value is disclosed.

Level 1:
Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2:
Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3:
Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

notes to the **financial statements**
for the financial year ended 31 December 2014

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(ii) The following table provides the fair value measurement hierarchy of the Group's assets and liabilities for which fair value is disclosed. (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM
31 December 2014			
Finance lease receivables	-	4,144,575	-
Fixed rate loans and borrowings	-	(51,139,298)	-
31 December 2013			
Finance lease receivables	-	5,372,444	-
Fixed rate loans and borrowings	-	(69,178,307)	-

(iii) Fair value by classes that are not carried at fair value whose carrying amounts are reasonable approximation of fair values:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Carrying amount				
Trade and other receivables (current)				
- Trade receivables	**30,578,304**	26,065,147	**30,562,665**	23,832,432
- Other receivables	**3,962,750**	5,988,883	**3,962,750**	5,988,883
- Deposits	**277,223**	41,562	**265,594**	29,933
- Finance lease receivables	**2,202,668**	449,181	**2,202,668**	449,181
- Amount due from a company related to a director	**-**	1,482,900	**-**	1,482,900
- Amount due from holding company	**146,250**	-	**146,250**	-
Cash, bank balances and deposits	**64,417,206**	21,204,998	**61,496,018**	20,457,153
Fixed rate loans and borrowings (current)	**19,168,609**	20,600,209	**19,084,449**	20,600,209
Floating rate loans and borrowings (current and non-current)	**264,974,894**	179,509,550	**264,974,894**	179,509,550
Trade and other payables (current)	**37,183,857**	28,662,147	**40,660,704**	44,114,096

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Management has 30 days (2013: 30 days) credit term policy in place and the exposure to credit risk is monitored on an ongoing basis.

<u>Exposure to credit risk</u>

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. The Group and the Company have only invested in fixed deposits and maintains current accounts with licensed banks.

A significant portions of these receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

notes to the **financial statements**
for the financial year ended 31 December 2014

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Exposure to credit risk (cont'd)

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
Group			
2014			
Not past due	14,549,944	-	14,549,944
Past due 30 - 59 days	3,843,337	-	3,843,337
Past due 60 - 89 days	3,255,475	-	3,255,475
Past due more than 90 days	17,366,768	(3,027,471)	14,339,297
	39,015,524	(3,027,471)	35,988,053
Company			
2014			
Not past due	14,549,944	-	14,549,944
Past due 30 - 59 days	3,843,337	-	3,843,337
Past due 60 - 89 days	3,255,475	-	3,255,475
Past due more than 90 days	17,351,129	(3,027,471)	14,323,658
	38,999,885	(3,027,471)	35,972,414

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Exposure to credit risk (cont'd)

The ageing of trade receivables as at the end of the reporting period was: (cont'd)

	Gross RM	Individual impairment RM	Net RM
Group			
2013			
Not past due	12,864,583	-	12,864,583
Past due 30 - 59 days	7,093,104	-	7,093,104
Past due 60 - 89 days	3,190,936	-	3,190,936
Past due more than 90 days	8,644,046	(1,458,092)	7,185,954
	31,792,669	(1,458,092)	30,334,577
Company			
2013			
Not past due	12,864,583	-	12,864,583
Past due 30 - 59 days	7,093,104	-	7,093,104
Past due 60 - 89 days	3,190,936	-	3,190,936
Past due more than 90 days	6,411,331	(1,458,092)	4,953,239
	29,559,954	(1,458,092)	28,101,862

Trade receivables that are individually impaired

The Group's and the Company's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group and Company	
	2014 RM	**2013 RM**
Trade receivables - nominal amounts	**21,408,129**	1,848,527
Less: Allowance for impairment	**(3,027,471)**	(1,458,092)
	18,380,658	390,435

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any colleteral or credit enhancements.

notes to the **financial statements**
for the financial year ended 31 December 2014

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Trade receivables that are individually impaired (cont'd)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	2014 RM	2013 RM
At 1 January	**1,458,092**	203,962
Reversal	**(1,602,592)**	-
Charge for the financial year	**3,171,971**	1,254,130
	3,027,471	1,458,092

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Trade and other receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM3,057,451 (2013: RM17,079,559) and RM3,041,812 (2013: RM14,846,844) respectively that are past due at the reporting date but not impaired. These balances are not secured.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as for as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2014							
Islamic financing facilities							
Bai Bithaman Ajil Financing	51,283,556	5.35%-6.90%	62,822,579	10,815,936	10,815,936	27,257,534	13,933,173
Commodity Murabahah	35,893,367	4%	37,224,618	21,271,210	15,953,408	-	
Musharakah Mutanaqisah	41,036,819	4.91%-5.25%	47,104,235	8,107,776	8,107,776	24,323,328	6,565,355
Conventional financing facilities							
Conventional term loan	199,219,762	4.83%-7.38%	230,691,439	47,577,614	40,400,083	91,382,567	51,331,175
Others							
Finance lease liabilities	605,235	4.68%-6.32%	677,884	182,440	182,440	313,004	-
Bank overdraft	3,810,972	6.45%	3,810,972	3,810,972	-	-	-
Trade and other payables	37,183,857	-	38,497,358	38,497,358			
	369,033,568		420,829,085	130,263,306	75,459,643	143,276,433	71,829,703
Company							
2014							
Islamic financing facilities							
Bai Bithaman Ajil Financing	51,283,556	5.35%-6.90%	62,822,579	10,815,936	10,815,936	27,257,534	13,933,173
Commodity Murabahah	35,893,367	4%	37,224,618	21,271,210	15,953,408	-	
Musharakah Mutanaqisah	41,036,819	4.91%-5.25%	47,104,235	8,107,776	8,107,776	24,323,328	6,565,355

notes to the **financial statements**
for the financial year ended 31 December 2014

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (cont'd)

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company (cont'd)							
2014							
Conventional financing facilities							
Conventional term loan	**199,219,762**	**4.83%-7.38%**	**229,986,593**	**48,911,390**	**36,559,482**	**92,094,828**	**52,420,893**
Others							
Finance lease liabilities	**236,613**	**4.68%-6.32%**	**256,682**	**76,156**	**76,156**	**104,370**	**-**
Bank overdraft	**3,810,972**	**6.45%**	**3,810,972**	**3,810,972**	**-**	**-**	**-**
Trade and other payables	**40,660,704**	**-**	**41,928,316**	**41,928,316**	**-**	**-**	**-**
	372,141,793		**423,133,995**	**134,921,756**	**71,512,758**	**143,780,060**	**72,919,421**
Group							
2013							
Islamic financing facilities							
Bai Bithaman Ajil Financing	60,737,124	5.35%-6.90%	76,211,473	13,461,471	10,815,936	29,614,461	22,319,605
Istisna'	46,770,845	4.91%-5.25%	55,212,011	8,107,776	8,107,776	24,323,328	14,673,131
Conventional financing facilities							
Conventional term loan	151,545,158	4.83%-7.38%	172,587,171	32,948,603	33,384,621	71,714,428	34,539,519
Others							
Finance lease liabilities	273,739	6.32%	301,949	78,252	145,445	78,252	-
Bank overdraft	3,452,543	6.45%	3,452,543	3,452,543	-	-	-
Trade and other payables	28,662,147		28,662,147	28,662,147	-	-	-
	291,441,556		336,427,294	86,710,792	52,453,778	125,730,469	71,532,255

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (cont'd)

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company 2013							
Islamic financing facilities							
Bai Bithaman Ajil Financing	60,737,124	5.35%-6.90%	76,211,473	13,461,471	10,815,936	29,614,461	22,319,605
Istisna'	46,770,845	4.91%-5.25%	55,212,011	8,107,776	8,107,776	24,323,328	14,673,131
Conventional financing facilities							
Conventional term loan	151,545,158	4.83%-7.38%	172,587,171	32,948,603	33,384,621	71,714,428	34,539,519
Others							
Finance lease liabilities	209,575	6.32%	230,296	58,248	58,248	113,800	-
Bank overdraft	3,452,543	6.45%	3,452,543	3,452,543	-	-	-
Trade and other payables	44,114,096		44,114,096	44,114,096	-	-	-
	306,829,341		351,807,590	102,142,737	52,366,581	125,766,017	71,532,255

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EURO") and Japanese Yen ("JPY").

notes to the **financial statements**
for the financial year ended 31 December 2014

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency risk (cont'd)

Exposure to foreign currency risk

	Denominated in			
	USD RM	SGD RM	EURO RM	JPY RM
Group				
2014				
Trade and other receivables	**475,638**	**-**	**-**	**-**
Trade and other payables	**(394,713)**	**(3,664,847)**	**(33,668)**	**(518,484)**
Net exposure	**80,925**	**(3,664,847)**	**(33,668)**	**(518,484)**
Company				
2014				
Trade and other receivables	**475,638**	**-**	**-**	**-**
Trade and other payables	**(394,713)**	**(2,965,050)**	**(33,668)**	**(518,484)**
Net exposure	**80,925**	**(2,965,050)**	**(33,668)**	**(518,484)**
Group				
2013				
Trade and other receivables	1,347,225	-	-	-
Trade and other payables	(424,832)	(2,384,742)	(22,117)	(60,830)
Net exposure	922,393	(2,384,742)	(22,117)	(60,830)
Company				
2013				
Trade and other receivables	1,347,225	-	-	-
Trade and other payables	(424,832)	(259,011)	(22,117)	(60,830)
Net exposure	922,393	(259,011)	(22,117)	(60,830)

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency risk (cont'd)

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD, EURO and JPY exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Profit or loss 2014 RM	Profit or loss 2013 RM
Group		
USD/RM		
- strengthened 10% (2013: 10%)	**(8,093)**	(92,239)
- weakened 10% (2013: 10%)	**8,093**	92,239
SGD/RM		
- strengthened 10% (2013: 10%)	**366,485**	238,474
- weakened 10% (2013: 10%)	**(366,485)**	(238,474)
EURO/RM		
- strengthened 10% (2013: 10%)	**3,367**	2,212
- weakened 10% (2013: 10%)	**(3,367)**	(2,212)
JPY/RM		
- strengthened 10% (2013: 10%)	**51,848**	6,083
- weakened 10% (2013: 10%)	**(51,848)**	(6,083)
Company		
USD/RM		
- strengthened 10% (2013: 10%)	**(8,093)**	(92,239)
- weakened 10% (2013: 10%)	**8,093**	92,239
SGD/RM		
- strengthened 10% (2013: 10%)	**296,505**	25,901
- weakened 10% (2013: 10%)	**(296,505)**	(25,901)
EURO/RM		
- strengthened 10% (2013: 10%)	**3,367**	2,212
- weakened 10% (2013: 10%)	**(3,367)**	(2,212)
JPY/RM		
- strengthened 10% (2013: 10%)	**51,848**	6,083
- weakened 10% (2013: 10%)	**(51,848)**	(6,083)

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages the interest rate exposure by maintaining a mixed of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group	
	2014 RM	**2013 RM**
Fixed rate instruments		
Financial assets	**39,020,891**	11,457,383
Financial liabilities	**66,874,817**	83,269,859
Floating rate instruments		
Financial liabilities	**264,974,894**	179,509,550

	Company	
	2014 RM	**2013 RM**
Fixed rate instruments		
Financial assets	**39,020,891**	11,457,383
Financial liabilities	**66,506,195**	83,205,695
Floating rate instruments		
Financial liabilities	**264,974,894**	179,509,550

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(i) Cash flow sensitivity analysis for the variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would result in equity and post-tax profit increased/(decreased) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	100 bp increase RM	100 bp decrease RM
Group and Company		
2014		
Floating rate instruments	**(2,649,749)**	2,649,749
Group and Company		
2013		
Floating rate instruments	**(1,795,096)**	1,795,096

21. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 2.5 times. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve, if any.

notes to the **financial statements**
for the financial year ended 31 December 2014

21. CAPITAL MANAGEMENT (CONT'D)

The Group and the subsidiary are not subject to any externally imposed capital requirements.

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Loans and borrowings	**331,849,711**	262,779,409	**331,481,089**	262,715,245
Trade and other payables	**42,983,326**	36,289,066	**46,460,173**	51,741,015
Less: Cash and bank balances	**(64,417,206)**	(21,204,998)	**(61,496,018)**	(20,457,153)
Net debt	**310,415,831**	277,863,477	**316,445,244**	293,999,107
Equity attributable to the owners of the parent	**269,866,427**	184,032,655	**277,388,748**	188,874,062
Capital and net debt	**580,282,258**	461,896,132	**593,833,992**	482,873,169
Gearing ratio	**1.15**	1.51	**1.14**	1.56

22. RELATED PARTIES

In addition to the transactions detailed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year.

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Holding company				
Sindora Berhad				
- Accommodation - Expenses	**-**	430	**-**	430
- Interest on RCCPS	**-**	238,882	**-**	238,882
- Interest on advances	**116,930**	635,226	**116,930**	635,226
- Consulting fee	**10,000**	-	**10,000**	-
Subsidiary				
Johor Shipyard and Engineering Sdn. Bhd				
- Construction of vessels	**-**	-	**68,459,458**	16,257,262
- Management fee	**-**	-	**(500,000)**	(125,000)

22. RELATED PARTIES

In addition to the transactions detailed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year.

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Shareholders				
Dato' Ir Abdul Hak bin Md Amin				
- Interest on RCCPS	**-**	181,388	**-**	181,388
- Interest on advances	**235,122**	-	**235,122**	-
Datin Hamidah binti Omar				
- Interest on RCCPS	**-**	78,968	**-**	78,968
- Rental paid	**-**	60,000	**-**	60,000
- Interest on advances	**160,630**	-	**160,630**	-
Other related parties				
Pro Corporate Management Services Sdn Bhd*				
- Secretarial costs	**33,779**	17,763	**28,972**	11,723
Tiram Travel Sdn. Bhd.*				
- Travelling expenses	**290,746**	133,132	**290,746**	133,132
Berkat Global Sdn. Bhd.**				
- Survey fees/Material supply	**341,810**	259,878	**79,110**	162,408
EPASA Shipping Agency Sdn. Bhd. ***				
- Shipping agency fee	**212,641**	498,669	**212,641**	498,669

* The companies are controlled by the ultimate holding company.
** The company is controlled by the Director of the Company.
*** The company is controlled by the immediate holding company.

The directors of the Company are of opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties. Information regarding outstanding balances arising from related party transactions are disclosed in Notes 6 and 12.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The Company regards its directors as the key management personnel and their compensations are disclosed in Note 16.

notes to the **financial statements**
for the financial year ended 31 December 2014

23. COMMITMENTS

	Group and Company	
	2014 RM	**2013 RM**
(a) Vessels under construction		
Contracted but not provided for	**182,223,529**	80,671,351
(b) Shipyard under construction		
Approved but not contracted for	**10,750,630**	10,750,630

(c) Operating lease arrangements

The Group and the Company as lessor

The Group and the Company have entered into non-cancellable operating lease agreements on its vessels. These leases have remaining non-cancellable lease terms of between 1 to 10 years.

The future lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group and Company	
	2014 RM	**2013 RM**
Not later than 1 year	**142,742,105**	144,355,312
Later than 1 year and not later than 5 years	**615,787,848**	425,203,818
Later than 5 years	**257,177,400**	308,162,900
	1,015,707,353	877,722,030

Charter hire revenue earned from chartering the Group's and the Company's vessels are recognised as revenue during the financial year as disclosed in Note 13.

The Group of lessee

The Group has entered into commercial lease on rental of leasehold land and third party vessels. The lease has an average tenure of one to twenty years with renewal option included in the contracts.

Most of the leases include a clause that inspection need to be carried out by the authority and failure of such inspection will resulted in option to terminate the contract.

23. COMMITMENTS (CONT'D)

(c) Operating lease arrangements (cont'd)

The Group of lessee (cont'd)

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Not later than 1 year	**32,559,864**	44,209,126	**32,391,864**	40,707,256
Later than 1 year and not later than 5 years	**20,454,268**	16,691,315	**19,602,893**	46,890,243
Later than 5 years	**3,236,753**	2,589,402	**-**	-
	56,250,885	63,489,843	**51,994,757**	87,597,499

24. SIGNIFICANT EVENT

On 15 April 2014, the Board of the Directors of the Company has granted approval in principle for the Proposed IPO and Proposed Listing of the entire issued and paid up share capital of the Company on the Main Market of Bursa Securities. The approval in principle is subject to obtaining the approval of the shareholders of the Company and such regulatory approvals as may be required. The Company was listed on the Main Market of Bursa Securities on 11 December 2014.

25. SEGMENT INFORMATION

Information about segment assets, segments liabilites, segment operating results,and revenues from external customers by product.

The Group only has one reportable segment. All information on segment assets, segment liabilities and segment operating results can be directly obtained from the statement of financial position and statement of comprehensive income. There are three external customers (2013: two) who contribute 10% or more on total revenues of the Group.

	Group	
	2014 RM	2013 RM
Customer A	**49,413,511**	48,758,776
Customer B	**29,772,104**	23,529,000
Customer C	**17,496,882**	-
	96,682,497	72,287,776

notes to the **financial statements**
for the financial year ended 31 December 2014

26. SUPPLEMENTARY INFORMATION

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 and 31 December 2013 into realised and unrealised profits/losses is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements , as issued by the Malaysian Institute of Accountants and the directive of Bursa Securities.

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total retained earnings				
- realised	**105,280,116**	91,675,247	**112,635,933**	96,487,394
- unrealised	**(4,513,689)**	(5,142,592)	**(4,347,185)**	(5,113,332)
	100,766,427	86,532,655	**108,288,748**	91,374,062

list of **properties**

Registered Owner	Address	Tenure / Expiry of lease	Description existing use	Date of issuance of certificate of fitness for occupation/certificate of completion and compliance	Approximate age of building (years)	Total built up area and land area (square feet)	Net book value as at 31 Dec 2014 (RM'000)
E.A. Technique	Setiawangsa Business Suite Unit C-3A-3A No. 2, Jalan Setiawangsa 11 Taman Setiawangsa 54200 Kuala Lumpur	Freehold	Commercial unit at fourth (4th) floor of a five (5)-storey office block held for our head office	8 February 2007	7	Built up: 6,560 Land area: Not applicable	1,056
E.A. Technique	No. C-15-1, No. 2 Jalan 13/21D Medan Idaman Gombak Kuala Lumpur	Freehold	Apartment for seafarers in-transit	6 July 2004	10	Built up: 845 Land area: Not applicable	161

Tenant	Registered Owner	Address	Tenure / Date of Expiry of lease	Description existing use	Total built up area and land area (square feet)
E.A. Technique	Gan Siew Looi	No. 37, Lintang Sultan Mohamad 1B, Pusat Perdagangan Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan	Two (2) years tenancy commencing from 1 January 2014 and expiring on 31 December 2015	1-storey office for office use	Built-up area: 2,002 Land area: Not applicable
E.A. Technique	Zainal Bin Abdul Wahab	Unit C-5-3, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur.	Five (5) years tenancy commencing from 16 January 2014 and expiring on 15 January 2019	Commercial unit at fifth (5th) floor of a six (6)-storey office block for our training facilities	Built-up area: 3,000 Land area: Not applicable
Johor Shipyard	Sumber Shipyard and Engineering Sdn Bhd	Lot PT8436-A, Parit 21, Mukim Hutan Melintang, 36400 Daerah Hilir Perak, Perak Darul Ridzuan	20 years / 30 November 2032 with an option to renew for another ten (10) years	Operations which include but not limited to ship construction, repairs and all such shipyard activities and other related activities. Presently, the land is erected with one (1) unit of two (2) storey building and one (1) unit of storey warehosue ("Buildings").*	Built-up area: 13,000 Land area: 435,600

shareholdings **statistics**

as at 31 March 2015

Authorised Share Capital : RM200,000,000.00
Issued & Fully Paid-Up Capital : RM126,000,000.00
Class of Shares : Ordinary Share of RM0.25 each

VOTING RIGHT OF SHAREHOLDERS

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

BREAK DOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Shares	%	No. of Shares	%
Less than 100	2	0.12	103	-
100 – 1000	87	5.05	65,097	0.02
1,001 – 10,000	703	40.78	4,997,200	0.99
10,001 – 100,000	771	44.72	20,003,200	3.97
100,001 to less than 5 of Issued Capital	158	9.16	103,934,400	20.62
5 and above of Issued Capital	3	0.17	375,000,000	74.40
TOTAL	**1,724**	**100.00**	**504,000,000**	**100.00**

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Shares	%
1	Sindora Berhad	255,000,000	50.60
2	Maybank Secs Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	90,900,000	18.04
3	Maybank Secs Noms (T) Sdn Bhd - A/C For Hamidah binti Omar	29,100,000	5.77
4	Citigroup Noms (A) Sdn Bhd - A/C Exempt An for Citibank New York (Norges Bank 14)	8,049,000	1.60
5	PFM Capital Sdn Bhd	5,000,000	0.99
6	Mahpoz bin Hamid	4,035,000	0.80
7	Abd Talib bin Bachek	3,200,000	0.63
8	Eastway Comnaga Sdn. Bhd.	3,000,000	0.60
9	Citigroup Noms (T) Sdn Bhd - A/C For Lim Chai Beng (007158456)	2,909,000	0.58
10	Nooruhuda binti Md Amin	2,550,000	0.51
11	Maybank Noms (T) Sdn Bhd - A/C For Bulatan Mekar Sdn Bhd	2,500,000	0.50
12	Maybank Noms (T) Sdn Bhd - A/C For Tan Kian Aik	2,479,800	0.49
13	Nik Mohamed Din Bin Nik Yusoff	2,200,000	0.44
14	UOBM Noms (T) Sdn Bhd - A/C UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Aggressive Fund	2,010,100	0.40

	Name	No. of Shares	%
15	Kenanga Noms (T) Sdn Bhd - A/C Kenanga Capital Sdn Bhd for Mohd Bilal bin Abdullah	2,000,000	0.40
16	Maybank Noms (T) Sdn Bhd - A/C For Mohammad Ilmam bin Hassan	2,000,000	0.40
17	Abdul Farish bin Abd Rashid	2,000,000	0.40
18	RHB Noms (T) Sdn Bhd - A/C OSK Capital Sdn Bhd for Azman bin Sutan Aman	2,000,000	0.40
19	Mohd Fauzy bin Abdullah	2,000,000	0.40
20	Suraya Elland Yusoff	1,912,700	0.38
21	UOBM Noms (T) Sdn Bhd - A/C UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Strategic Fund	1,699,000	0.34
22	Tan Ai Sim	1,453,000	0.29
23	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for Areca Equitytrust Fund (211882)	1,417,200	0.28
24	Kamarazamam bin Mad Isa	1,320,000	0.26
25	Kenanga Noms (T) Sdn Bhd - A/C Kenanga Capital Sdn Bhd for Sentosa Jaya Food & Services Sdn Bhd	1,290,000	0.26
26	Tan Beo Soon	1,250,000	0.25
27	Maybank Noms (T) Sdn Bhd - A/C For Muhammad Ali bin Hashim	1,000,000	0.20
28	Maybank Noms (T) Sdn Bhd - A/C For Rashidi bin Jamani	1,000,000	0.20
29	Maybank Noms (T) Sdn Bhd - A/C For Mohd Idris bin Mansor	1,000,000	0.20
30	Maybank Noms (T) Sdn Bhd - A/C For Mior Azlan bin Mior Zainal	1,000,000	0.20

SUBSTANTIAL SHAREHOLDERS

	Name	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Sindora Berhad	255,000,000	50.60	-	-
2.	Maybank Secs Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	90,900,000	18.04	29,635,000	5.88
3.	Maybank Secs Noms (T) Sdn Bhd - A/C For Hamidah binti Omar	29,100,000	5.77	-	-

ANALYSIS OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Malaysian – Bumiputra	775	44.95	447,619,300	88.81
– Others	932	54.06	43,855,900	8.70
Foreigners	17	0.99	12,524,800	2.49
Total	**1,724**	**100.00**	**504,000,000**	**100.00**

notice of **annual general meeting**

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST (21ST) ANNUAL GENERAL MEETING OF E.A. TECHNIQUE (M) BERHAD WILL BE HELD AT IMPIANA HALL 2, LEVEL 2, IMPIANA KLCC HOTEL, 13 JALAN PINANG, 50450 KUALA LUMPUR, MALAYSIA ON THURSDAY, 21 MAY 2015 AT 12:00 NOON, FOR THE FOLLOWING PURPOSES :-

ORDINARY BUSINESS

1. To receive and adopt the Directors' and Auditors' Reports and Audited Financial Statements in respect of the year ended 31 December 2014. **Resolution 1**

2. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:

   (i) Datuk Anuar Ahmad **Resolution 2**
   (ii) Azli Mohamed **Resolution 3**
   (iii) Datuk Mohd Nasir Ali **Resolution 4**

3. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2014. **Resolution 5**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

5. SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

5.1 Ordinary Resolution
Authority to Allot and Issue Shares Pursuant to Section 132D of the Act **Resolution 7**

"**THAT** pursuant to Section 132D of the Act, full authority be and is hereby given to the Directors to issue shares of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company, and that the Directors be and is hereby empowered to obtain the approval of the Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation for the new shares so issued." (See Note 1 on Explanatory Notes on Special Business below)

5.2 Ordinary Resolution

Proposed Renewal of the Share Buy-Back Authority **Resolution 8**

"**THAT** subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Listing Requirements of Bursa Securities ("Listing Requirements") and any other relevant authority, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares of RM0.25 each in the Company's issued and paid-up share capital ("Proposed Share Buy-Back Authority") through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:-

(a) the aggregate number of shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any one time; and

(b) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits and/or share premium of the Company;

AND THAT the Directors be and are hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 67A of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT the Directors be and are hereby empowered to do all acts and things (including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991 and to take such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments, and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Renewal of the Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations (if any) as may be imposed by the relevant authorities;

AND FURTHER THAT the authority conferred by this ordinary resolution shall be effective immediately upon passing of this ordinary resolution and shall continue in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held (whichever is earlier), unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, but shall not prejudice the completion of purchase(s) by the Company before that aforesaid expiry date and in any event in accordance with provisions of the Listing Requirements and other relevant authorities." (See Note 2 Explanatory Notes on Special Business below)

notice of **annual general meeting**

6. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

NURALIZA A. RAHMAN.ACIS (MAICSA 7067934)
SABARUDIN HARUN (MIA 30423)
Company Secretaries

Johor Bahru, Johor
29 April 2015

NOTES:

Proxy

1. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies, and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.

2. In the case of a corporate member, the instrument appointing a proxy shall be (a) under its Common Seal or (b) under the hand of a duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.

3. A member shall not, subject to Paragraphs (4) and (5) below, be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

4. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

5. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

6. Any alteration to the instrument appointing a proxy must be initialised. The Instrument appointing a proxy must be deposited at the registered office at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.

Abstention from Voting

1. All the Non-Executive Directors (NED) of the Company who are shareholders of the Company shall abstain from voting on Resolution 5 concerning remuneration to the NED at the 21st AGM.

2. Any Director referred to in Resolution 2, 3 and 4, who is a shareholder of the Company shall abstain from voting on the resolution in respect of his election or re-appointment at the 21st AGM.

Explanatory Notes for Special Business

1. **Ordinary Resolution 7 – Proposed renewal of the authority for Directors to issue shares**
   The proposed Ordinary Resolution 7, is for the purpose of granting a renewed general mandate for issuance of shares by the Company under Section 132D of the Act. The Ordinary Resolution 7, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

   The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

2. **Ordinary Resolution 8 – Proposed Renewal of the Share Buy-Back Authority**
   Ordinary Resolution 8, if passed will enable the Company to utilise any of its surplus financial resources to purchase its own shares through Bursa Securities up to 10% of the issued and paid-up capital of the Company. This authority will, unless revoked or varied at a General Meeting, expire at the conclusion of the next AGM of the Company.

   Further information on the Proposed Renewal of the Share Buy-Back Authority are set out in the Circular to Shareholders of the Company which is dispatched together with the Company's Annual Report for the year ended 2014.

statement accompanying
notice of annual general meeting

pursuant to paragraph 8.28(2) of the listing requirement of Bursa Malaysia

1. Directors who are standing for re-election/re-appointment at the 21st Annual General Meeting are as follows:

   (i) Datuk Anuar Ahmad
   (ii) Azli Mohamed
   (iii) Datuk Mohd Nasir Ali

   Particulars of Directors seeking re-election/re-appointment at the Annual General Meeting are set out below.

		Resolution 2
Name	:	**Datuk Anuar Ahmad**
Nationality/Age	:	Malaysian / 61
Academic/Professional Qualification(s)	:	• Bachelor of Economics (Honours), London School of Economics and Political Science, University of London
Present Directorship(s)	:	• member of the Board of Directors of PETRONAS DAGANGAN and companies in PETRONAS Group
Present Appointment(s)	:	Senior Independent, Non Executive Director, E.A. Technique (M) Berhad
Appointed to the Board of the Company	:	15 April 2014
		Resolution 3
Name	:	**Azli Mohamed**
Nationality/Age	:	Malaysian / 46
Academic/Professional Qualification(s)	:	• Graduate of the Association of Chartered Certified Accountants, United Kingdom • Member of the Malaysian Institute of Accountants
Present Directorship(s)	:	• member of the Board of Directors of several other companies within the Johor Corporation Group
Present Appointment(s)	:	Non Independent, Non Executive Director, E.A. Technique (M) Berhad
Appointed to the Board of the Company	:	15 April 2014
		Resolution 4
Name	:	**Datuk Mohd Nasir Ali**
Nationality/Age	:	Malaysian / 57
Academic/Professional Qualification(s)	:	• Bachelor of Economics (Honours) degree, University of Malaya • Master of Science (Finance) from the University of Strathclyde, United Kingdom
Present Directorship(s)	:	• The Nomad Group Bhd • ICB Islamic Bank Limited • Other private limited companies
Present Appointment(s)	:	Independent, Non Executive Director, E.A. Technique (M) Berhad
Appointed to the Board of the Company	:	17 October 2014

statement accompanying **notice of annual general meeting**

2. The 20th Annual General Meeting of the Company was held at Suite 18, Lot 1B, Podium 1, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia on Monday, 23 June 2014 at 10:30 a.m.

3. A total of five (5) Board meetings were held during the financial year ended 31 December 2014. Details of attendance of Directors at Board meetings held during the financial year ended 31 December 2014 are as follows:

	26th BOD 23.2.2014	27th BOD 15.7.2014	28th BOD 25.9.2014	Special BOD 5.11.2014	Special BOD 4.12.2014	% Based on Meetings after Date Appointed
Ahamad Mohamad	/	/	/	/	/	100
Dato' Ir. Abdul Hak Md Amin	/	/	/	/	/	100
Datuk Anuar Ahmad	NA	/	/	/	/	100
Datuk Mohd Nasir Ali	NA	NA	NA	/	/	100
Rozan Mohd Sa'at	/	/	/	/	/	100
Md Tamyes Hj A. Rahim	NA	/	/	/	/	100
Abdul Azmin Abdul Halim	NA	/	/	/	/	100
Azli Mohamed	NA	/	/	/	/	100

Notes:-

- Datuk Anuar Ahmad was appointed to the Board as Independent Non-Executive Director on 15.04.2014;
- Abdul Azmin Abdul Halim was appointed to the Board as Independent Non-Executive Director on 15.04.2014;
- Azli Mohamed was appointed to the Board as Non-Independent Non-Executive Director on 15.04.2014;
- Md Tamyes Hj A.Rahim was appointed to the Board as Independent Non-Executive Director on 15.04.2014;
- Datuk Mohd Nasir Ali was appointed to the Board as Independent Non-Executive Director on 17.10.2014;
- Md Faizal Abdullah was appointed to the Board as Independent Non-Executive Director on 15.04.2014 and resigned on 17.10.2014.

Meeting No.	Date	Venue
1 (26th BOD Meeting)	23 February 2014	Office of Kulim (Malaysia), Board Room, Berhad, Ulu TIram Estate, Johor
2 (27th BOD Meeting)	15 July 2014	Office of Kulim (Malaysia), Board Room, Berhad, Ulu TIram Estate, Johor
3 (28th BOD Meeting)	25 September 2014	Office of Johor Corporation, Teraju Room, Level 24, Menara KOMTAR, Johor Bahru City Centre, Johor Bahru
4 (Special BOD Meeting)	5 November 2014	RHB Investment Bank, Hong Kong Room, 4th Floor, Plaza OSK, Jalan Ampang, Kuala Lumpur
5 (Special BOD Meeting)	4 December 2014	Office of Johor Corporation (Kuala Lumpur), Meeting Room, Level 11, Menara JCorp, No. 249, Jalan Tun Razak, Kuala Lumpur

form **of proxy**

E.A.Technique
"the shipping people"

I/We * ____
(Full name and NRIC No. / Company No in block letters)

of ____
(Full address in block letters)

being a member(s) of E.A. TECHNIQUE (M) BERHAD hereby appoint

____
(Full name in block letters)

of ____
(Full address in block letters)

or failing him/her ____
(Full name in block letters)

of ____
(Full address in block letters)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us* on my/our* behalf at the 21st Annual General Meeting of the Company to be held at Impiana Hall 2, Level 2, Impiana KLCC Hotel, 13 Jalan Pinang, 50450 Kuala Lumpur, Malaysia on Thursday, 21 May 2015 at 12:00 noon and at any adjournment thereof in respect of my/our holdings of shares in the manner indicated below:

Resolution	Description	For	Against
1	To adopt the Directors' and Auditors' Reports and Audited Financial Statements 2014		
2	To re-elect Director – Datuk Anuar Ahmad		
3	To re-elect Director – Azli Mohamed		
4	To re-elect Director – Datuk Mohd Nasir Ali		
5	To approve payment of Directors' fees		
6	To re-appoint Messrs. Ernst & Young as auditors		
7	Authority to allot & issue shares		
8	Proposed renewal of Share Buy-Back		
9	Any other business		

(Please indicate with a (√) in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit. However, if more than one proxy is appointed, please specify in the table below the number of shares represented by each proxy, failing which the appointment shall be invalid)

____
Signature(s)/Common Seal of Shareholder(s)

Dated this _______ day of _________________ 2015

For appointment of two proxies, percentage of shareholdings to be presented by the proxies:-		
	No. of shares	**Percentage**
Proxy 1		
Proxy 2		
Total		**100%**

NOTE:

i. Applicable to shares held through a nominee account.

ii. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies, and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.

iii. In the case of a corporate member, the instrument appointing a proxy shall be (a) under its Common Seal or (b) under the hand of a duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.

iv. A member shall not, subject to Paragraphs (v) and (vi) below, be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

v. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

vi. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

vii. Any alteration to the instrument appointing a proxy must be initialised. The Instrument appointing a proxy must be deposited at the registered office at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.

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E.A. TECHNIQUE (M) BERHAD

Pro Corporate Management Services Sdn Bhd
Level 16, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru, Johor

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