E.A. Technique (M) Berhad 256516-W

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E.A. Technique (M) Berhad 256516-W

Annual Report 2015

Sustainable GROWTH

E.A. Technique
"the shipping people"

Annual Report **2015**

KEY HIGHLIGHTS

+254%
Revenue grew to RM549.0 million

+88%
EBITDA grew to RM107.1 million

+9.8%
Net Assets increased to RM296.3 million

+32.6%
Cash and Equivalents increased to RM85.4 million

RM0.59
Net Asset Value Per Share

SUSTAINABLE GROWTH

Whilst E.A. Technique moves into its next strategic phase as a public listed company, focusing on marine transportation and offshore storage of Oil & Gas ("O&G"), and provision of port marine services, the ability of transforming obstacles into opportunity remains key.

Amidst the uncertainties of current global economic scenario, the Group's medium range coordinated direction for growth to create sustainability and value provides potential for greater realisation in its market positioning.

CORPORATE PROFILE

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. It was 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.

This year we have embarked into marine engineering and marine engineering solutions when we were awarded with the contract for the provision of Engineering, Procurement, Construction, Installation & Commissioning ("EPCIC") of a Floating Storage & Offloading ("FSO") facility for Full Field Development ("FFD") project, North Malay Basin.

As at 31 December 2015, the Company operates a total fleet of 34 marine vessels in their portfolio, which comprises seven (7) Oil & Gas tankers (inclusive of two (2) Floating Storage & Offloading Unit ("FSU/FSO")), three (3) OSVs and 24 marine support vessels. Of the total 34 marine vessels that we operate, E.A. Technique owns 29 of these marine vessels. The remaining 5 marine vessels are chartered from external parties.

Our wholly owned subsidiary, Johor Shipyard And Engineering Sdn Bhd ("Johor Shipyard") is operating on a 20 acres land in Hutan Melintang, Perak. It supports our operations through provision of shipbuilding, ship repair and minor fabrications.

VISION

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

MISSION

A local shipping company focuses and exemplifies attributes of:-

- Safety;
- Quality; and
- Security Culture

CORE BUSINESSES

MARINE TRANSPORTATION AND OFFSHORE STORAGE OF OIL & GAS

Our product tankers are used to transport refined petroleum products from oil refineries to end-users or to another refinery for further processing known as Clean Petroleum Products ("CPP") e.g. kerosene (jet fuel), diesel and petrol (RON95 & RON97).

FSU/FSO are typically used to support production platforms as an offshore Oil & Gas storage facility at brown fields; 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.

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 manoeuvring 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.

MARINE ENGINEERING SERVICES

Our marine engineering services are divided into 2 segments i.e. provision of marine engineering solutions and shipbuilding and ship repair activities. Marine engineering solutions encompass provision of marine engineering solutions and EPCIC activities.

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.

OUR FLEET
AS AT 31 MARCH 2016

OIL TANKER

M.T. Princess Sofea
M.T. Nautica Johor Bahru
M.T. Nautica Maharani
M.T. Nautica Batu Pahat
M.T. Nautica Kota Tinggi

FLOATING STORAGE UNIT (FSU)

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

CHARTER IN VESSELS

CHARTER IN VESSELS

Kejora 59
Kejora 57
Inge Kosan
Summer Coral

OFFSHORE SUPPORT VESSELS (OSV)

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

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 XXI
M.V. Nautica Tg. Puteri XXII
M.V. Nautica Tg. Puteri XXIII
M.V. Nautica Tg. Puteri XXIV
M.V. Nautica Tg. Puteri XXV
M.V. Nautica Tg. Puteri XXVI
M.V. Nautica Tg Puteri XXXIII
M.V. Nautica Tg Puteri XXXIV
M.V. Nautica Tg Puteri XXXV
M.V. Nautica Tg Puteri XXXVI

KEY ACHIEVEMENTS & MILESTONES

1993

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

1995

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").

1997

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.

2006

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.

2007

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)-year 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.

2008

Secured three (3) time charter contracts for three (3) units of 10,000 DWT double hull product tankers for a period of ten (10)-year 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.

2013

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 harbour 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.

2014

Secured a three (3)-year contract for the time charter of two (2) pressurised LPG tankers.

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") unit 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.

2002

Acquired an additional 4,421 deadweight tonnage ("DWT") product tanker, namely M.T. Nautica Mersing (disposed in 2011).

2003

Ventured into the operation of Liquefied Petroleum Gas ("LPG") tankers with the acquisition of a LPG tanker, namely M.T. Nautica Segamat.

2004

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

Obtained a contract for the time charter of two (2) harbour 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.

2009

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 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.

2010

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

2012

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 harbour tugboats.

2015

Secured a five (5)-year bareboat charter contract with Classic Marine Sdn Bhd for the provision of one (1) unit fast support vessel.

Signing of contract 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. Delivery of M.T. FOIS Nautica Tembikai to Tembikai marginal oilfield for four (4)-year contract with option to extend for an additional two (2) years.

Secured contract for provision and operation of two (2) units of 40 tonnes bollard pull harbour tugboats for Kertih Port Sdn Bhd and provision of harbour tugboat cum support vessel for Petronas Penapisan (Terengganu) Sdn Bhd.

Awarded contract for the provision and operation of two (2) units 60 tonnes bollard pull harbour tugboats, one (1) unit 40 tonnes bollard pull harbour tugboats and one (1) unit multipurpose mooring boat by Sungai Udang Port Sdn Bhd.

MEDIA HIGHLIGHTS


6 companies & strategies

E.A. Technique in expansion mo

Oil and gas firm plans to buy distressed assets, explore new markets abroad

Company Name : E.A. Technique (M) Berhad
Date : 24 November 2015
Source : Bernama

EA Technique Gets RM12.1 Million Bollard Pull Harbour Tug Contract

KUALA LUMPUR, Nov 24 (Bernama) -- EA Technique (M) Bhd has secured a RM12.1 million contract for the provision and operation of two units of 40 tonnes bollard pull harbour tugs for Kertih Port Sdn Bhd.

In a filing to Bursa Malaysia today, the company said the contract would be for a period of two years with an option to extend for another one year, with work commenced on July 6, 2015.

EA Technique said it has also secured a contract valued at RM8.35 million for the provision of a harbour tugboat cum support vessel for PETRONAS Penapisan (Terengganu) ...

Company Name : E.A. TECHNIQUE (M) BERHAD
Date : 14 August 2015
Source : The Edge Markets

AT Systematization, Mah Sing, Raya International, Lafarge Malaysia, SKB Shutters, Guinness Anchor, EA Technique, BHS Industries, The Media Shoppe, and FGV

KUALA LUMPUR (Aug 14): Based on corporate announcements and news flow today, the companies that may be in focus next week (Mon, Aug 17) could include the following: AT Systematization, Mah Sing, Raya International, Lafarge Malaysia, SKB Shutters, Guinness Anchor, EA Technique, BHS Industries, The Media Shoppe, FGV.

Loss-making **AT Systematization Bhd** aims to break even in financial year ending February 29, 2016 (FY16), even as the industrial automation specialist contends with decreasing orders from hard disk drive (HDD) manufacturers.

AT Systematization executive director Mak Siew Wei said the lynchpin to realise its FY16 earnings target is the company's joint venture (JV) with Singapore-based Fong's Engineering & Manufacturing Pte Ltd (FEM).

"The JV entity is known as Fong's & AT Venture Sdn Bhd. We want FEM to load us with more jobs," Mak told reporters after AT Systematization's annual general meeting today.

EA Technique ventures into floating service operation

BY GHO CHEE YUAN

O&M job would be earnings rerating catalyst for EA Technique

E.A. Technique Bags 4 Contracts Worth RM26.59m

KUALA LUMPUR (Jan 8): E.A. Technique (M) Bhd has bagged four contracts — the provisioning of two 60-tonne pull harbour tugs, a unit of 40-tonne bollard pull harbour tug and a unit of multipurpose mooring boat — collectively valued at RM26.59 million from Sungai Udang Port Sdn Bhd.

In a filing with Bursa Malaysia today, E.A. Technique said Sungai Udang Port awarded the contract to the group vide a letter of award dated Dec 22, 2015.

"Confirmation and/or approval on the award of the contracts were obtained from Sungai ...

EA Technique 3Q net profit up 15.1%, declares 1.25 sen dividend

BY GHO CHEE YUAN

KUALA LUMPUR: EA Technique (M) Bhd saw its net profit climb 15.1% to RM5.51 million or 1.09 sen per share for the third quarter ended Sept 30, 2015 (3QFY15) from RM4.78 million or 1.23 sen per share a year ago.

The better earnings was underpinned by the recognition of revenue from its engineering, procurement, construction, installation and commissioning (EPCIC) project which was secured at the end of last year and the floating storage offloading (FSO) Nautica Tembikai which was delivered to an oil field in July 2015.

However, this was partially offset by foreign exchange (forex) translation loss amounting to RM15.5 million during the quarter.

"The group practises natural hedge where US dollar loans are taken for contracts which are paid in US dollars. Therefore, the forex translation loss is unrealised at the time of this report," it told Bursa Malaysia in a filing yesterday.

Revenue for 3QFY15 surged more than twofold to RM119 million from RM37.83 million in 3QFY14.

The oil and gas industry services provider also declared a first interim dividend of 1.25 sen per share for the financial year ending Dec 31, 2015 (FY15), amounting to RM6.3 million, payable on Dec 31.

For the nine-month period (9MFY15), its net profit more than doubled to RM26.19 million or 5.2 sen per share compared with RM10.91 million or 2.8 sen per share recorded in the same cumulative period last year.

Revenue for 9MFY15 rose more than twofold to RM401.17 million from RM113.48 million in 9MFY14.

On prospects, EA Technique expects to maintain its performance in FY16, adding that the expansion of its fleet of marine vessels is expected to enhance its revenue and profitability.

"The group remains focused to ensure its high utilisation rate is maintained and enable it to maximise earnings from its marine vessels.

"In addition, the group's relatively long-term contracts for its marine vessels have provided the group with a stable and recurring ...

EA Tech Ready ...

Alliance ... Research

...UMPUR (June 18): AllianceDBS Research said EA Technique (M) Bhd (EA Tech) was ...est a higher level and said EA Tech had on June 17 traded higher to a high of ...efore settling at RM1.05 (up half a sen or 5%).

EA Technique eye...

FINAL DISCUSSION: Proposals for provision of port marine se...

5-YEARS FINANCIAL HIGHLIGHTS

	2011 RM '000	2012 RM '000	2013 RM '000	2014 RM '000	**2015 RM '000**
Operating Results					
Revenue	96,063	102,724	121,118	155,657	**549,051**
Gross Profit ("GP")	24,188	37,111	40,569	46,048	**130,125**
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	39,923	53,614	52,428	56,859	**107,105**
Profit Before Taxation ("PBT")	21,116	18,908	12,116	19,686	**50,757**
Profit After Taxation ("PAT")	8,652	18,908	[1] 19,448	14,234	**37,741**
Key Balance Sheet Items					
Property, plant and equipment	363,481	360,988	435,908	536,698	**643,966**
Total assets	407,379	424,248	496,233	662,494	**983,712**
Total borrowings	259,467	240,347	262,778	331,850	**581,512**
Share Capital	44,041	44,041	97,500	126,000	**126,000**
Shareholders' equity	109,799	126,707	184,033	269,866	**296,267**
Share Informations					
No. of shares in issue ('000)	[2] 44,041	[2] 44,041	[2] 390,000	504,000	**504,000**
Net assets per Share (RM)	[2] 0.28	[2] 0.32	[2] 0.47	0.54	**0.59**
Net Earnings per Share (Sen)	[2] 2.20	[2] 4.80	[1][2] 5.00	2.82	**7.49**
Financial Ratios					
GP margin (%)	25.18	36.13	33.50	29.58	**23.81**
PBT margin (%)	12.61	23.62	[1] 18.09	12.65	**9.24**
PAT margin (%)	9.01	18.41	[1] 16.06	9.14	**6.87**
Current ratio (times)	0.35	0.42	0.69	1.38	**1.23**
Gearing ratio (times)	2.35	1.82	1.51	1.15	**1.95**
Average trade receivables turnover period (days)	34	35	[3] 57	[3] 69	**58**
Average trade payables turnover period (days)	67	72	78	97	**42**

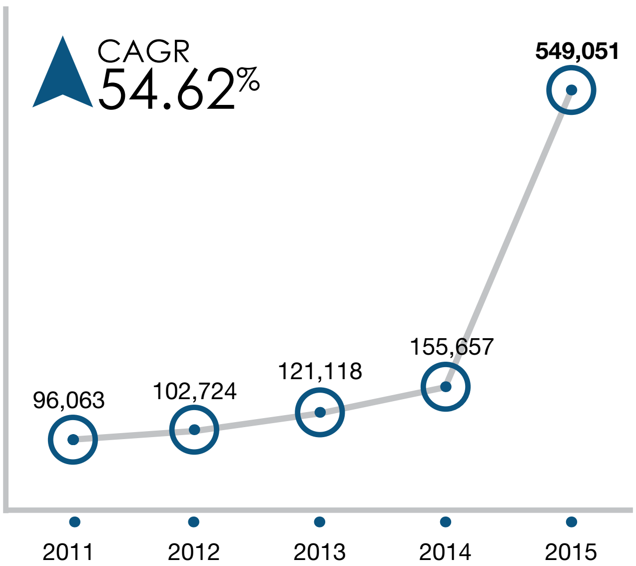
Notes:-

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

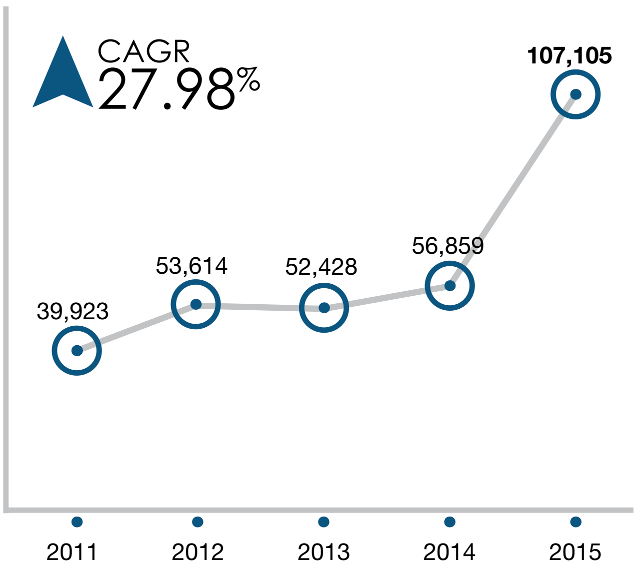
[2] Based on the issued and paid-up share capital prior to the Listing.

[3] Excludes non-current finance lease receivable.

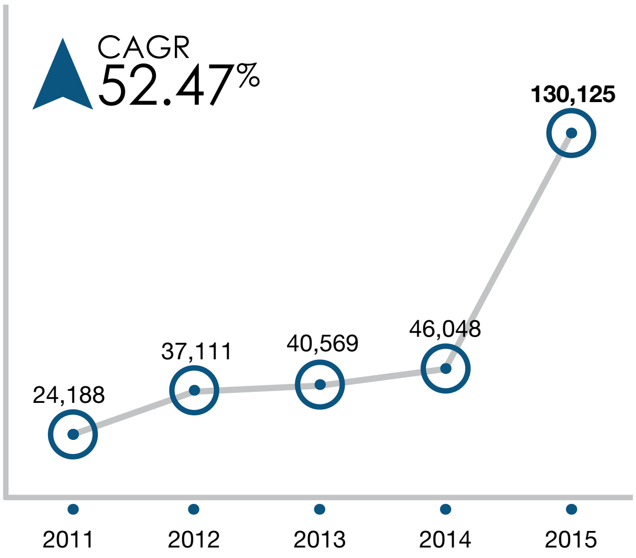
REVENUE (in RM Million)



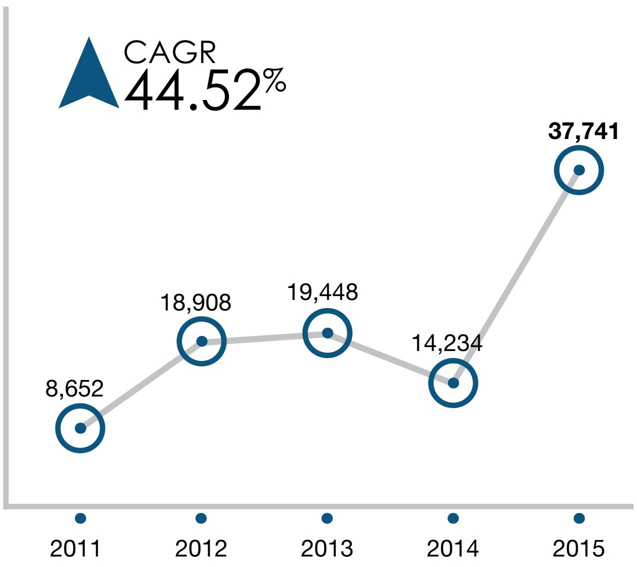
EBITDA (in RM Million)



GROSS PROFIT (in RM Million)



PROFIT AFTER TAXATION (in RM Million)

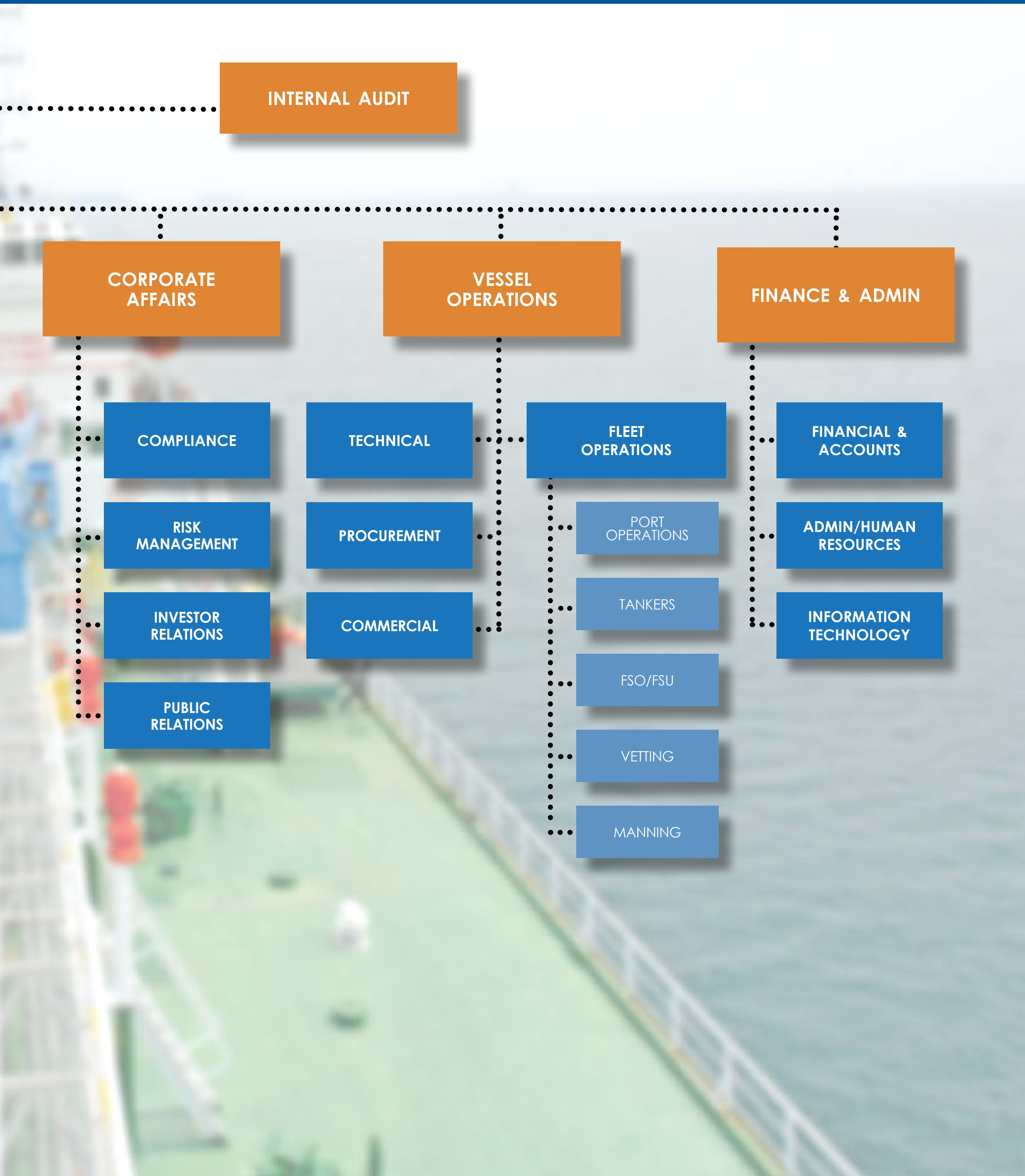



NAUTICA JOHOR BAHRU

Setting sights on the Horizon

The coming age of our next journey will be about its foresight as E.A. Technique continues to set its focus on being a leading owner and operator of marine vessels, boldly seeing the opportunities that lie in the greater expanse and distance of new possibilities ahead.

ORGANISATIONAL STRUCTURE


INTERNAL AUDIT
CORPORATE AFFAIRS
VESSEL OPERATIONS
FINANCE & ADMIN
COMPLIANCE
RISK MANAGEMENT
INVESTOR RELATIONS
PUBLIC RELATIONS
TECHNICAL
PROCUREMENT
COMMERCIAL
FLEET OPERATIONS
PORT OPERATIONS
TANKERS
FSO/FSU
VETTING
MANNING
FINANCIAL & ACCOUNTS
ADMIN/HUMAN RESOURCES
INFORMATION TECHNOLOGY

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

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
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CORPORATE OFFICE

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No. 2 Jalan Setiawangsa 11
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54200 Kuala Lumpur, Malaysia
Telephone : 603-4252 5422
Facsimile : 603-4252 2163

SHARE REGISTRAR

Pro Corporate Management
Services Sdn Bhd
Level 16, 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
Bank Pembangunan Malaysia Berhad
Export-Import Bank of Malaysia Berhad
AmBank (M) Berhad

AUDITORS

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

AUDIT COMMITTEE

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

1. **AHAMAD MOHAMAD**
   Non-Independent Non-Executive Chairman

2. **DATUK ANUAR AHMAD**
   Senior Independent Non-Executive Director

3. **ABDUL AZMIN ABDUL HALIM**
   Independent Non-Executive Director

4. **MD TAMYES HJ A.RAHIM**
   Independent Non-Executive Director

5. DATO' IR. ABDUL HAK MD AMIN
Managing Director

6. DATUK MOHD NASIR ALI
Independent Non-Executive Director

7. AZLI MOHAMED
Non-Independent Non-Executive Director

8. ROZAN MOHD SA'AT
Non-Independent Non-Executive Director

BOARD OF DIRECTORS PROFILE

AHAMAD MOHAMAD
Non-Independent
Non-Executive Chairman

Ahamad Mohamad, a Malaysian aged 62, 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 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 (Malaysia) Berhad ("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 CSR programmes, namely the Corporate Waqaf Concept initiated by JCorp.

DATO' IR. ABDUL HAK MD AMIN
Managing Director

Dato' Ir. Abdul Hak Md Amin, a Malaysian aged 61, 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 trainings to 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.

BOARD OF DIRECTORS PROFILE

DATUK ANUAR AHMAD
Senior Independent
Non-Executive Director

Datuk Anuar Ahmad, a Malaysian aged 62, 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 from University of London.

He started his career in 1977 with PETRONAS. 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 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) months business management course under the Advanced Management Program at Harvard Business School.

Presently, he is an Independent Non-Executive Director of PETRONAS Dagangan and is an Independent Non-Executive Director of ENRA Group Berhad, both of which are companies listed on Bursa Securities. He also holds directorships in a few private companies.

DATUK MOHD NASIR ALI
Independent
Non-Executive Director

Datuk Mohd Nasir Ali, a Malaysian aged 57, is our Independent Non-Executive Director. He was appointed to our Board on 17 October 2014. He graduated in 1980 with a Bachelor of Economics (Honours) Degree from the University of Malaya. He also obtained a Master of Science (Finance) from the University of Strathclyde, United Kingdom in 1988.

He was previously 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 & Research at Mayban Securities Sdn Bhd.

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

ROZAN MOHD SA'AT
Non-Independent
Non-Executive Director

Rozan Mohd Sa'at, a Malaysian aged 56, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 January 2007.

He graduated with a Bachelor of Economics (Honours) majoring in 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 15 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 on 1 September 2002, he served as the Senior General Manager, Business Development of JCorp from 2000 until August 2002. In March 2014, he resigned as the Managing Director of Sindora to assume his current position as the Managing Director of PIJ Holdings Sdn Bhd, a subsidiary company of Johor State Government linked company, Perbadanan Islam Johor.

AZLI MOHAMED
Non-Independent
Non-Executive Director

Azli Mohamed, a Malaysian aged 47, 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/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.

BOARD OF DIRECTORS PROFILE

ABDUL AZMIN ABDUL HALIM
Independent
Non-Executive Director

Abdul Azmin Abdul Halim, a Malaysian aged 62, 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) months 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 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.

MD TAMYES HJ A.RAHIM
Independent
Non-Executive Director

Md Tamyes Hj A.Rahim, a Malaysian aged 64, 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 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 believes that his past experience in the JCorp Group's business and his proven commitment, experience and competence will greatly benefit our Company.

COMPANY SECRETARIES

from left to right:

NURALIZA A. RAHMAN
SABARUDIN HARUN
Company Secretaries

MANAGEMENT TEAM

from left to right:

FARRAH RADZIAH ABDUL HAK
Commercial Manager

MOHD NASIR OSMAN
HSE Manager

DATO' IR. ABDUL HAK MD AMIN
Managing Director

MOHD FAIZUL ABDUL HAK
Business Development/
Procurement Manager

SYED KHALIL UR REHMAN
Marine Superintendent

from left to right:

CHE ZAL AZILAH CHE OMAR
Account Manager

ABDUL RAHMAN YUSOFF
Deputy General Manager
Corporate Affairs

TAJUL ASIKIN SALLEHUDIN
Technical Manager

IR. ZULKIFLI MOHD AMIN
General Manager

ZURAIMI BASRI
Chief Financial Officer

MOHD YUSNI RAZALI
Fleet Operation Manager

JOHOR SHIPYARD AND ENGINEERING SDN BHD

from left to right:

KHAIRUL FIKHRI KHAIRUL AZAHAR
Jr. Exec Maintenance & Yard

THAYALAINDRAN KOLANTHAI
Jr. Exec Safety & Health

MUHAMAD SHAUFIQ HAFIZI MD ISA
Project Engineer

MUHAMMAD IQBAL HARON
Jr. Exec Naval Architecture

from left to right:

NEW KOK HO
General Manager

MOHAMAD FADZLAN MOHD ARIFF
Jr. Exec QA & QC

WAN HUZAINI WAN ISMAIL
Jr. Exec Admin & HR

MOHAMAD SYAHIR RAZALI
Jr. Exec Electrical & Chargeman

PROJECT TEAM

from left to right:

NORMAN BUANG
Construction Manager

EDY SYARMAN ALEE NG
Construction Engineer

KUSAINI ABDUL RAZAK
Project Control Manager

SALEH MOHAMED ALI
Project Manager

from left to right:

ABDUL RAHMAN SHAPIE
Completion Manager

KAMARUL IDZHAM KAMLUDIN
Engineering & Interface Manager

MOHD FAISH MOHD NOOR
Procurement Manager

ALI NOOR RAZAK
Project Procurement Director

from left to right:

IR. AHMAD FARID AZMI
T&I Manager

ALIAS MAZLAN
GA/OC Manager

IR. AMIN SYAKIR LATIB
EHS Manager

KUSAIRI BAHARUDDIN
Engineering Manager

Raising Sails with the winds

Emerging in daunting times, E.A. Technique is steering to sail on the waves of being a key player in the charter of varied tankers for transportation and offshore storage of Oil & Gas, and charter of marine support service vessels to provide for its shore and platform facilities.

CHAIRMAN'S STATEMENT

AHAMAD MOHAMAD
Chairman

Dear Shareholders,

On behalf of the Board of E.A. Technique (M) Berhad ("E.A. Technique"), it is my pleasure to present the annual report and audited financial statements of the Group for the financial year ended 31 December 2015.

CHAIRMAN'S STATEMENT

This is my second report on E.A. Technique (M) Berhad as a public listed company following our listing on the Main Board of Bursa Malaysia in 2014. Our journey from incorporation in 1993, originally to provide marine consultancy services, through the expansion into marine vessel operations, to the diversified shipping fleet we operate today, remains an unfolding story as we strive to further unlock the tremendous value-creating potential of our business.

Last year in our inaugural Annual Report, we wrote of our confidence that the Group could look forward for some good results. We are confident that we have a good business model as well as having a team that could execute it. Thus, we are pleased that in spite of the challenging economic backdrop, caused by the commodity-currency jolt in 2015, the quantum leap we have achieved in the size and earnings of the Group bear testimony to our confidence. This would also be expounded in greater detail by your Managing Director.

We believe that to reach our corporate vision, our business strategies and practices must be based on long-term sustainability. While our overriding goal is to provide long-term growth for our shareholders, we are determined to achieve this goal with a high level of accountability, sustainability and respect for the community and the environment in which we operate.

We are confident that we have a good business model as well as having a team that could execute it.

Our success is due in part to our hybrid business model that straddles interests in both the Oil & Gas ("O&G") and transport sectors. While we are principally an owner and operator of marine vessels where our business is focused on marine transportation and offshore storage of O&G, we are also a provider of port marine services. During the year, we have been awarded the contract for Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") of a Floating Storage and Offloading ("FSO") unit which kick starts our marine engineering and marine engineering solutions business.

Our success is due in part to our hybrid business model that straddles interests in both the Oil & Gas ("O&G") and transport sectors.

The Company's fleet serves the downstream and midstream of the O&G sector, which activities are less affected by the current downturn. Our tankers are transporting Clean Petroleum Products ("CPP") i.e. finished goods whilst our port marine services are servicing the production facilities as well as commercial port.

Another important factor has been our long-term contracts and a robust tender/order book that has shielded us from the volatility in the oil market and the immediate reaction to the price decline by the oil majors to trim costs. Almost all of our contracts are on time charter where the bunkering costs and port charges are borne by the charterer. As such, any volatility in the price of oil does not affect our operating cost.

FINANCIAL PERFORMANCE

Driven by the twin legs of our business, offshore and onshore, and the strength of our order book, top-line revenue for the Group more than trebled to RM549.1 million from RM155.7 million. Pre-tax profit correspondingly grew by more than 2.5 times to RM50.8 million from RM19.7 million for the financial year. Earnings per share increased from 2.82 sen to 7.49 sen. An important goal of our strategic positioning has been to create the foundation for sustainable profit and increasing the return on shareholder's equity from 5.27% to 12.74%.

We will leverage upon our expertise in the Oil & Gas sector to provide innovative solutions for our diverse customers through collaboration, knowledge and the sharing of best practices, to realise good returns for our shareholders.

An important goal of our strategic positioning has been to create the foundation for sustainable profit and increasing the return on shareholder's equity from 5.27% to 12.74%.

DIVIDENDS

The Board is recommending a final gross dividend of 1.0 sen per share for the financial year under review which together with the interim dividend of 1.25 sen, paid on 31 December 2015, makes a total dividend of 2.25 sen for the year.

CORPORATE DEVELOPMENTS

The Company had on 14 December 2015 entered into a conditional Joint-Venture & Shareholders' Agreement ("the Agreement") with MTC Engineering Sdn Bhd ("MTCE") to, inter-alia, subscribe in the equity of EAT MTC Floating Services Sdn Bhd ("EMF") for the purpose of joint venture on a 73% (EAT) : 27% (MTCE) basis ("Proposed Joint Venture"). Under the Proposed Joint Venture, EMF will undertake the floating services operation and its related ancillary activities. This corporate exercise is expected to be completed in 2Q16 and is expected to boost the revenue and bottom-line of the Group in FY2016.

CORPORATE GOVERNANCE

The Board of Directors of E.A. Technique fully supports the recommendations of the Malaysian Code on Corporate Governance that sets out the broad principles and best practices for listed companies to ensure that good corporate governance is practised, and that the Board effectively discharges its responsibilities to safeguard shareholders' investments and enhance shareholders' value.

Indeed, I'm pleased to note that the Board had been robust in its deliberation of managements' proposals as well as monitoring on the progress of the various businesses of the Group.

CORPORATE RESPONSIBILITY

E.A. Technique is developing a Corporate Responsibility ("CR") framework to align our social and environmental efforts to the Group's corporate strategy, nature of business and expectations of our key stakeholders. Moving forward, the Group will be looking into measuring and monitoring our CR initiatives across the four dimensions of environment, community, workplace and marketplace, as well as increasing stakeholder engagement to more effectively manage our CR efforts. Our corporate citizenship programmes during the year are mentioned further on in this report.

We are committed to the development of our staff to ensure their career success and to bring immediate and long-term benefits to the organisation and other stakeholders, and ensure a sustainable future for the Group.

CHAIRMAN'S STATEMENT

HUMAN RESOURCE DEVELOPMENT

Our people are our priority. We are committed to the development of our staff to ensure their career success and to bring immediate and long-term benefits to the organisation and other stakeholders, and ensure a sustainable future for the Group. We will treat our people with respect, dignity and fairness and endeavour to attract, develop and retain qualified, creative and innovative people. Respect and compliance with our values continue to dominate at both the professional and personal level.

OUTLOOK & PROSPECTS

The international economic and financial landscape is likely to remain challenging in 2016 and will be a key factor that will influence the prospects of the Malaysian economy. The Malaysian economy is expected to grow by 4.0% to 4.5% in 2016 with domestic demand continue to be the principal driver of growth. (Source: Bank Negara Malaysia, 23 March 2016)

The O&G sector is expected to remain resilient and our prospects remain strong due to our long-term contracts and healthy order book and the renewed emphasis on marine transportation, port marine services and marine engineering.

Despite the present tough and challenging economic situation, the Group will continue to look ahead with cautious optimism and be on the look out for new businesses. We are always interested to expand our fleet in the transportation sector as well as the port marine services. We are also in the midst of expanding our shipyard to build a dry-docking facility. This dry-docking facility would be able to generate new income stream in ship repair activities.

In the long run, the Group are in a strong position to spearhead growth owing to our hybrid model. The Group will remain vigilant on costs and risk management and will continue to strive for further improvement in the operating efficiency, resilience and competitiveness of the Group's diversified businesses. We will be well positioned to perform better when the domestic economic situation improves.

ACKNOWLEDGEMENTS

On behalf of the Board, I express our gratitude and thanks to our Management and staff who have worked so hard and so diligently to improve the Group's performance.

I would also like to take this opportunity to thank our business partners, associates, bankers, friends, government authorities and other stakeholders, for their continued understanding, support, and confidence in the Group. I would like to extend my sincere thanks and appreciation to my fellow Board members for their counsel and support.

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, E.A. Technique stands 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.

E.A. Technique operates in a dynamic and challenging business environment. Given our strength and flexibility to adapt ourselves to the realities of the new marketplace, we are ready to transform challenges into opportunities for new growth.

I thank all of you.

AHAMAD MOHAMAD
Chairman

REVIEW OF OPERATIONS

DATO' IR. ABDUL HAK MD AMIN
Managing Director

E.A. Technique's earnings for the year have seen a phenomenal 3-fold increase, boosted by recognition of the major USD191.8 million Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC")contract we secured for HESS North Malay Basin ("NMB") Floating Storage and Offloading ("FSO") unit, and on the back of our stable long-term vessel contracts.

REVIEW OF OPERATIONS

The Group owns and operates marine vessels, provides offshore storage of Oil & Gas ("O&G") as well as port marine services, shipbuilding and ship repair activities to complement its core vessel operations through its wholly owned subsidiary Johor Shipyard And Engineering Sdn Bhd ("Johor Shipyard").

Currently, E.A. Technique's earnings are growing at an impressive 3-year compound annual growth rate ("CAGR") of 60% within the timeframe 2015-17. This implies strong revenue visibility over these 3 years on the back of a sizeable orderbook of RM1.7 billion that has, and will keep the Group busy.

OVERVIEW

2014 was a year marked by a price fade that rapidly brought us from our normal, or so we thought, of USD100 per barrel to prices around USD60 per barrel by the end of the year. But in 2015, oil prices continued to trend lower, getting down to the USD50 per barrel range since mid-summer and dipping below USD40 per barrel in December. In less than a year, upstream Oil and Gas companies faced a 50 percent drop in revenues.

For the most part, 2015 saw the exploration and production majors responded to a severe price decline by cutting capital expenditure, deferring major capital projects, cutting operating expenditures and headcount, and pushing suppliers for a better pricing.

Our core businesses fit into three main categories: Marine Transportation, Port Marine Services and Marine Engineering.

Under Marine Transportation, E.A. Technique is involved in the charter of product tankers, floating storage and offloading units, liquefied petroleum gas tankers and offshore support vessels.

Marine Transportation	Port Marine Services	Marine Engineering
• Product Tankers	• Tugboats	• EPCIC
• FSU/FSO	• Mooring Boats	• Shipbuilding
• OSV		• Ship Repair

E.A. Technique will not be directly impacted by the volatility of the oil price as we have a hybrid business model in shipping and marine services. Nevertheless, with the Oil & Gas sector under pressure to trim costs we have revised our strategy to make sure we stay relevant over the mid term - the next 3 to 5 years - while the price of oil is depressed.

On balance, E.A. Technique is upbeat on the prospects for O&G sector related businesses despite global oil price concerns for a number of reasons which we will enumerate.

SIZEABLE ORDER BOOK

Our order book as at 1 January 2016 stood at more than RM1.7 billion. E.A. Technique also reaps the benefits from a strong dollar as 60% of our revenue is USD-denominated whilst 30% of costs are in Ringgit. E.A. Technique has the advantage of a lean cost structure.

E.A. Technique's product tankers continued to be fully utilised despite the prolonged oil price weakness. This is due to high demand for transportation of affordable petroleum products and the savings by charterer on bunkering costs.

E.A. Technique is keen to expand its current fleet of two (2) Floating Storage & Offloading ("FSOs") units, given high demand and limited competition. Currently, small mid-sized FSOs are highly sought after, as a low-cost solution for marginal fields.

STRONG EARNINGS

We estimate a 3-year earnings compound annual growth rate ("CAGR") of 60% for 2015-17, underpinned by a sizeable order/tender book of RM1.7 billion/1.0 billion. This implies strong revenue visibility over these 3 years. 63% of E.A. Technique's sales comprised O&G engineering projects whilst the balance 37% is transportation related contracts.

VESSELS BACKED BY LONG TERM CHARTERS

The bulk, 91%, of E.A. Technique's fleet of 34 vessels are on long term charters, except for 3 vessels on 3-6 months rolling contracts. Merely 4 vessels have contracts expiring in 2017-18 whilst the rest have tenures stretching up to December 2025. On average, the Company's long term contracts have outstanding tenures of circa 6 years. On top of that, E.A. Technique practices fleet discipline and new vessels are procured only after securing long term contracts. In addition, clients normally exercise extension options due to E.A. Technique's track record. The combination of these three factors resulted in high fleet utilisation.

LOCAL VESSELS FOR PORTS HIGHLY SOUGHT AFTER

There were numerous opportunities on the back of import substitution. Weak Ringgit rendered the local market unattractive for foreign operators. Furthermore, the government urged Malaysian port operators to engage more local players. This was because most vessels are old and foreign-flagged. In 2016, E.A. Technique will fully deploy 6 new harbour tugboats to Port Klang, for its maiden contract with Northport. Having secured jobs with the first commercial port in the country, we look forward to expand our services to other ports in Malaysia.

EMERGING FSO PLAYER

E.A. Technique currently operates two Floating Storage & Offloading ("FSO") units for Petronas at marginal fields located in Anjung Kecil, Sarawak, and Tembikai, Terengganu. In addition, the Group is currently executing a USD191.8 million Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") contract for HESS North Malay Basin ("NMB") FSO.

INCREASING DEMAND FOR FSOs

Given the current oil price weakness, we believe there is a high demand for FSOs at Malaysian marginal fields. In this environment, lower-cost FSOs are favoured over expensive pipelines. This is because the latter is uneconomical at small fields with a limited life-span say, of 8-15 years. On top of that, marginal fields are an Entry Point Project ("EPP") for the O&G sector under the Economic Transformation Program ("ETP").

OPPORTUNITIES

We have been keen to diversify our fleet to enhance earnings resilience. Therefore, E.A. Technique has submitted bids for various contracts in excess of RM1.0 billion. They include a lease-out of up to 5 commodity bulk carriers, provision of chemical tankers, a USD110 million EPCIC contract, 3 tugboats for port services, 2 Offshore Support Vessels ("OSVs"), O&M services, and 2 product tankers for 5+3 years. We are keen to venture into bulk carriers and chemical tankers that carry sizeable contract values.

We see opportunities at Iskandar. We expect E.A. Technique to benefit from the new O&G hub in Southern Johor, comprising Pengerang Integrated Petroleum Complex ("PIPC"), and multiple tank terminal projects at Tanjung Langsat and Tanjung Bin. We anticipate a surge in ASEAN petroleum trade from these projects, thus propelling demand for E.A. Technique's tankers and harbour tugboats.

PIPC includes tank terminals and the Refinery and Petrochemical Integrated Development ("RAPID"), which is a massive petrochemical complex. Whilst E.A. Technique's tanker fleet is largely deployed at Malaysian coastal waters, more ASEAN routes may follow after PIPC's launch in 2019. We believe E.A. Technique has an advantage when bidding for O&G contracts at Iskandar. This is because Johor is the home ground of E.A. Technique's ultimate shareholder, state-owned Johor Corporation.

CURRENCY RISK

60% of E.A. Technique's revenue is denominated in US Dollars, including all three FSO projects and the Petronas Floating LNG1 contract for the supply of 4 harbour tugboats.

There is minimal currency risk for E.A. Technique's USD loans as interest costs are naturally hedged given payment in the same currency. We estimate that for every 10 sen increase/decrease in our MYR/USD assumption, this will result in an increase/decrease of 5.8%/5.4% to our full year 2016/17 earnings forecasts.

Nevertheless, liquidity is strong with E.A. Technique's vessels backed by stable cash flow from long term contracts.

GEARING

Current net gearing on our balance sheet is 1.95 times. This is mainly due to our HESS project financing which is expected to be fully pared down by the end of FY2016. Nevertheless, liquidity is strong with E.A. Technique's vessels backed by stable cash flow from long term contracts. In addition, fund raising backed by new projects, if launched, are likely to be well received by the market.

SUSTAINABLE EARNINGS

E.A. Technique's earnings for the year have been boosted by recognition of the major USD191.8 million EPCIC contract we secured for NMB's FSO. This contract comprises 24% of E.A. Technique's outstanding orderbook of RM1.7 billion, and the Group will recognise 90% of this contract over 2015-16.

E.A. Technique expects to be able to maintain good level of profitability in the coming years due to its existing long term contracts.

LOOKING AHEAD

After a 3-fold increase in earnings this year, we expect our 2016 bottom line continue to grow. This confidence is mainly underpinned by higher recognition of the NMB EPCIC contract, full year recognition of the Tembikai FSO contract, higher daily charter rate ("DCR") for Nautica Muar starting from 3Q16, the start of 4 harbour tugboats servicing Petronas Floating LNG1 expected in mid 2Q16 and provision of 1 chemical tanker starting in mid-May 2016.

ACKNOWLEDGMENTS

The last financial year was one of unbridled success and progress for the Group wherein existing operations were expanded and enhanced and new initiatives undertaken. The Group is acutely aware of its duty to build on these initiatives and to continue to improve the Group's financial and operational performance so that E.A. Technique can continue to be both a great company and a good investment. The ultimate objective remains what it has always been, to maximise long-term shareholders' value.

I would like to take this opportunity to express my appreciation to all management and personnel within the E.A. Technique Group. Their continuous dedication and loyalty towards the Company has ensured that the Company remains amongst the top performers in our respective industry sectors. Our dynamism and synergy as a team have enabled us to forge onwards to achieve our mission as a progressive, efficient, profitable and a highly regarded corporate organisation. For your abiding support and continuous fervour, I thank you.

To our business partners, associates, principals, bankers, friends, the government and all stakeholders, we wish to extend our gratitude for your continued support. Our commitment is to continue to grow and expand as a Group of calibre and distinction. Your support for our Company and your belief in our capabilities to deliver value have been our principal sources of strength and will similarly be the principal sources of energy driving us forward.

Last but not least, I wish to express my appreciation to my fellow Board members for their guidance, expertise and wisdom in conscientiously guarding the highest standards of ethics, integrity and professionalism in the stewardship of the Group. I know that you will continue to be ever vigilant as together we chart the Group towards reaching our vision of being a corporation that continues to excel in delivering quality and adding value, not only to our customers and stakeholders, but also to society at large.

Thank you.

DATO' IR. ABDUL HAK MD AMIN
Managing Director

CORPORATE RESPONSIBILITY STATEMENT

We define Corporate Responsibility ("CR") as the voluntary activities we undertake to operate in an economic, social and environmentally sustainable manner. Our adaptation of CR promotes a vision of business accountability to a wide range of stakeholders, besides shareholders and investors. Key areas of concern for us are environmental protection and the well being of employees, the community, and civil society in general, both now and in the future.

We understand that responsible corporate behaviour by Malaysian companies who operates and contracted with multinational companies, as we do in the Oil & Gas industry, enhance their chances for business success and contribute to broad-based economic benefits for the country in which they are active. Investing and operating responsibly also plays an important role in promoting Malaysian values internationally and contributes to the sustainable development of communities.

We believe that when we operate in an economically, socially and environmentally responsible manner, and do so transparently, it helps us succeed, in particular through encouraging shared values and social cohesion. We appreciate that the management and mitigation of social and environmental risk factors are increasingly important for our business success, as the costs of losing that social license, both in terms of share price and the bottom line, may be significant.

As we stand prepared to take advantage of business opportunities, we have an increasing understanding that incorporation of responsible business practices into investments and operations not only benefits the local economy and its communities, but makes good business sense.

PLANET (ENVIRONMENT)

For each company, when conducting a business that has an operation place especially conducted in sea or forest area, they need to put higher consideration in maintaining the environment.

In ensuring environmental sustainability, various factors are assessed and deliberated. Issues that need to be addressed and highlighted include:

- Infrastructure analysis to ensure proper, sustainable procedure are implemented;
- Life cycle analysis to quantify the use of materials and energy as well as environmental interaction of products and processes; and
- Control the waste disposal products at each vessels.

Most waste generated on board of a vessel can potentially harm the marine environment if discharged into the sea. In this regard, the IMO's MARPOL Convention regulates discharges of waste to sea from ships to minimise its negative impact.

E.A. Technique has an obligation to comply with these regulations which are incorporated in the Safety Management System ("SMS") manual by managing waste appropriately (such as oil, noxious liquid substances, harmful substances, sewage and garbage). This can potentially be a challenging process. However, the process supports clients towards regulatory compliance, minimising costs and building reputational benefits through efficient and innovative waste management solutions.

1. LEGISLATION

The Malaysian legislation relating to waste disposal is made under the Environment Quality Act 1974, and its subsidiary regulations. Details of these statutes and the applicability to the Company's business operations may be found in the Legal register.

Contractor and its subcontractors' employees, servants and agents engaged in the performance of the work shall comply with the Malaysian legislation requirements.

The requirements are:

1. Environmental Quality (Scheduled Waste) Regulations 2005; and
2. Environmental Quality Act 1974.

2. WASTE MANAGEMENT PLAN

2.1 Overview

Offshore oil operations generate various liquids and solid wastes. Some of these wastes are attributable to the production activities such as industrial effluent, whilst others are due to human presence, such as sewage, scrap metals, used paints and solvents or generic waste resulting from industrial operations. This document focuses on the requirements of wastes handling, storage, transportation, and disposal including the responsibilities for the relevant personnel involved directly with the operation.

2.2 Manual

The Company manual, Environmental Management Manual (EMM – 007) forms part of the SMS manuals structure as a Level 2 manual. It serves to provide necessary guidelines and instructions related to controlling and monitoring any environmental aspect on board the ship and are supported by relevant forms or checklists which are contained in the "Checklists & Forms" folder.

2.3 Purpose

The purpose of waste management plan is to assist in ensuring that waste management is undertaken in an environmentally safe and correct manner, in accordance with the relevant legislation and requirements including the procedures for the storage, handling, consigning and disposal of waste from offshore sites.

2.4 Scope

The waste management plan describes the management of all waste materials routinely generated from vessels and related onshore facilities such as those, which are stored at the offshore facility. It also applies to liquid waste/effluent/produced water but excludes gas emissions to the environment.

The overall objective of waste management is to reduce the quantities of wastes generated, which requires disposal. The hierarchy for waste management principle on the vessels should be as follows:

- Prevention
- Reduction
- Reuse/Recycle

3. SCHEDULE WASTE

Offshore oil operations generate various liquids and solid wastes. Some of these wastes are attributable to the production activities such as industrial effluent, whilst others are due to human presence, such as sewage, scrap metals, used paints and solvents or generic waste resulting from industrial operations. The Waste Management Plan for schedule waste focuses on the requirements of waste handling, storage, transportation, and disposal, including the responsibilities for the relevant personnel involved directly with the operation.

The process of managing schedule waste involves a hierarchy of waste management practices, a site specific waste reduction strategy and monitoring system. The process of waste management is describe in Environment Management Manual (EMM – 007) in the SMS Manual. These are the number of components according to the waste management practices that is common to the majority of waste. These includes:

- Inventory
- Handling
- Transportation
- Storage
- Disposal
- Documentation

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

We can vouch that E.A. Technique is committed to promoting responsible business practices, to respect all applicable laws and international standards, to operating transparently and in consultation with government and local communities, and to conduct its activities in a socially and environmentally responsible manner.

PEOPLE (WORKPLACE & COMMUNITY)

Our employees are the ultimate source of our competitive advantage. 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. Our basic mission in human resource management will always be to acquire, develop, and retain talent; align the workforce with the business; and be an excellent contributor to the business. Those 3 challenges will never change.

The formal systems devised for the management of our people fall into 3 major areas: staffing, employee compensation and benefits, and defining/designing work but essentially, the purpose of our human resource management is to maximise the productivity of the organisation by optimising the effectiveness of our employees.

In reaching out to the community, our management and staff are encouraged to get involved in welfare work and charity projects. These are still early days for E.A. Technique as a newly listed public company and we shall take the time and thought to develop a meaningful role for our CR activities. 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.

The employees in the Group are one of the essential stakeholders for engagement. In the engagement, it is fundamental for all employees to dominate well in their job scope along with other staff's profession. To achieve the target, the employees need to gain more skills and knowledge regarding the job scope that they are involve with. It is laid down as the Company's responsibility in ensuring the employees to be in good professional skills.

CORPORATE RESPONSIBILITY STATEMENT

The Human Resource Department ("HR") has conducted training and development programmes to all the staffs. Regularly, each year HR will provide training to all staff in order to assure the staffs are well develop in their work professions. These programmes are organised internally or by external consultants who structured the programmes around formal courses, seminars and workshops. The Human Resource and Administration Department is taking the responsibility in coordinating the training for all employees which covers myriad subjects such as executive development, productivity, effective communication and induction programmes for new workers.

In 2015, Health and Safety Environment Campaign was conducted for E.A. Technique's marine crew staffs. The event was organised to emphasise the need for ongoing training and awareness on how a safe working environment is built and maintained in achieving the Group's objectives. The campaign also give an opportunity for the crews to voice out their knowledge, experiences, issues and problems which they experienced on board. It also act as an event to thank all the crews for the high commitment in ensuring the good HSE performance and the success of E.A. Technique from year to year. It is important for the Group to manage the workers motivation well in achieving their target and objective to maintain the Group's development.

In order to assure and set up a sustainable social development in E.A. Technique that addressed social stability, security and equality, various social considerations are factored in:

- Opportunities for education and training;
- Health and availability of medical services;
- Human rights and equal opportunities; and
- Crime and social disorder levels.

Not only the Company value their staffs, they also value the community around them that need helps and support. In 2015, E.A. Technique has stepped in to help our crew in Kelantan, Terengganu and Pahang who are victims of the big flood by giving cash aids.

In the early 2015, one of the Company's fast crew boat was involved in rescuing a village known as Kampung Datuk located at Bintulu, Sarawak. The crews took immediate action when some villagers informed that their village are on fire. With our crew help, the Fire Department managed to control the fire before it turns worse and their prompt action managed to save lives and properties.

E.A. Technique also gave cash donations and furnitures to students at Sekolah Rendah Islam At-Tahfiz Pasir Gudang. The staffs and crews interact and exchange their experiences with the teachers and students during the programme.

E.A. Technique fully supported student internship programmes. We believe that the future of the nation lies in the hand of present youth. The Group always try to accommodate students who apply for internship programme which are relevant to our operations. We placed internship students at our HQ, project office, shipyard and vessels. We ensure that the students gained knowledge as much as possible during their internship period to prepare them for their working life. In 2015, E.A. Technique provided places for 22 internship students and 8 cadets. We also offer job opportunities to students who show excellence and commitment during their internship programme to build our human capital development.

The Group strive to build human capital development as we firmly believe that having a good human capital would ensure success of the Group in the future. We believe human capital is a company's asset, although it's not listed on the balance sheet. Human capital is all of the creative skills and knowledge embodied in the employees of a company – skills that bring economic value to the business as it helps to provide services in the most efficient manner.

Building human capital would help the country to achieve its aspiration to become developed country by year 2020. The Group aspire to help the country to develop human capital, no matter how small is our contribution. We hope a good human capital development would ensure the country's prosperity and success in the years to come.

A prosper country would provide growth opportunity for the Group thus, reporting sustainable profit and giving good returns to our shareholders and stakeholders.

CALENDAR OF EVENTS 2015

JANUARY

7 January 2015

ISO CERTIFICATION AWARD CEREMONY (ISO:9001/ISO:14001/ OHSAS:18001)

Venue: Impiana KLCC Hotel, Kuala Lumpur

E.A. Technique has been certified with ISO:9001 Quality Management, ISO:14001 Environmental Management and OHSAS:18001 Occupational Health and Safety Management by Ms. Evelyn Chye the General Manager of British Standard Institution ("BSI"). The certificate has been handed over to Dato' Ir. Abdul Hak Md Amin, the Managing Director of E.A. Technique in a ceremony at Impiana KLCC Hotel, Kuala Lumpur.

15 January 2015

THE DELIVERY OF SUPER FLEX CREW BOAT M.V. NAUTICA TG. PUTERI XXX

Venue: Penguins Shipyard International Pte Ltd, Singapore

M.V. Nautica Tg. Puteri XXX, the 40 meter new built super-fast crew boat was officially delivered to E.A. Technique on 15 January 2015. The boat is powered by 3 Cummins Diesel Engine KTA38-M2 and hired to Classic Marine & Services (M) Sdn Bhd for 5-year charter contract with option to extend.

With longer endurance, M.V. Nautica Tg. Puteri XXX can carry up to 70 passengers and has a cargo space area of 110m² (18.35m X 5.90m). This new super-fast crew boat can be deployed as offshore support, security escort, rescue/standby or other support roles.

25 January 2015

DELIVERY OF M.V. NAUTICA TG. PUTERI XXIV

Venue: Northport (Malaysia) Berhad, Port Klang

M.V. Nautica Tg. Puteri XXIV was officially hired by Northport (Malaysia) Berhad on 25 January 2015, to start the 10 year contract with an option of 2 years extension.

FEBRUARY

5 February 2015

LAUNCHING OF M.V. NAUTICA TG. PUTERI XXV

Venue: Johor Shipyard And Engineering Sdn Bhd, Perak

E.A. Technique has launched a new tugboat, M.V. Nautica Tg. Puteri XXV at Johor Shipyard And Engineering Sdn Bhd in Hutan Melintang, Perak on 5 February 2015.

7 February 2015 – 8 February 2015

CSR – E.A. TECHNIQUE HELP FLOOD VICTIMS

Venue: Dungun, Terengganu & Temerloh, Pahang

E.A. Technique has provided support to our crews who became victims of flood disaster that hit Kelantan, Terengganu and Pahang. 14 volunteers from Head Quarters were involved in this programme. The victims were given cash aid and rice to help them survive the trying times.

13 February 2015

SIGNING OF EPCIC CONTRACT

Venue: Etiqa Twins, Kuala Lumpur

HESS Exploration and Production Malaysia B.V. has awarded E.A. Technique with a new contract for the provision of Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") of a Floating Storage and Offloading facility ("FSO") for Full Field Development ("FFD") project in the North Malay Basin. E.A. Technique received the Letter of Award on 22 Dec 2014 and they officially signed the contract on 13 February 2015 in a simple ceremony at HESS's office in Kuala Lumpur, Malaysia.

19 February 2015

E.A. TECHNIQUE BADMINTON TOURNAMENT

Venue: Sg. Udang, Melaka

The tournament was held with the involvement of E.A. Technique's and Sg. Udang Port Sdn Bhd ("SUPSB") staffs. This tournament has become an opportunity for all employees from E.A. Technique and SUPSB to strengthen their bond and build up team spirit amongst the employees of both companies.

MARCH

6 March 2015

KEEL LAYING CEREMONY FOR A NEW BUILDING OF 2 UNITS TUGBOATS

Venue: Johor Shipyard And Engineering Sdn Bhd, Perak

A keel laying ceremony of a new building hull No: JSE/UT/014 & JSE/UT/015 being classed with NK Class was held. The tugboats are built to service our PFLNG1 contract.

19 March 2015

LAUNCHING OF M.V. NAUTICA TG. PUTERI XXVI

Venue: Johor Shipyard And Engineering Sdn Bhd, Perak

M.V. Nautica Tg. Puteri XXVI was successfully launched at Johor Shipyard And Engineering Sdn Bhd in Hutan Melintang, Perak.

APRIL

9 April 2015

DELIVERY OF M.V. NAUTICA TG. PUTERI XXV
Venue: Northport (Malaysia) Berhad, Port Klang

The delivery of M.V. Nautica Tg. Puteri XXV was successfully held in Northport, Port Klang on 9 April 2015. The official sea trial of M.V. Nautica Tg. Puteri XXV has been witnessed by Class NK and Northport representatives which was conducted on 6 April 2015 and 7 April 2015.

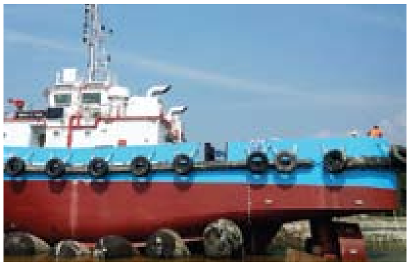
30 April 2015

SAILAWAY CEREMONY FOR M.T. FOIS NAUTICA TEMBIKAI
Venue: Quay 8, MMHE West, Pasir Gudang, Johor

The sailaway ceremony for M.T. FOIS Nautica Tembikai was held at MMHE West Yard, Pasir Gudang and was graced by the Guest-of-Honour, YAB Dato' Mohamed Khaled Nordin, Chief Minister of Johor. The ceremony was also attended by other VIP guests e.g. YB Dato' Kamaruzzaman Abu Kassim, President & Chief Executive, Johor Corporation, Tuan Haji Ahamad Mohamad, Chairman of E.A. Technique, VIP guests from Vestigo Petroleum Sdn Bhd ("VPSB"), Malaysia Petroleum Management ("MPM"), MMHE and 200 other guests. After the ceremony, the vessel sailed away from MMHE West Yard to Tembikai Field which is located offshore Kuala Terengganu.

MAY

20 May 2015



DELIVERY OF M.V. NAUTICA TG. PUTERI XXVI
Venue: Northport (Malaysia) Berhad, Port Klang

M.V. Nautica Tg. Puteri XXVI was officially hired by Northport (Malaysia) Berhad on 20 May 2015 at 0001hrs, to start a 10 year contract with an option of 2 year extension. The sea trial was successfully conducted on 16 May 2015 and 18 May 2015 witnessed by Class NK and Northport representatives.

21 May 2015

THE 21st ANNUAL GENERAL MEETING ("AGM") of E.A. TECHNIQUE
Venue: Impiana KLCC Hotel, Kuala Lumpur

E.A. Technique 21st Annual General Meeting ("AGM") was held at Impiana Hall 2, Level 2, Impiana KLCC Hotel, Kuala Lumpur at 12.00 pm.

JUNE

4 June 2015

E.A. TECHNIQUE TAKES DELIVERY OF M.T. SARK

Venue: Ulsan, Korea

E.A. Technique has successfully took over a 62,789 GRT/34,934 net tonnage product tanker M.T. Sark at 20:39 hrs local time Ulsan, Korea (GMT 11:39 hrs) on 4 June 2015. It is for the HESS FSO project. The vessel was classed at American Bureau of Shipping ("ABS") and been registered at Port Klang, Malaysia.

12 June 2015

M.T. FOIS NAUTICA TEMBIKAI RECEIVED FIRST OIL

Venue: Tembikai Field, Kuala Terengganu

M.T. FOIS Nautika Tembikai received its first oil on 12 June 2015 at 16:30 hrs in the Tembikai marginal field which is located approximately 150km east off Kuala Terengganu, offshore Peninsular Malaysia in Block 314 (previously known as Block PM-10 and PM-304). The vessel was officially hired by Vestigo Petroleum Sdn Bhd for 4-year contract with extension options.

JULY

2 July 2015

E.A. TECHNIQUE HAS BEEN AWARDED CONTRACT TO SUPPLY OF 2 UNIT TUGBOATS

Venue: Kuala Lumpur

E.A. Technique received a Letter of Award for the provision and operation of 2 unit of 40 tonnes bollard pull harbour tugboats contract. The vessels are scheduled to be delivered on 6 July 2015 for firm charter of 2-year with 1-year optional period.

10 July 2015

1ST ENGAGEMENT OF E.A. TECHNIQUE & HESS SENIOR MANAGEMENT

Venue: MMHE, Pasir Gudang

The first engagement meeting between E.A. Technique and HESS Senior Management on board M.T. Nautica Bergading was held on 10 July 2015 at MMHE.

CALENDAR OF EVENTS 2015

27 July 2015

E.A. TECHNIQUE HOSTS HARI RAYA OPEN HOUSE IN KERTIH PORT
Venue: Kertih Port, Terengganu

Hari Raya Open House is an annual event for E.A. Technique and this year the event was held in Kertih Port. The event hosted over 200 guests comprised of business associates, clients, suppliers and E.A. Technique's employees in Kertih area. The Managing Director was present.

29 July 2015

DELIVERY OF M.V. NAUTICA TG. PUTERI XXI
Venue: Northport (Malaysia) Berhad, Port Klang

M.V. Nautica Tg. Puteri XXI was delivered to Northport after conducted its sea trial on 24 July 2015. The vessel was officially being hired by Northport (M) Berhad to start the 10-year contract with an option of 2-year extension on 29 July 2015.

AUGUST

13 August 2015

E.A. TECHNIQUE HARI RAYA OPEN HOUSE 2015
Venue: Saloma Bistro & Theatre Restaurant, Kuala Lumpur

E.A. Technique Raya Festival was held on 13 August 2015 to celebrate with our clients, contractors, bankers, lawyers, investors and other guests. All guests are served with excellent Hari Raya dishes and were entertained by Caliph Buskers.

14 August 2015

LAUNCHING OF M.V. NAUTICA TG. PUTERI XXII
Venue: Johor Shipyard And Engineering Sdn Bhd, Perak

E.A. Technique successfully launched their new tugboat known as M.V. Nautica Tg. Puteri XXII at Johor Shipyard And Engineering Sdn Bhd in Hutan Melintang, Perak.

26 August 2015

DONATIONS TO SEK. REN. ISLAM AT-TAHFIZ PASIR GUDANG
Venue: Sek. Ren. Islam At-Tahfiz Pasir Gudang, Johor

E.A. Technique donated sofa sets, chairs and tables to Sek. Ren. Islam At-Tahfiz Pasir Gudang as part of its CSR programme.

SEPTEMBER

21 September 2015

HSE CAMPAIGN FOR E.A. TECHNIQUE'S CREWS

Venue: Hotel Pantai Puteri, Melaka

The event was attended by 35 marine crews hosted by E.A. Technique's HSSE Department held from 9 am to 5 pm. The objective of the campaign is to create high awareness of safety aspect among all the marine crews during on board E.A. Technique's fleets. During the event, crews also get the opportunity to share their knowledge, experience and problems in their work.

29 September 2015

RECEIVES LOA TO SUPPLY ONE UNIT OF HARBOUR TUGBOAT CUM SUPPORT VESSEL

Venue: Kuala Lumpur

E.A. Technique received a Letter of Award for the provision of harbour tugboat cum support vessel to undertake and carried out duties and services at marine terminal facilities. The contract tenure was for 2-year + 1 year optional period.

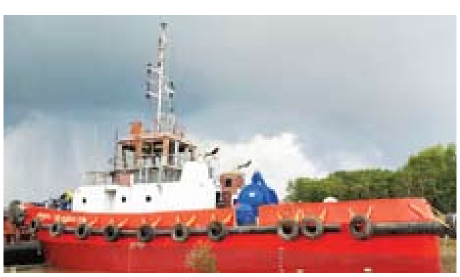
OCTOBER

6 October 2015

M.T. FOIS NAUTICA TEMBIKAI FIRST OFFTAKE

Venue: Tembikai Field, Kuala Terengganu

M.T. FOIS Nautica Tembikai first offtake was successfully done on 6 October 2015. The operation has been witnessed by representatives from Vestigo, Petronas Carigali/Peninsular Malaysia Operations, E.A. Technique and other sub-contractors. The first offtake was done after 116 working days since receiving its first oil.



29 October 2015

LAUNCHING OF NEW TUGBOAT M.V. NAUTICA TG. PUTERI XXIII

Venue: Johor Shipyard And Engineering Sdn Bhd, Perak

E.A. Technique has successfully launched their new tugboat named M.V. Nautica Tg. Puteri XXIII.

30 – 31 October 2015

WORLD MARITIME DAY 2015

Venue: PWTC, Kuala Lumpur

E.A. Technique participated in the World Maritime Day 2015 which was held for 2 days at PWTC with the theme "Maritime Education and Training". The event was launched by Minister of Transport, YB Dato' Sri Liow Tiong Lai on Friday, 30 October 2015.

Forging beyond the Frontier

Guided by an ambition that fuels E.A. Technique to embrace the challenges by riding on the strength of its expertise and experience, the Group is well positioned to expand beyond its own shores whilst it excels to be a highly valued entity that will create its own distinctive edge.

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 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.

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

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

BOARD OF DIRECTORS

Size and Composition of Board

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.

The profile of each of the Member of the Board is as presented on pages 22 to 26 of this annual report.

Board Balance and Independence of Directors

The Board comprises Non-Executive Chairman and strong presence of 6 Non-Executive Directors, whereby half of them 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 the senior management/executive. 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 are independent-minded, and demonstrates conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfill the definition of independence as set out in the Bursa Listing Requirements.

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. Each of the 4 Independent Non-Executive Directors has provided an annual confirmation of their independence to the Nomination Committee and the Board.

STATEMENT OF CORPORATE GOVERNANCE

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 Board Executive 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 that E.A. Technique achieves 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 following 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.

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 2015 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 2015 are set out below:-

	BOD Meeting 17 February 2015	Special BOD Meeting 16 April 2015	BOD Meeting 21 May 2015	BOD Meeting 13 August 2015	BOD Meeting 19 November 2015	% Based on Attendance in Meetings for year 2015
Ahamad Mohamad	√	√	√	√	√	100.0
Dato' Ir. Abdul Hak Md Amin	√	√	√	√	√	100.0
Datuk Anuar Ahmad	√	√	√	√	√	100.0
Datuk Mohd Nasir Ali	×	√	√	√	√	80.0
Rozan Mohd Sa'at	×	√	√	√	√	80.0
Md Tamyes Hj A.Rahim	√	√	√	√	√	100.0
Abdul Azmin Abdul Halim	√	√	√	√	√	100.0
Azli Mohamed	√	√	√	√	√	100.0
Jamaludin Md Ali*	N/A	x	x	√	x	N/A

* Jamaludin Md Ali resigned as Alternate Director to Ahamad Mohamad on 20 January 2016.

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 regularly updated and appraised by the Company Secretary who is very experienced, competent and knowledgeable on the new statutes 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 the new statutes and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on the 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 stipulated 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 2015, the Members of E.A. Technique Board had attained training on areas relevant to their duties and responsibilities as Directors by attending external seminars/courses and internally facilitated sessions and through reading materials.

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

Directors' Training

The Company has adopted educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

All Board members are also encouraged to attend training programmes conducted by highly competent professionals that are relevant to the Company's operations and businesses. All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR. Trainings attended by the Directors during the year are as follows:-

Director	Designation	Date
Datuk Anuar Ahmad	Cooking the Book – The Malaysian Recipe on Financial Fraud (Bursatra Sdn Bhd)	10 September 2015
Azli Mohamed	• Rabobank's Economic & Forex Outlook (Rabobank) • MIA International Accountants Conference 2015 (Malaysia Institute Of Accountants) • PWC Budget Seminar 2015: Building resilience (PWC)	13 October 2015 26-27 October 2015 12 November 2015
Dato' Ir Abdul Hak Md Amin	• 2nd Annual Malaysia's War on Corruption Symposium (MeLearn Global)	11-12 November 2015
Datuk Mohd Nasir Ali	• 2nd Annual Malaysia's War on Corruption Symposium (MeLearn Global)	11-12 November 2015
Abdul Azmin Abdul Halim	• 2nd Annual Malaysia's War on Corruption Symposium (MeLearn Global)	11-12 November 2015

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 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/ Other Emoluments	Bonuses	Benefit-in-kind	Total
			RM'000		
Ahamad Mohamad	–	78.50	–	–	78.50
Dato' Abdul Hak Md Amin	360.00	294.40	120.00	20.94	795.34
Datuk Anuar Ahmad	–	54.40	–	–	54.40
Datuk Mohd Nasir Ali	–	52.00	–	–	52.00
Rozan Mohd Sa'at	–	52.00	–	–	52.00
Abdul Azmin Abdul Halim	–	54.00	–	–	54.00
Azli Mohamed	–	53.60	–	–	53.60
Tamyes Hj A.Rahim	–	52.80	–	–	52.80
Jamaludin Md Ali	–	0.80	–	–	0.80

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 90 and 94 of this annual report.

The Audit Committee met four (4) times for the financial year 2015 with the details as follows:-

Name	Designation	1st Quarter ACM 11.02.2015	2nd Quarter ACM 15.05.2015	3rd Quarter ACM 07.08.2015	4th Quarter ACM 13.11.2015	% Based on Meetings Attended
Datuk Anuar Ahmad	Chairman	√	√	√	√	100
Abdul Azmin Abdul Halim	Member	x	√	√	√	75
Azli Mohamed	Member	√	√	√	√	100

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

Terms of reference of Audit Committe are per page 91 until 93.

Nomination and Remuneration Committee

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

A. Nomination Committee

The Nomination Committee upon its annual assessment carried out for financial year 2015, 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 size of the Company's operations. All the Directors continue to uphold the highest governance standards in their conduct and that of the Board. All 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 level of knowledge, skills, experience and their personal qualities.

The Nomination Committee is made up exclusively of Non-Executive Directors and the composition of the 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 (M) Berhad ("the Company");

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; and

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 director. 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.

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 Director
Datuk Anuar Ahmad	Member	Senior Independent Non-Executive Director
Md Tamyes Hj A.Rahim	Member	Independent Non-Executive Director

Terms of Reference

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

Purpose

The Remuneration Committee, a Committee of the Board, is established primarily to:

1. Provide assistance to the Board in determining the remuneration of executive directors and, if applicable, senior management and in particular the Chief Executive Officer where the person is not a member of the board of directors. In fulfilling this responsibility, the Committee is to ensure that executive directors and applicable senior management of the Company:

   - are fairly rewarded for their individual contributions to overall performance;
   - that the compensation is reasonable in light of the Company's objectives; and
   - that the compensation is similar to other companies in the industry;

2. Establish the Managing Director/Chief Executive Officer's goals and objectives; and

3. Review the Managing Director/Chief Executive Officer's performance against the goals and objectives set.

Membership

The Remuneration Committee shall consists 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.

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 programmes 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.

Group Human Resource Committee

– Formulates human resource policies and practices for the Company and wholly-owned subsidiaries of the Company.

– Deliberates and decides on human resource operational issues which do not fall within the ambit of authorised individual officers.

The Group Human Resource Committee holds meetings twice a month.

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 Risk Management Committee holds quarterly meetings.

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 104 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 25 to the Financial Statements on pages 171 to 172 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 82 and 89 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.

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 2015 to the external auditors are set out below:

	E.A. Technique
	RM'000
Fees paid/payable to Auditors (Messrs Ernst & Young)	
Audit:	200
Audit-Related:	
– Statement of Internal Control (Eg)	18
Non-Audit*	78.64

* The non-audit fees paid/payable to the external auditors were for consultancy services on accounting 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 to its shareholders in hard copy. 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 (M) Berhad:

ABDUL RAHMAN YUSOFF
Deputy General Manager, Corporate Affairs

Tel: +603-4252 5422

Email: eat@eatechnique.com.my
rahman@eatechnique.com.my

This Statement is made in accordance with the Board of Directors' approval made on 30 March 2016.

Ahamad Mohamad
Chairman

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of E.A. Technique (M) Berhad ("the Board") is committed to ensure that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

The Board is guided by the Statement on Risk Management & Internal Control Guidelines for Directors of Listed Issuers in making disclosures concerning the main features of the risk management framework and internal control system of the Group pursuant to Paragraph 15.26(b) of the Listing Requirements of the Bursa Malaysia Securities Berhad and the revised code 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.

Accordingly, the Board is pleased to provide the Statement on Risk Management & Internal Control that was prepared in accordance with the "Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers" endorsed by Bursa Malaysia Securities Berhad. This guideline outlines the processes to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

BOARD'S RESPONSIBILITIES

The Board affirms its overall responsibility for the Group's system of internal control, including the assurance of its adequacy and integrity, and its alignment with business objectives. However, it should be noted that control systems are designed to manage rather than to totally eliminate associated risks; and as such, can only provide reasonable but not absolute assurance against material loss or failure.

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

The Group shall have an on-going 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. The Board regularly reviews this process with assistance from the management. The Board retains overall responsibility for implementing and monitoring the internal control and risk management process within the Group.

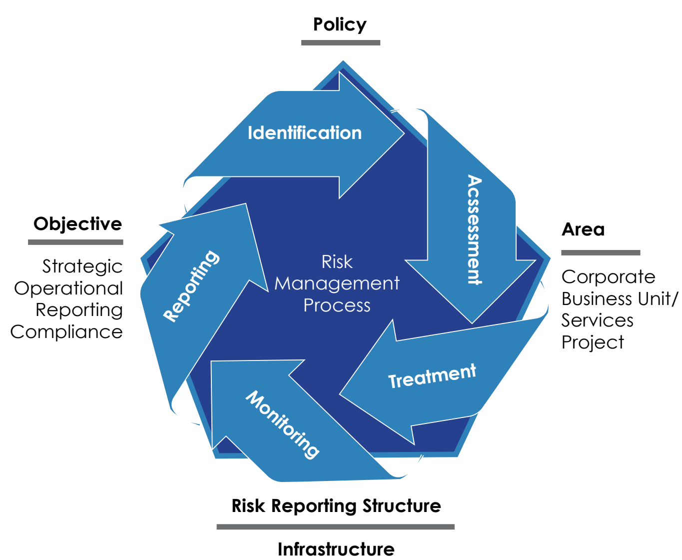
Taking into consideration the assurance from the management team and input from the relevant assurance providers, the Board is of the view that the risk management and internal control system of the Group is satisfactory and adequate to safeguard shareholders' investment and the assets of the Group. The Group will continue to take measures to strengthen the risk management and internal control system of the Group.

RISK MANAGEMENT FRAMEWORK

The Group adopts an ERM framework that 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 level of corporate governance, including the creation of value in the short and long term.

The Framework is summarised in the diagram below, which sets out:

- the fundamentals and principles of risk management that is to be applied in all situations and throughout all levels of the organisation;
- the process for identifying, assessing, responding, monitoring and reporting of risks and controls;
- the roles and responsibilities of each level of management in the Group; and
- the mechanisms, tools and techniques for managing risks in the Group.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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").

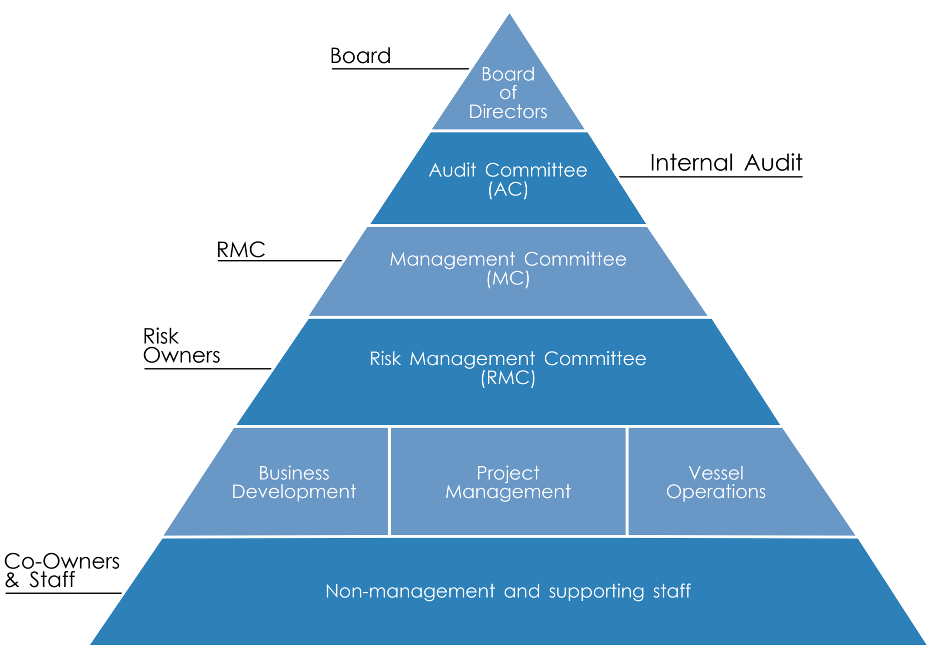
The AC assesses the quality and effectiveness of the system of internal control and the efficiency of the Group's operations, particularly those relating to areas of significant risks. The AC also evaluates the process the Group has in place for assessing and continuously improving internal controls.

The RMC is chaired by the Chief Risk Officer 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.

Every individual in the Group plays an integral role in the effective management of its risks. The risk management reporting structure adopted by the Group to assign responsibility for risk management and facilitate the process for assessing and communicating risk issues from transactional levels to the Board is summarised as follows:



THIRD LINE OF DEFENSE

Functions that provide independent assurance:
- Audit Committee
- Nomination & Remuneration Committee
- Internal Audit
- External Audit

SECOND LINE OF DEFENSE

Functions that oversee risks:
- Management Committee
- Risk Management Committee
- Compliance Officer

FIRST LINE OF DEFENSE

Functions that own and manage risks:
- Managing Director
- Management & Staff

The unambiguous identification of roles and responsibilities among these groups promote 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 position fit into the organisation's overall risk and control structure.

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

The second line of defence serves a vital purpose as it ensures that the first line of defence 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 defence, 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 line of defence achieves 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 identify and implement a systematic approach in managing the significant risks. The Group ERM approach that prioritises risks accordingly to their likelihood and impact will go through the following steps:

Department or Business Unit risk assessment

The risk owner implements the identification and assessment of risk practice. The exercise also encompasses the Hazard Identification, Risk Assessment & Risk Control (HIRAC). On a 6 monthly basis, the risk owner updates their risk registry to the RMC. The owner establishes the risk level according to their respective financial or non-financial risk parameter.

Presentation to the RMC

The risk owner duty is simplified by the RMC during the risk assessment and risk action planning. On a 6 monthly basis, the Chief Risk Officer will proclaim to the RMC all the risk and its mitigation conduct from the department and business units. The RMC will conduct the inspection, do the rank and debate the risk ratings, control effectiveness, risk treatment options and risk action plans classified by risk owners.

Compilation of Group Risk Profile

The Chief Risk Officer extracts all the ratified top risks as tabled in RMC as the Risk Profile according to the Group's financial or non-financial risk parameter.

Board of Audit Committee Review

A risk management report is submitted to the AC and to the Board on a half-yearly basis. On the top Group Risk, the AC prepares the objective view, request and challenges risk information from the business and appears as change catalyst in risks and control areas in the Group.

Internal Audit Review

The IA shall analyse the efficiency of risk management and internal controls and prepare a liberated view on specific risks and control issues, the state of internal controls, trends and events.

In ensuring the Group accomplish its objectives, make the businesses endure and continue increase value to the shareholders 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 formed by the Group and according to the results of monitoring and reviews, decisions are made on how the risk management program can be improved. These decisions should lead to bringing improvements in the Group's management of risks and its risk management culture.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

The process is the essential key to the Group's Internal Control and Risk Management process. The process is a management tools that is recognised and flexible in amassing information about business process risks, while the risk owners are authorized to undertake responsibility for operating those risks. Risk interpretation and assessment form a fundamental part of the annual strategic cycle. As part of the annual strategic review, the Board will consider and approves the Group's risk structure.

The Board has adopted a control framework to ensure the accomplishment of Group's established objectives while the Group's business operations are productively managed.

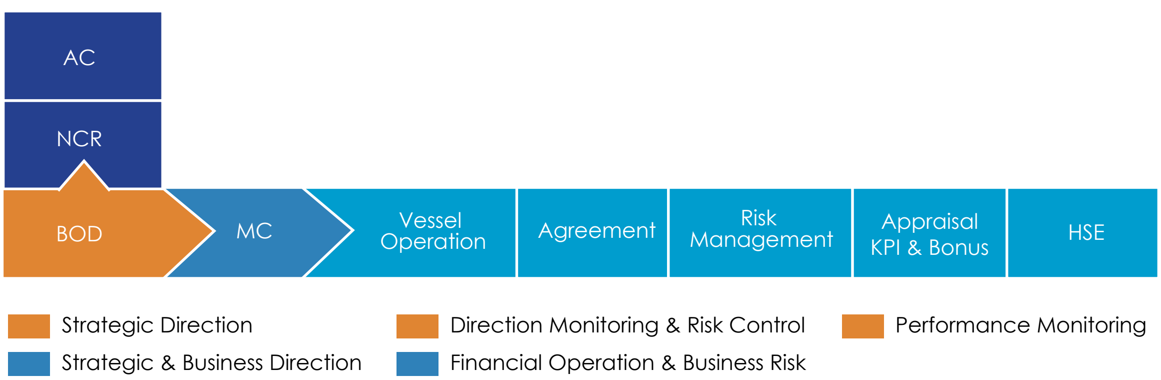
The key components of the Group's system of internal control are as follows:

Board and Management Committee

The Board and Management Committees are set up with the aim of realising the Group's vision, mission and strategies and objectives. The inauguration of the committees are to promote corporate governance, transparency and accountability and in assisting the Board to implement and monitor the system of internal controls within the Group.

The areas assigned been supervised by the Committees based on their Terms of Reference ("TOR") which was established carefully to ensure the alignment with Group's objectives, short-term and long-term strategic plans and avoid overlapping activities and gaps in governance coverage.

Committee Structure



	NAME OF COMMITTEE	PRIMARY FUNCTION
BOARD COMMITTEE	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 ("MC")	To review and evaluate the performance progress including the key policy and strategy implementation 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 to evaluate and recommend for Board's approval.
	Vessel Operation Committee ("VOC")	To monitor and review monthly performance of vessels, including resolve any problem related to contracts, accident and non-performance.
	Risk Management Committee ("RMC")	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 executive and corporate office staff.
	HSE 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 Group has a well-defined organisation structure that is aligned to its business requirements and to ensure that checks and balances exist throughout the Organisation. Clear reporting lines and authority limits, driven by delegated authority limits set by the Board, govern the Group's decision-making and approval process.

The structure supports the Group's ability to ensure that qualified and experienced management personnel which head the Group's operating units are always available and in place to carry out their job functions.

At the Board level, all strategic, business and investment plans are approved and monitored by the Board. The Board is supported by three (3) Board committees, which provide focus and counsel in the areas of:

1. Audit Committee;
2. Nomination Committee; and
3. Remuneration Committee

Certain Board responsibilities are delegated to the Board Committees through clearly defined Terms of Reference, which are reviewed from time to time. Further details of the Board Committees are contained in the Statement on Corporate Governance of this Annual Report.

Internal Audit

The Internal Audit function undertakes regular reviews of the Group's operations and the systems of internal control. Regular reviews are performed on the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls. Significant risks and non-compliance affecting the Group are highlighted and where applicable, recommendations are provided to improve on the effectiveness of risk management, internal control system and governance processes. Management follows through and reviews the status of actions on recommendations made by the internal auditors.

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 key elements of the procedures established by the Board that provides effective internal control include:

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 at the MC 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 clearly defined framework with appropriate empowerment and authority limits has been approved by the Board for procurement activities, acquisition and disposal of assets, operational write-off, donations, as well as approving general and operational expenses.

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.

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, preparation 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
5. Code of Ethics

Regulatory Compliance

A clear, formalised and documented HSE regulation is in place to outline employees' roles and responsibility towards the prevention of accidents, the elimination of hazards and in ensuring a safe working environment. The Group adopts strict standards and controls to continuously improve the application and performance of the Safety Management System. A safe working environment is fundamental to the Group's success in business operations.

The high standard of work is achieved by operating an integrated quality of Safety, Health and Environment Management System that meets the requirements of ISO9001:2008 (Quality Standards), the ISM Code for Safe Operation of Vessel and Pollution Prevention, BS OHSAS 18001:2007 and the ISO14001:2004 Environmental Standards.

Whistleblowing Policy

The Group acknowledges and emphasises the importance for all Directors and employees to embrace the highest standards of corporate governance practise and ethical standards.

The Group has also established a Whistle-Blowing Policy, so that any officer/employee or stakeholder of the Group may report genuine concerns relating to any malpractice or improper conduct related to the Group's businesses. Disclosure can be made in writing to the Chairman of the Committee. Any whistle blowing officer or employee acting in good faith is protected from retaliation for raising such allegations.

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 whistle-blower receives a response and is aware of how to pursue further action if they are not satisfied; and
- Provide assurance that whistle-blower will be protected from possible retaliations.

Code of Ethics

In this respect, the Board has formalised a Code of Ethics ("Code"). This Code aims to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations, set forth basic standards of ethical behaviour within the Group.

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 deal 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

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

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 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 2015 the Audit Committee comprised three (3) Directors, all of whom are also members of the Board of E.A. Technique (M) Berhad.

The composition of the Audit Committee is as follows:

Abdul Azmin Abdul Halim
Member/Independent
Non-Executive Director

Datuk Anuar Ahmad
Chairman/Senior Independent
Non-Executive Director

Azli Mohamed
Member/Non-Independent
Non-Executive Director

The attendance record of the members of the Audit Committee during the financial year 2015 is as follows:

Director	Date of Meetings				%
	11/2/2015	15/5/2015	7/8/2015	13/11/2015	
Datuk Anuar Ahmad	√	√	√	√	100
Abdul Azmin Abdul Halim	X	√	√	√	75
Azli Mohamed	√	√	√	√	100

The Terms of Reference of the Audit Committee are as follows:-

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, thus reducing the opportunity for fraud.

Membership

1. The members of the Committee shall be appointed by the Board of Directors of E.A. Technique (M) Berhad and shall consist of not less than three (3) 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 (3) members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfill the minimum requirement.
2. No alternate directors shall be appointed to the Committee.
3. At least one (1) 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 (3) 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, cash flows statement and key performance indicators; and
   iii. the ability to understand key business and financial risks and related controls and control processes.

Authority

The Audit Committee has authority to conduct or authorise to investigate any matter within its terms of reference. It is authorized to:

1. Investigate any matter within its terms of reference;
2. Command the resources which are required to perform its duties;

AUDIT COMMITTEE REPORT

3. Gain an unrestricted access to any information pertaining to the Group;

4. Channel direct communication with the external auditors and person(s) carrying out the internal audit functions or activities;

5. Obtain external legal or other independent professional advice, if deemed necessary; and

6. To convene meetings with the external auditors, the internal auditors or both, without the attendance of other directors and employees of the Company, if deemed necessary.

Meetings

1. Meetings of the Committee shall be held not less than four (4) 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.

3. 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 CFO, or their nominated person(s), at the invitation of the Committee and shall excuse themselves from the meeting when so directed by the Committee.

Duties and Responsibilities

The Committee shall carry out the following responsibilities:

Financial Statements

1. Evaluate the quarterly interim results and annual financial statements of the Company, focusing particularly on:

   i. Any changes in accounting policies and practices;
   ii. Significant adjustments arising from the external audit;
   iii. The going concern assumption;
   iv. Compliance with accounting standards; and
   v. Compliance with stock exchange and other legal requirements.

2. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements and understand their impact on the financial statements.

3. Review with Management and the external auditors the results of the audits, including any difficulties encountered.

Internal Control

1. Review the scope of internal and external auditors' review of internal control over the Group.

2. Assess the effectiveness of the Group's internal control system, including information technology security and control.

3. Assess the internal process for determining and managing key risks.

4. Review internal audit reports and the management's response and ensure that appropriate action is taken in respect of these reports and Committee's resolution.

Internal Audit

1. Approve the charters of internal audit function to ensure that it is adequately resourced and has the necessary authority to carry out its work.

2. Approve the annual audit plan and all major changes to the plan and review the internal audit activity's performance relative to its plan.

3. Review the follow-up actions taken by the Management on findings and recommendations by the internal auditors.

4. Review the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditors' Code of Ethics and the International Standards for Professional Practice of Internal Auditing ("ISPPIA").

5. Meet separately with the internal auditors to discuss any matters that the Committee or internal audit believed should be discussed privately, without the attendance of other directors and employees of the Company, if deemed necessary.

External Audit

1. Recommend to the Board on the appointment and resignation of the external auditors, the audit fees and other related matters.

2. Review the external auditor's proposed audit scope and approach.

3. Review the external auditors' management letters and management responses.

4. Meet separately with the external auditors to discuss any matters that the Committee or external auditors believed should be discussed privately, without the attendance of other directors and employees of the Company, if deemed necessary.

Compliance

1. Review the effectiveness of the system of monitoring compliance with laws and regulation and the result of the management's investigation and follow-up on any instances of non-compliance.

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

3. Obtain regular update from 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 or business conduct that raises questions on the management's integrity.

Reporting Responsibilities

1. Report to the Board on a regular basis about committee activities, issue and related recommendation.

2. Where an audit committee is of the view that a matter reported by it to the Board of Directors of a listed issuer has not been satisfactorily resolved resulting in a breach of Bursa Malaysia's Listing Requirements, the audit committee must promptly report such matter to Bursa Malaysia.

Other Responsibilities

1. Perform other activities related to this Term of Reference and other areas as requested and defined by the Board.

2. Institute and oversee special investigation as needed.

3. Review and assess with the assistance of the Management, external auditors and legal counsel, the adequacy of the Committee's Term of Reference.

4. Confirm annually that all responsibilities as outlined in this Charter have been carried out.

Summary of Activities

During the financial year ended 31st December 2015, the Audit Committee undertook the following activities:

Scope of Responsibilities	Activities
Financial	• 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.
Internal Control	• Review of the Group's risks and challenges risk information and review of Management's mitigation strategy.
Internal Audit	• Review and approved the annual internal audit plan for the year 2016. • Review of the Internal Audit activities related to management and operations, capacity, internal audit framework and the analytical process and reporting procedures. • 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.
External Auditor	• Review of the External Auditors' audit observations, the audit report and recommendations in respect of control weaknesses noted in the course of their audit. • Review of the audited financial statements for the financial year ended 31 December 2015 before recommending the same to the Board of Directors for approval. • Review of the quarterly unaudited financial results announcements before recommending them for the Board of Directors' approval.
Compliance	• 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. • Review of related party transactions entered into by the Group.
Reporting	• Report to the Board about Committee's activities, issue and related recommendations.

Internal Audit Function

The Group's internal audit function is outsourced to Internal Audit of Kulim (Malaysia) Berhad ("KULIM"). The Internal Audit Department ("IAD") of KULIM 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 assist the Board in fulfilling its fiduciary responsibilities over the area of financial, operational, information system, 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 action 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 acceptable levels.

The activities carried out by the outsourced Internal Audit function include amongst others, the review of the adequacy and effectiveness of the system of internal controls, compliance with established policies and procedures, laws and regulations, governance process, reliability and integrity of information and the measure of safeguarding asset.

The total cost incurred for the Group's internal audit function in respect of the financial year ended 31 December 2015 amounted to RM100,000.00

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 31 December 2015 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Deviation	
	RM' Million	RM' Million	RM' Million	%
Repayment Of Bank Borrowing	30.0	27.68	2.32	8.00
Capital Expenditure	29.20	29.20	–	–
Working Capital	9.90	12.22	(2.32)	(23.43)
Estimated Listing Expenses	5.00	5.00	–	–
TOTAL	74.10	74.10	–	–

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 2015.

OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year ended 31 December 2015.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2015.

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 2015.

NON-AUDIT FEES

The Company incurred non-audit fees amounting to RM78,640 for consultancy services on accounting 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 2015.

ADDITIONAL COMPLIANCE INFORMATION

VARIATION IN RESULTS

There was no material variation between the audited results for the financial year ended 31 December 2015 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 2015.

PROFIT GUARANTEE

The Company did not provide any profit guarantee during the financial year ended 31 December 2015.

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 2015.

RECURRENT RELATED PARTY TRANSACTIONS

There were no material recurrent related party transactions entered into by the Group for the financial year ended 31 December 2015.

Financial Statements

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 2015.

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	37,741,004	40,460,001

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

The amounts of dividends paid and payable by the Company since 31 December 2014 were as follows:

	RM
In respect of the financial year ended 31 December 2014	
A final dividend of 1.00 sen per share on 504,000,000 ordinary shares, was declared on 4 June 2015 and paid on 30 June 2015	5,040,000
In respect of the financial year ended 31 December 2015	
An interim single tier dividend of 1.25 sen per ordinary share on 504,000,000 ordinary shares, was declared on 23 November 2015 and paid on 31 December 2015	6,300,000
Total dividends paid since 31 December 2014	11,340,000

DIVIDENDS (cont'd.)

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2015, of 1.0 sen per ordinary share of RM0.25 each on 504,000,000 ordinary shares amounting to RM5,040,000 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 2016.

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
Rozan Bin Mohd Sa'at
Md Tamyes Bin Hj.A. Rahim
Abdul Azmin Bin Abdul Halim
Azli Bin Mohamed
Datuk Anuar Bin Ahmad
Datuk Mohd Nasir Bin Ali
Jamaludin Bin Md Ali (Appointed on 15 March 2015 and resigned on 20 January 2016)

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 18 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 25 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			
	1.1.2015	Acquired	Sold	31.12.2015
Dato' Ir. Abdul Hak Bin Md Amin				
Interest in Company				
– Direct	90,900,000	–	–	90,900,000
– Indirect	29,295,000	–	–	29,295,000
Ahamad 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
Datuk Anuar bin Ahmad				
Interest in Company				
– Direct	327,500	–	–	327,500
Abdul Azmin bin Abdul Halim				
Interest in Company				
– Direct	327,500	–	277,500	50,000
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

DIRECTORS' INTERESTS (cont'd.)

	I--- Number of ordinary shares of RM0.25 each ---I			
	1.1.2015	Acquired	Sold	31.12.2015
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	180,300	–	120,000	60,300
Ahamad bin Mohamad				
Interest in related company				
KPJ Healthcare Berhad				
– Direct	1,125	–	–	1,125
Rozan bin Mohd Sa'at				
Interest in related company				
KPJ Healthcare Berhad				
– Direct	750	–	–	750

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.

OTHER STATUTORY INFORMATION (cont'd)

(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.

SIGNIFICANT EVENT

Significant event is disclosed in Note 27 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 14 March 2016.

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 176 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 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 29 to the financial statements on page 176 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 14 March 2016.

Ahamad Bin Mohamad

Dato' Ir. Abdul Hak Bin Md Amin

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Zuraimi Bin Basri, being the officer 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 176 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 Zuraimi Bin Basri
at Kuala Lumpur in the Federal Territory
on 14 March 2016

Zuraimi Bin Basri

Before me,

PESURUHJAYA SUMPAH
No : W 538
Nama: Woon Mee Chin
MALAYSIA

42A, PERSIARAN ARA KIRI,
LUCKY GARDEN, BANGSAR,
59100, KUALA LUMPUR.

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 2015 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 176.

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 2015 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF E.A. TECHNIQUE (M) BERHAD
(INCORPORATED IN MALAYSIA) (cont'd.)

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 29 to the financial statements on page 179 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
14 March 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Assets			
Non-current assets			
Property, plant and equipment	4	643,966,304	536,698,060
Trade receivable	6	2,370,057	3,207,081
		646,336,361	539,905,141
Current assets			
Trade and other receivables	6	251,940,375	58,171,882
Available-for-sale ("AFS") financial investments	7	52,405,320	–
Cash, bank balances and deposits	8	33,029,711	64,417,206
		337,375,406	122,589,088
Total assets		983,711,767	662,494,229
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	9	126,000,000	126,000,000
Share premium	9	43,100,000	43,100,000
Retained earnings	10	127,167,431	100,766,427
Total equity		296,267,431	269,866,427
Non-current liabilities			
Loans and borrowings	11	403,449,655	287,004,948
Deferred tax liabilities	12	9,397,664	16,672,466
		412,847,319	303,677,414
Current liabilities			
Trade and other payables	13	81,612,374	42,983,326
Loans and borrowings	11	178,062,184	44,844,763
Tax payable		14,922,459	1,122,299
		274,597,017	88,950,388
Total liabilities		687,444,336	392,627,802
Total equity and liabilities		983,711,767	662,494,229

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Assets			
Non-current assets			
Property, plant and equipment	4	657,151,336	546,153,895
Investment in a subsidiary	5	2,500,000	2,500,000
Trade receivable	6	2,370,057	3,207,081
		662,021,393	551,860,976
Current assets			
Trade and other receivables	6	251,145,871	58,144,614
Tax recoverable		–	441,538
Available-for-sale ("AFS") financial investments	7	52,405,320	–
Cash, bank balances and deposits	8	27,611,723	61,496,018
		331,162,914	120,082,170
Total assets		993,184,307	671,943,146
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	9	126,000,000	126,000,000
Share premium	9	43,100,000	43,100,000
Retained earnings	10	137,408,749	108,288,748
Total equity		306,508,749	277,388,748
Non-current liabilities			
Loans and borrowings	11	403,032,777	286,720,486
Deferred tax liabilities	12	9,378,661	16,613,136
		412,411,438	303,333,622
Current liabilities			
Trade and other payables	13	82,052,565	46,460,173
Loans and borrowings	11	177,925,290	44,760,603
Tax payable		14,286,265	–
		274,264,120	91,220,776
Total liabilities		686,675,558	394,554,398
Total equity and liabilities		993,184,307	671,943,146

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Revenue	14	549,051,085	155,657,423
Cost of sales	15	(418,336,142)	(109,609,281)
Gross profit		130,714,943	46,048,142
Other operating income		4,306,832	3,187,461
Administrative expenses		(70,884,921)	(17,389,587)
Results from operating activities		64,136,854	31,846,016
Finance income		2,321,950	2,163,203
Finance costs	16	(15,701,600)	(14,322,639)
Profit before tax	17	50,757,204	19,686,580
Income tax expense	19	(13,016,200)	(5,452,808)
Profit net of tax, representing total comprehensive income for the financial year		37,741,004	14,233,772
Profit/total comprehensive income attributable to:			
Owners of the Company		37,741,004	14,233,772
Earnings per share attributable to owners of the parent (sen)			
Basic	21	7.49	2.82

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Revenue	14	549,051,085	155,657,423
Cost of sales	15	(418,336,142)	(109,609,281)
Gross profit		130,714,943	46,048,142
Other operating income		4,804,983	3,595,172
Administrative expenses		(69,289,563)	(16,717,437)
Results from operating activities		66,230,363	32,925,877
Finance income		2,321,950	2,163,203
Finance costs	16	(15,683,133)	(14,285,838)
Profit before tax	17	52,869,180	20,803,242
Income tax expense	19	(12,409,179)	(3,888,556)
Profit net of tax, representing total comprehensive income for the financial year		40,460,001	16,914,686
Profit/total comprehensive income attributable to:			
Owners of the Company		40,460,001	16,914,686

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	<---Non-distributable--->		Distributable	
	Share capital RM (Note 9)	Share premium RM (Note 9)	Retained earnings RM (Note 10)	Total RM
At 1 January 2014	97,500,000	–	86,532,655	184,032,655
Total comprehensive income for the financial year	–	–	14,233,772	14,233,772
Transaction with owners				
Issuance of ordinary shares	28,500,000	45,600,000	–	74,100,000
Share issuance expenses	–	(2,500,000)	–	(2,500,000)
At 31 December 2014	126,000,000	43,100,000	100,766,427	269,866,427
Total comprehensive income for the financial year	–	–	37,741,004	37,741,004
Transactions with owners				
Dividends on ordinary shares	–	–	(11,340,000)	(11,340,000)
At 31 December 2015	126,000,000	43,100,000	127,167,431	296,267,431

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	<---Non-distributable--->		Distributable	
	Share capital RM (Note 9)	Share premium RM (Note 9)	Retained earnings RM (Note 10)	Total RM
At 1 January 2014	97,500,000	–	91,374,062	188,874,062
Total comprehensive income for the financial year	–	–	16,914,686	16,914,686
Transaction with owners				
Issuance of ordinary shares	28,500,000	45,600,000	–	74,100,000
Share issuance expenses	–	(2,500,000)	–	(2,500,000)
At 31 December 2014	126,000,000	43,100,000	108,288,748	277,388,748
Total comprehensive income for the financial year	–	–	40,460,001	40,460,001
Transactions with owners				
Dividends on ordinary shares	–	–	(11,340,000)	(11,340,000)
At 31 December 2015	126,000,000	43,100,000	137,408,749	306,508,749

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Profit before tax		50,757,204	19,686,580
Adjustments for:			
Depreciation of property, plant and equipment		42,967,791	25,012,856
Finance costs		15,701,600	14,322,639
Loss on disposal of property, plant and equipment		–	12,886
Finance income		(2,321,950)	(2,163,203)
Allowance for impairment losses of trade receivables		21,934,806	3,171,971
Reversal of impairment loss on trade receivable		(1,641,306)	(1,602,592)
Unrealised foreign exchange loss		23,654,371	–
Operating cash flows before changes in working capital		151,052,516	58,441,137
Changes in working capital:			
Increase in trade and other receivables		(203,230,672)	(21,893,800)
Increase in trade and other payables		46,828,959	4,772,476
Cash (used in)/generated from operations		(5,349,197)	41,319,813
Interest received		2,253,777	2,163,203
Interest paid		(15,377,298)	(14,262,306)
Tax paid		(6,417,236)	(863,206)
Net cash (used in)/generated from operating activities		(24,889,954)	28,357,504
Cash flows from investing activities			
Decrease/(Increase) in fixed and security deposits pledged		(23,069,368)	(27,563,508)
Purchase of property, plant and equipment		(149,963,035)	(127,087,106)
Proceeds from disposal of property, plant and equipment		–	1,722,510
Purchase of available-for-sale financial investments		(43,272,033)	–
Net cash used in investing activities		(173,032,403)	(152,928,104)
Cash flows from financing activities			
Dividend paid		(11,340,000)	–
Repayment of conventional term loan		(42,088,130)	(26,860,376)
Drawdown from conventional term loan		23,100,000	74,534,980
Repayment of Islamic term financing facilities		(34,823,965)	(15,187,594)
Drawdown from Islamic term financing facilities		261,771,550	35,893,367
Proceeds from issuance of ordinary share		–	74,100,000
Share issue expenses		–	(2,500,000)
Net repayment of finance lease		(155,342)	(119,506)
Net cash generated from financing activities		196,464,113	139,860,871
Net (decrease)/increase in cash and cash equivalents		(1,458,244)	15,290,271
Cash and cash equivalents at beginning of the financial year	(i)	21,585,343	6,295,072
Cash and cash equivalents at end of the financial year	(i)	20,127,099	21,585,343

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd.)

(i) Cash and cash equivalents

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

	Note	2015 RM	2014 RM
Cash and bank balances	8	23,344,772	25,396,315
Short term deposits	7	52,405,320	–
Fixed and security deposits with licensed banks	8	9,684,939	39,020,891
		85,435,031	64,417,206
Less: Bank overdrafts	11	(3,217,673)	(3,810,972)
		82,217,358	60,606,234
Less: Short term deposits pledged	7	(52,405,320)	–
Less: Fixed and security deposits pledged	8	(9,684,939)	(39,020,891)
		20,127,099	21,585,343

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 2015

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Profit before tax		52,869,180	20,803,242
Adjustments for:			
Depreciation of property, plant and equipment		43,596,097	26,097,177
Finance costs		15,683,133	14,285,838
Loss on disposal of property, plant and equipment		–	12,886
Finance income		(2,321,950)	(2,163,203)
Allowance for impairment losses of trade receivables		21,934,806	3,171,971
Reversal of impairment loss on trade receivable		(1,641,306)	(1,602,592)
Unrealised foreign exchange loss		23,656,220	–
Operating cash flows before changes in working capital		153,776,180	60,605,319
Changes in working capital:			
Increase in trade and other receivables		(202,463,436)	(24,350,735)
Increase/(Decrease) in trade and other payables		43,790,454	(6,962,767)
Cash (used in)/generated from operations		(4,896,802)	29,291,817
Interest received		2,253,777	2,163,203
Interest paid		(15,358,831)	(14,225,505)
Tax paid		(4,842,245)	(642,567)
Net cash (used in)/generated from operating activities		(22,844,101)	16,586,948
Cash flows from investing activities			
Decrease/(Increase) in fixed and security deposits pledged		(22,974,368)	(27,563,508)
Purchase of property, plant and equipment		(154,593,538)	(117,549,435)
Proceeds from disposal of property, plant and equipment		–	1,722,510
Net cash used in investing activities		(177,567,906)	(143,390,433)
Cash flows from financing activities			
Dividend paid		(11,340,000)	–
Repayment of conventional term loan		(42,088,130)	(26,860,376)
Drawdown from conventional term loan		23,100,000	74,534,980
Repayment of Islamic term financing facilities		(34,823,965)	(15,187,594)
Drawdown from Islamic term financing facilities		261,771,550	35,893,367
Proceeds from issuance of ordinary share		–	74,100,000
Share issue expenses		–	(2,500,000)
Net repayment of finance lease		(67,492)	(59,964)
Net cash generated from financing activities		196,551,963	139,920,413
Net (decrease)/increase in cash and cash equivalents		(3,860,044)	13,116,928
Cash and cash equivalents at beginning of the financial year	(i)	18,664,155	5,547,227
Cash and cash equivalents at end of the financial year	(i)	14,804,111	18,664,155

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd.)

(i) Cash and cash equivalents

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

	Note	2015 RM	2014 RM
Cash and bank balances	8	18,021,784	22,475,127
Short term deposits	7	52,405,320	–
Fixed and security deposits with licensed banks	8	9,589,939	39,020,891
		80,017,043	61,496,018
Less: Bank overdrafts	11	(3,217,673)	(3,810,972)
		76,799,370	57,685,046
Less: Short term deposits pledged	7	(52,405,320)	–
Less: Fixed and security deposits pledged	8	(9,589,939)	(39,020,891)
		14,804,111	18,664,155

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

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 14 March 2016.

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 ("MFRSs"), 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 MFRSs which are mandatory for financial periods beginning on or after 1 January 2015 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 (cont'd.)

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 2015, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2015.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 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.

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
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed below:

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, i.e 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 2018 with early adoption permitted. 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.

2.4 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Basis of consolidation (cont'd.)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Basis of consolidation (cont'd.)

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.

2.5 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.5 Foreign currencies (cont'd.)

(b) Foreign currency transactions (cont'd.)

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	3 – 10 years

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.6 Property, plant and equipment (cont'd.)

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.

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

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.

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.8 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 2015 and 2014.

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 2015 and 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.8 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 2015 and 2014.

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.)

2.8 Financial instruments – initial recognition and subsequent measurement (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement (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.)

2.8 Financial instruments – initial recognition and subsequent measurement (cont'd.)

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

Financial assets carried at amortised cost

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.)

2.8 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 2015 and 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.8 Financial instruments – initial recognition and subsequent measurement (cont'd.)

(c) Financial liabilities (cont'd.)

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.

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.

2.9 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.9 Impairment of non-financial assets (cont'd.)

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.

2.10 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.

2.11 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.

2.12 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 2.8.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.13 Leases

(a) 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.

(b) As Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit or loss.

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.

2.14 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.

2.15 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.16 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.

(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.

2.17 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.

(a) Freight income

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

(b) Interest income

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

(c) Engineering, procurement, construction, installation and commissioning ("EPCIC") income

Relates to contract revenue arising from the provision of engineering, procurement, construction, installation and commissioning ("EPCIC") of a floating, storage and offloading ("FSO") facility.

As soon as the outcome of EPCIC contract can be estimated reliably, contract revenue and expenses are recognised in the statement of comprehensive income in proportion to the stage of completion of the contact. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to cost incurred to date bears to total estimated costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.18 Income taxes

(a) 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.

(b) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.18 Income taxes(cont'd.)

(b) Deferred tax(cont'd.)

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.

(c) Sales tax

Prior to 1 April 2015, revenues, expenses and assets are recognised net of the amount of sales tax except:

– When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

– When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(d) Goods and Services Tax ("GST")

On and after 1 April 2015, revenues, expenses and assets are recognised net of the amount of GST except:

– when the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or part of the expense item, as applicable; and

– when receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.19 Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

– in the principal market for the asset or liability; or

– in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

– Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

– Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

– Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.20 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 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.21 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.

2.22 Construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue of EPCIC comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.23 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

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.

(a) 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.

(i) Operating lease commitments - the Group as 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. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of leasehold land and third party vessels and so accounts for them as operating leases.

(b) 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 12.

(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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(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.

(iv) Construction contract

The Group recognises construction contract revenue in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs. In making the judgement, the Group evaluates based on reliance on the work of specialists.

A 5% difference in the estimated total construction cost would increase or decrease the Group's profits for the year by RM17,736,908 (2014: Nil).

(v) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(vi) Operating lease commitments - the Group as lessee

The Group has entered into commercial lease on rental of leasehold land and third party vessels. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of leasehold land and third party vessels and so accounts for them as operating leases. A 5% difference in the minimum lease payments would result in approximately RM1,493,842 (2014: RM1,528,804) variance in the loss or profit (net of tax) for the financial year.

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 2015	519,002,373	130,593,780	1,696,912	4,556,134	698,529	364,000	603,435	769,210	658,284,373
Additions	10,166,676	138,135,984	–	1,817,713	–	–	–	115,662	150,236,035
Transfers	230,746,064	(230,746,064)	–	–	–	–	–	–	–
At 31 December 2015	759,915,113	37,983,700	1,696,912	6,373,847	698,529	364,000	603,435	884,872	808,520,408
Accumulated depreciation									
At 1 January 2015	119,919,361	–	263,512	–	358,514	36,400	509,534	498,992	121,586,313
Charge for the year	42,606,939	–	33,939	–	124,156	72,800	25,588	104,369	42,967,791
At 31 December 2015	162,526,300	–	297,451	–	482,670	109,200	535,122	603,361	164,554,104
Net carrying amount									
At 31 December 2015	597,388,813	37,983,700	1,399,461	6,373,847	215,859	254,800	68,313	281,511	643,966,304

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 2014	493,816,110	43,993,929	1,696,912	2,550,460	805,481	–	517,746	698,794	544,079,432
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	698,529	364,000	603,435	769,210	658,284,373
Accumulated depreciation									
At 1 January 2014	106,592,914	–	229,573	–	441,050	–	483,946	423,743	108,171,226
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	–	358,514	36,400	509,534	498,992	121,586,313
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.)

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 2015	525,109,461	140,716,856	1,696,912	599,626	603,435	543,356	669,269,646
Additions	14,054,484	140,423,392	–	–	–	115,662	154,593,538
Transfers	230,746,064	(230,746,064)	–	–	–	–	–
At 31 December 2015	769,910,009	50,394,184	1,696,912	599,626	603,435	659,018	823,863,184
Accumulated depreciation							
At 1 January 2015	121,623,823	–	263,512	299,174	509,534	419,708	123,115,751
Charge for the year	43,354,593	–	33,939	104,375	25,588	77,602	43,596,097
At 31 December 2015	164,978,416	–	297,451	403,549	535,122	497,310	166,711,848
Net carrying amount							
At 31 December 2015	604,931,593	50,394,184	1,399,461	196,077	68,313	161,708	657,151,336

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	706,578	517,746	472,940	564,966,376
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	599,626	603,435	543,356	669,269,646
Accumulated depreciation							
At 1 January 2014	107,134,289	–	229,573	401,490	483,946	367,045	108,616,343
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	299,174	509,534	419,708	123,115,751
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

4. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

(a) Security

Net carrying amount of assets pledged as security for islamic term financing, overdraft and term loan facilities are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Vessels	597,388,813	399,083,012	604,931,593	403,485,638
Vessels under construction	37,983,700	130,593,780	50,394,184	140,716,856
	635,372,513	529,676,792	655,325,777	544,202,494

(b) Assets held under finance lease

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM150,236,035 (2014: RM127,538,106) and RM154,593,538 (2014: RM117,636,435) respectively of which RM273,000 (2014: RM451,000) and RM Nil (2014: RM87,000) 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 RM682,387 (2014: RM605,754) and RM154,587 (2014: RM238,591) respectively.

(c) Borrowing costs

Included in vessels under construction of the Group and of the Company is interest capitalised for the year of RM2,342,330 (2014: RM2,005,997).

5. INVESTMENT IN A SUBSIDIARY

	Company	
	2015 RM	2014 RM
At cost:		
Unquoted shares	2,500,000	2,500,000

Name of subsidiary	Country of incorporated	Principal activities	Effective ownership interest 2015 %	2014 %
Johor Shipyard and Engineering Sdn. Bhd.*	Malaysia	Shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy	100	100

• Audited by Ernst &Young Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd.)

6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade[a]				
Non-current				
Finance lease receivable[b]	2,370,057	3,207,081	2,370,057	3,207,081
Current				
Finance lease receivable[b]	1,027,786	2,202,668	1,027,786	2,202,668
Trade receivables	100,201,915	33,605,775	100,201,915	33,590,136
Less: Allowance for impairment	(23,320,971)	(3,027,471)	(23,320,971)	(3,027,471)
Amount due from contract customer[c]	168,801,534	–	168,801,534	–
	249,080,321	35,988,053	249,080,321	35,972,414
Non-trade				
Current				
Other receivables	3,082,591	3,962,750	2,339,716	3,962,750
Amount due from holding company	–	146,250	–	146,250
Downpayment for the purchase of asset	–	20,272,281	–	20,272,281
Deposits	1,357,340	277,223	1,325,711	265,594
Prepayments	790,180	732,406	770,180	732,406
	5,230,111	25,390,910	4,435,607	25,379,281
Total trade and other receivables – Current	251,940,375	58,171,882	251,145,871	58,144,614
Total trade receivables – Non-current	2,370,057	3,207,081	2,370,057	3,207,081
Add: Short term deposits	52,405,320	–	52,405,320	–
Add: Cash, bank balances and deposits	33,029,711	64,417,206	27,611,723	61,496,018
Less: Prepayments	(790,180)	(732,406)	(770,180)	(732,406)
Less: Downpayment for the purchase of asset	–	(20,272,281)	–	(20,272,281)
Total loans and receivables	338,955,283	104,791,482	332,762,791	101,843,026

(a) The Group's and the Company's significant concentration of credit risks are in the form of three (2014: one) major customers which constitute approximately 78% (2014: 53%) of the total trade receivables respectively. There are no other customers which represent more than 10% of the total balance of trade receivables.

6. TRADE AND OTHER RECEIVABLES (cont'd.)

(b) 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:

	Group and Company	
	2015 RM	2014 RM
Future minimum lease payment:		
Not later than 1 year	1,924,761	3,323,500
Later than 1 year but not later than 5 years	3,023,000	4,757,000
Total minimum lease payments	4,947,761	8,080,500
Less: Unearned finance income	(1,549,918)	(2,670,751)
Present value of minimum lease payment	3,397,843	5,409,749
Present value of minimum lease payment:		
Not later than 1 year	1,027,786	2,202,668
Later than 1 year but not later than 5 years	2,370,057	3,207,081
	3,397,843	5,409,749

(c) Amount due from contract customer

	Group and Company	
	2015 RM	2014 RM
Construction contract costs incurred to date	279,588,520	–
Attributable profit	75,149,634	–
	354,738,154	–
Less: Progress billings	(185,936,620)	–
Amount due from contract customer	168,801,534	–

7. SHORT TERM DEPOSITS

(a) Short term deposits consist of deposits placed with licensed banks for more than three months but less than one year and are denominated in USD.

(b) Short term deposits placed with licensed banks earn interest at 3% (2014: Nil) per annum and have maturity periods of 182 days.

(c) The short term deposits placed with licensed banks for the Group and the Company are all pledged for bank facilities.

8. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed and security deposits with licensed banks	9,684,939	39,020,891	9,589,939	39,020,891
Cash and bank balances	23,344,772	25,396,315	18,021,784	22,475,127
	33,029,711	64,417,206	27,611,723	61,496,018

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 Datin Hamidah Binti Omar, being the individual shareholder of the Company amounting to RM256,280 (2014: RM248,688). During the financial year, 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% (2014: 3%) per annum and have maturity periods of 30 days (2014: 30 days).

9. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares		Amount	
	2015	2014	2015 RM	2014 RM
Group/Company				
Authorised:				
Balance at beginning and at end				
Ordinary shares of RM0.25 each	800,000,000	800,000,000	200,000,000	200,000,000
Authorised:				
Balance at beginning				
Redeemable Cumulative Convertible Preference Shares ("RCCPS") of RM0.10 each	–	16,000,000	–	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	–	–	–	–
Issued and fully paid:				
Balance at beginning				
Ordinary shares of RM0.25 each	504,000,000	390,000,000	126,000,000	97,500,000
Issued during the year	–	114,000,000	–	28,500,000
Balance at end				
Ordinary shares of RM0.25 each	504,000,000	504,000,000	126,000,000	126,000,000

In the previous 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 ordinary shares issued in the previous financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Share premium

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	43,100,000	–	43,100,000	–
Share premium	–	43,100,000	–	43,100,000
At 31 December	43,100,000	43,100,000	43,100,000	43,100,000

In the previous financial 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.

10. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 and 2014 under the single tier system.

11. LOANS AND BORROWINGS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Secured				
Bank overdraft[a]	3,217,673	3,810,972	3,217,673	3,810,972
Finance lease[c]	207,964	151,117	71,070	66,957
Islamic financing facilities[b]	35,129,902	13,682,736	35,129,902	13,682,736
Islamic financing facility – EPCIC	107,996,967	–	107,996,967	–
Conventional financing facilities[b]	25,109,678	20,799,938	25,109,678	20,799,938
Revolving credit[b]	6,400,000	6,400,000	6,400,000	6,400,000
	178,062,184	44,844,763	177,925,290	44,760,603
Non-current				
Secured				
Finance lease[c]	514,929	454,118	98,051	169,656
Islamic financing facilities[b]	123,339,078	114,531,006	144,591,078	114,531,006
Conventional financing facilities[b]	171,821,954	172,019,824	150,569,954	172,019,824
Revolving credit – EPCIC[b]	107,773,694	–	107,773,694	–
	403,449,655	287,004,948	403,032,777	286,720,486
Total loans and borrowings	581,511,839	331,849,711	580,958,067	331,481,089

(a) Bank overdraft

Bank overdraft is denominated in RM, bear interest at BLR + 0.75% (2014: BLR + 0.75%) and are secured over vessels and vessels under construction (Note 4.1).

11. LOANS AND BORROWINGS (cont'd.)

(b) Islamic financing facilities, Islamic financing facility – EPCIC, conventional financing facilities, revolving credit and revolving credit – EPCIC

The Islamic financing facilities and conventional financing facilities have tenures of 4 to 10 years (2014: 4 to 10 years) which bore interest at the reporting date at rates ranging from 4.00% to 5.24% (2014: 4.00% to 5.24%) per annum. Included in the Islamic financing facilities is a loan denominated in USD amounting to RM94,981,711 (2014: RM35,893,367).

Islamic financing facility – EPCIC is denominated in USD and repayable on demand which bore an interest rate at the reporting date of 4.00% (2014: nil}.

Revolving credit is repayable on demand which bore an interest rate at the reporting date of 4.88% (2014: 4.92%).

Revolving credit – EPCIC is denominated in USD with a tenure of 22 months which bore an interest rate at the reporting date of 4.00% (2014: nil).

Security

The Islamic financing facilities, Islamic financing facility – EPCIC, conventional financing facilities, revolving credit and revolving credit – EPCIC 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 RM 3,235,608 (2014: RM4,317,321) 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;

(v) Legal Assignment of the contract proceeds throughout the financing period to be duly acknowledged by Charterer; and

(vi) Sinking funds built up by deducting each progressive contract proceeds of the EPCIC channelled to the Designated Collection Account ("DCA").

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd.)

11. LOANS AND BORROWINGS (cont'd.)

(c) Finance lease commitments – as lessee

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2015 RM	Interest 2015 RM	Present value of minimum lease payments 2015 RM	Future minimum lease payments 2014 RM	Interest 2014 RM	Present value of minimum lease payments 2014 RM
Group						
Less than one year	248,788	40,824	207,964	182,440	31,323	151,117
Between one and five years	566,963	52,034	514,929	495,444	41,325	454,118
	815,751	92,858	722,893	677,884	72,648	605,235
Company						
Less than one year	77,248	6,178	71,070	76,156	9,199	66,957
Between one and five years	102,742	4,691	98,051	180,525	10,869	169,656
	179,990	10,869	169,121	256,681	20,068	236,613

The Group weighted average effective interest rate as at the reporting date of finance lease liabilities is 3.24% (2014: 3.02%) per annum.

12. DEFERRED TAX LIABILITIES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	(16,672,466)	(12,770,771)	(16,613,136)	(12,741,511)
Recognised in profit or loss	7,274,802	(3,901,695)	7,234,475	(3,871,625)
At 31 December	(9,397,664)	(16,672,466)	(9,378,661)	(16,613,136)

The components and movements of deferred tax assets and liabilities of the Group and of the Company during the financial years prior to offsetting are as follows:

Group

Deferred tax assets:

	Provisions RM	Unused tax losses RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2015	1,391,085	714,250	6,023,814	8,129,149
Recognised in profit or loss	7,386,782	5,339	12,968,929	20,361,050
At 31 December 2015	8,777,867	719,589	18,992,743	28,490,199
At 1 January 2014	656,131	249,486	4,498,222	5,403,839
Recognised in profit or loss	734,954	464,764	1,525,592	2,725,310
At 31 December 2014	1,391,085	714,250	6,023,814	8,129,149

Deferred tax liabilities:

	Property, plant and equipment RM
At 1 January 2015	(24,801,615)
Recognised in profit or loss	(13,086,248)
At 31 December 2015	(37,887,863)
At 1 January 2014	(18,174,610)
Recognised in profit or loss	(6,627,005)
At 31 December 2014	(24,801,615)

12. DEFERRED TAX LIABILITIES (cont'd.)

The components and movements of deferred tax assets and liabilities of the Group and of the Company during the financial years prior to offsetting are as follows: (cont'd.)

Company

Deferred tax assets:

	Provisions RM	Unused tax losses RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2015	1,391,085	714,250	6,023,814	8,129,149
Recognised in profit or loss	7,386,782	5,339	12,968,929	20,361,050
At 31 December 2015	8,777,867	719,589	18,992,743	28,490,199
At 1 January 2014	656,131	249,486	4,498,222	5,403,839
Recognised in profit or loss	734,954	464,764	1,525,592	2,725,310
At 31 December 2014	1,391,085	714,250	6,023,814	8,129,149

Deferred tax liabilities:

	Property, plant and equipment RM
At 1 January 2015	(24,742,285)
Recognised in profit or loss	(13,126,575)
At 31 December 2015	(37,868,860)
At 1 January 2014	(18,145,350)
Recognised in profit or loss	(6,596,935)
At 31 December 2014	(24,742,285)

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade				
Trade payables[(a)]	65,852,689	34,312,308	64,313,861	31,328,043
Amount due to a subsidiary[(b)]	–	–	2,782,270	6,976,948
Freight income received in advance	–	5,799,469	–	5,799,469
	65,852,689	40,111,777	67,096,131	44,104,460
Non-trade				
Amount due to				
– ultimate holding company[(b)]	104,500	–	104,500	–
– immediate holding company[(b)]	702,716	–	702,716	–
Amount due to shareholders	–	62,863	–	62,863
Other payables and accrued expenses	14,952,469	2,808,686	14,149,218	2,292,850
	15,759,685	2,871,549	14,956,434	2,355,713
Total trade and other payables	81,612,374	42,983,326	82,052,565	46,460,173
Add: Loans and borrowings	581,511,839	331,849,711	580,958,067	331,481,089
Less: Freight income received in advance	–	(5,799,469)	–	(5,799,469)
Provisions	(5,986,164)	(1,324,315)	(5,732,589)	(1,186,648)
Total financial liabilities carried at amortised cost	657,138,049	367,709,253	657,278,043	370,955,145

(a) Trade payables

Credit terms of trade payables granted to the Group vary from 30 to 90 days (2014: 30 to 90 days)

(b) Amount due to a subsidiary, ultimate holding company and immediate holding company

The amounts due to a subsidiary, ultimate holding company and immediate holding company are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd.)

14. REVENUE

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Freight income	194,312,932	155,657,423	194,312,932	155,657,423
EPCIC income	354,738,153	–	354,738,153	–
	549,051,085	155,657,423	549,051,085	155,657,423

15. COST OF SALES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cost of services	138,747,622	109,609,281	138,747,622	109,609,281
EPCIC cost	279,588,520	–	279,588,520	–
	418,336,142	109,609,281	418,336,142	109,609,281

16. FINANCE COSTS

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Interest/profit expense incurred on:				
– Bank overdraft	268,131	263,788	268,131	263,788
– Finance leases	28,758	48,113	10,291	11,312
– Interest on advances from immediate holding company	–	512,682	–	512,682
– Conventional and Islamic financing	17,412,319	15,312,990	17,412,319	15,312,990
– Revolving credit	334,722	191,063	334,722	191,063
	18,043,930	16,328,636	18,025,463	16,291,835
Less: Interest expense capitalised in plant and equipment (Note 4 (c))	(2,342,330)	(2,005,997)	(2,342,330)	(2,005,997)
	15,701,600	14,322,639	15,683,133	14,285,838

17. PROFIT BEFORE TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration	200,000	160,000	150,000	130,000
Depreciation on property, plant and equipment	42,967,791	25,012,856	43,596,097	26,097,177
Allowance for impairment losses of trade receivables	21,934,806	3,171,971	21,934,806	3,171,971
Reversal of impairment loss on trade receivables	(1,641,306)	(1,602,592)	(1,641,306)	(1,602,592)
Realised foreign exchange (gain)/loss	(1,910,587)	15,597	(1,992,327)	(76,692)
Unrealised foreign exchange loss	23,654,371	–	23,656,220	–
Rental of office equipment	16,860	14,876	16,860	14,876
Rental of staff quarters	48,000	48,000	48,000	48,000
Rental of office	80,613	108,527	80,613	108,527
Rental of shipyard	210,000	199,500	–	–
Personnel expenses (including key management personnel):				
– Wages, salaries and others	36,547,391	18,944,207	35,348,103	18,056,531
– Contributions to Employees Provident Fund	4,073,321	2,000,086	3,891,152	1,877,068
Insurance recoveries	(425,986)	(1,117,768)	(425,986)	(1,117,768)
Interest on fixed deposits	(1,198,768)	(878,384)	(1,198,768)	(878,384)
Interest on finance lease receivable	(1,123,182)	(1,284,819)	(1,123,182)	(1,284,819)
Loss on disposal of property, plant and equipment	–	12,886	–	12,886
Management fee charged to a subsidiary	–	–	(500,000)	(500,000)

18. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group and Company	
	2015 RM	2014 RM
Executive:		
Salaries and other emoluments	554,000	552,00
Fees	50,000	30,000
Bonus	120,000	120,000
Defined contribution plan	50,400	89,370
Total executive directors' remuneration (excluding benefits-in-kind)	774,400	791,370
Estimated money value of benefits-in-kind	20,943	2,300
Total executive directors' remuneration (including benefits-in-kind)	795,343	793,670
Non-executive:		
Fees	375,000	199,999
Other emoluments	23,100	17,200
Total non-executive directors' remuneration	398,100	217,199
Total directors' remuneration	1,193,443	1,010,869

The number of Directors of the Company whose total remuneration during the financial years fell within the fiollowing bands is analysed below:

	Group and Company	
	2015 RM	2014 RM
Executive Director		
– RM 750,001 to RM 800,000	1	1
Non-executive Directors*:		
– RM75,000 and below	7	10
– RM75,001 to RM80,000	1	–

* 2014: Including three directors who retired on 17 October 2014 and 15 April 2014 respectively.

19. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Income tax:				
– Malaysian income tax	20,279,848	1,549,191	19,643,654	15,009
– Under provision in respect of previous financial years	11,154	1,922	–	1,922
	20,291,002	1,551,113	19,643,654	16,931
Deferred tax (Note 12):				
– Relating to (reversal)/origination of temporary differences	(3,276,085)	4,482,663	(3,276,202)	4,452,593
– Over provision in respect of previous financial years	(3,998,717)	(580,968)	(3,958,273)	(580,968)
	(7,274,802)	3,901,695	(7,234,475)	3,871,625
Income tax expense recognised in profit or loss	13,016,200	5,452,808	12,409,179	3,888,556

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 financial years ended 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	50,757,204	19,686,580	52,869,180	20,803,242
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	12,689,301	4,921,645	13,217,295	5,200,811
Non-deductible expenses	4,314,462	2,950,634	3,150,157	1,107,217
Tax exempt income	–	(1,840,425)	–	(1,840,425)
(Over)/under provision in respect of previous financial years				
– deferred tax	(3,998,717)	(580,968)	(3,958,273)	(580,968)
– tax expense	11,154	1,922	–	1,922
	13,016,200	5,452,808	12,409,179	3,888,556

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 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.

19. INCOME TAX EXPENSE (cont'd.)

The following unused tax losses and unabsorbed capital allowances are available for offsetting against future taxable profits of the Group, subject to approval from the tax authority of the country in which the losses originate:

	Group	
	2015 RM	2014 RM
Unused tax losses	–	2,878,358
Unabsorbed capital allowances	75,970,970	35,113,564

20. DIVIDEND

	Dividends recognised in financial year Group and Company	
	2015 RM	2014 RM
Dividends on ordinary shares:		
In respect of the financial year ended 31 December 2015		
An interim single tier dividend of 1.25 sen per ordinary share on 504,000,000 ordinary shares	6,300,000	–
In respect of the financial year ended 31 December 2014		
A final dividend of 1.00 sen per ordinary share on 504,000,000 ordinary shares	5,040,000	–
	11,340,000	–

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2015, of 1.0 sen per ordinary share of RM0.25 each on 504,000,000 ordinary shares amounting to RM5,040,000 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 2016.

21. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue (net of treasury shares) during the financial year.

	Group	
	2015 RM	2014 RM
Profit for the financial year attributable to owners of the parent (RM)	37,741,004	14,233,772
Weighted average number of ordinary shares in issue	504,000,000	504,000,000
Basic earnings per share (sen)	7.49	2.82

21. EARNINGS PER SHARE (cont'd.)

The Group has no potential ordinary shares in issue as at financial year end and therefore, diluted earnings per share has not been presented.

There have been no other transactions involving ordinary shares or potential shares since the reporting date and before the completion of these financial statements.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Carrying amount				
Finance lease receivable (non-current)	2,370,057	3,207,081	2,370,057	3,207,081
Fixed rate loans and borrowings (non-current)	37,345,796	47,421,746	37,345,796	47,421,746
Fair value				
Finance lease receivable (non-current)	3,023,000	4,757,000	3,023,000	4,757,000
Fixed rate loans and borrowings (non-current)	44,401,388	50,976,879	44,401,388	50,976,879

The fair values of non-current finance lease receivables, fixed rate loans and borrowings are estimated by discounting expected future cash flows at the 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

	Level 1 RM	Level 2 RM	Level 3 RM
31 December 2015			
Finance lease receivables	–	3,023,000	–
Fixed rate loans and borrowings	–	(44,401,388)	–
31 December 2014			
Finance lease receivables	–	4,757,000	–
Fixed rate loans and borrowings	–	(50,976,879)	–

22. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

(iii) Fair value by classes that are not carried at fair value whose carrying amounts are reasonable approximation of fair values:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Carrying amount				
Trade and other receivables (current)				
– Trade receivables	76,880,944	30,578,304	76,880,944	30,562,665
– Amount due from contract customer	168,801,534	–	168,801,534	–
– Other receivables	3,082,591	3,962,750	2,339,716	3,962,750
– Deposits	1,357,340	277,223	1,325,711	265,594
– Finance lease receivables	1,027,786	2,202,668	1,027,786	2,202,668
– Amount due from holding company	–	146,250	–	146,250
Cash, bank balances and deposits	33,029,711	64,417,206	27,611,723	61,496,018
Short term deposits	52,405,320	–	52,405,320	–
Fixed rate loans and borrowings (current)	5,889,284	19,453,0715,	5,335,512	19,084,449
Floating rate loans and borrowings (current and non-current)	538,276,759	264,974,894	538,276,759	264,974,894
Trade and other payables (current)	75,626,210	35,859,542	76,319,976	39,474,056

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.

23. 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.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(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 (2014: 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.

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
Group			
2015			
Not past due	214,740,613	–	214,740,613
Past due 30 – 59 days	27,945,444	–	27,945,444
Past due 60 – 89 days	6,909,981	(515,717)	6,394,264
Past due more than 90 days	22,805,254	(22,805,254)	–
	272,401,292	(23,320,971)	249,080,321
Company			
2015			
Not past due	214,740,613	–	214,740,613
Past due 30 – 59 days	27,945,444	–	27,945,444
Past due 60 – 89 days	6,909,981	(515,717)	6,394,264
Past due more than 90 days	22,805,254	(22,805,254)	–
	272,401,292	(23,320,971)	249,080,321

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(a) Credit risk (cont'd)

Exposure to credit risk (cont'd)

	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
	31,792,669	(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
	29,559,954	(3,027,471)	35,972,414

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 2015 RM	2014 RM
Trade receivables – nominal amounts	36,514,483	21,408,129
Less: Allowance for impairment	(23,320,971)	(3,027,471)
	13,193,512	18,380,658

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.

23. 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:

	Group and Company	
	2015 RM	2014 RM
At 1 January	3,027,471	1,458,092
Reversal of impairment loss	(1,641,306)	(1,602,592)
Charge for the financial year	21,934,806	3,171,971
At 31 December	23,320,971	3,027,471

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 RM34,339,708 (2014: RM21,438,109) and RM34,339,708 (2014: RM21,422,470) 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.

23. 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	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
Group							
2015							
Islamic financing facilities							
Bai Bithaman Ajil Financing	39,294,514	6.75%	47,369,888	8,359,392	8,359,392	25,078,176	5,572,928
Commodity Murabahah	202,978,678	COF+2.5%	212,922,650	138,096,003	26,737,465	48,089,182	–
Musharakah Mutanaqisah	24,192,755	4.91%-5.25%	27,375,929	6,048,660	6,048,660	15,278,609	–
Conventional financing facilities							
Conventional term loan	196,931,632	4.00%-5.11%	225,057,759	39,568,844	45,186,752	98,311,329	41,990,835
Others							
Revolving credit	6,400,000	COF+1.5%	6,400,000	6,400,000	–	–	–
Revolving credit – EPCIC	107,773,694	COF+2.5%	110,155,875	–	110,155,875	–	–
Finance lease liabilities	722,893	6.32%	815,750	248,788	212,497	354,466	–
Bank overdraft	3,217,673	6.45%	3,217,673	3,217,673	–	–	–
Trade and other payables	75,626,210	–	75,626,210	75,626,210	–	–	–
	657,138,049		708,941,735	277,565,570	196,700,640	187,111,762	47,563,763

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
Company							
2015							
Islamic financing facilities							
Bai Bithaman Ajil Financing	39,294,514	6.75%	47,369,888	8,359,392	8,359,392	25,078,176	5,572,928
Commodity Murabahah	202,978,678	COF+2.5%	212,922,650	138,096,003	26,737,465	48,089,182	–
Musharakah Mutanaqisah	24,192,755	4.91%-5.25%	27,375,929	6,048,660	6,048,660	15,278,609	–
Conventional financing facilities							
Conventional term loan	196,931,632	4.00%-5.11%	231,457,759	45,968,844	45,186,752	98,311,329	41,990,835
Others							
Revolving credit	6,400,000	COF+1.5%	6,400,000	6,400,000	–	–	–
Revolving credit – EPCIC	107,773,694	COF+2.5%	110,155,875	–	110,155,875	–	–
Finance lease liabilities	169,121	6.32%	179,990	77,248	49,320	53,422	–
Bank overdraft	3,217,673	6.45%	3,217,673	3,217,673	–	–	–
Trade and other payables	76,319,976	–	76,319,976	76,319,976	–	–	–
	657,278,043		715,399,740	284,487,796	196,537,463	186,810,718	47,563,763

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Contractual 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	COF+2.5%	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	192,819,762	4.83%-7.38%	224,291,439	41,177,614	40,400,083	91,382,567	51,331,175
Others							
Revolving credit	6,400,000	COF+1.5%	6,400,000	6,400,000	–	–	–
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	35,859,542	–	35,859,542	35,859,542	–	–	–
	367,709,253		418,191,269	127,625,490	75,459,643	143,276,433	71,829,703

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
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	COF+2.5%	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	192,819,762	4.83%-7.38%	223,586,593	42,511,390	36,559,482	92,094,828	52,420,893
Others							
Revolving credit	6,400,000	COF+1.5%	6,400,000	6,400,000	–	–	–
Finance lease liabilities	236,613	4.68%-6.32%	256,681	76,156	76,156	104,369	–
Bank overdraft	3,810,972	–	3,810,972	3,810,972	–	–	–
Trade and other payables	39,474,056	–	39,474,056	39,474,056	–	–	–
	370,955,145		420,679,734	132,467,496	71,512,758	143,780,059	72,919,421

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(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 United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EURO") and Japanese Yen ("JPY").

Exposure to foreign currency risk

	Denominated in			
	USD RM	SGD RM	EURO RM	JPY RM
Group				
2015				
Trade and other receivables	56,954,419	129,317	–	–
AFS financial investments	52,405,320	–	–	–
Cash, bank balances and deposits	11,551,742	–	–	–
Trade and other payables	(44,649,067)	(3,261,742)	(447,930)	(3,488,316)
Loans and borrowings	(310,752,392)	–	–	–
Net exposure	(234,489,978)	(3,132,425)	(447,930)	(3,488,316)
Company				
2015				
Trade and other receivables	56,954,419	–	–	–
AFS financial investments	52,405,320	–	–	–
Cash, bank balances and deposits	11,551,742	–	–	–
Trade and other payables	(44,649,067)	(2,808,973)	(447,930)	(3,488,316)
Loans and borrowings	(310,752,392)	–	–	–
Net exposure	(234,489,978)	(2,808,973)	(447,930)	(3,488,316)
Group				
2014				
Trade and other receivables	14,008,652	–	–	–
Trade and other payables	(1,300,995)	(2,422,488)	(5,654)	(484,146)
Net exposure	12,707,657	(2,422,488)	(5,654)	(484,146)
Company				
2014				
Trade and other receivables	14,008,652	–	–	–
Trade and other payables	(1,300,995)	(1,722,691)	(5,654)	(484,146)
Net exposure	12,707,657	(1,722,691)	(5,654)	(484,146)

23. 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 2015 RM	Profit or loss 2014 RM
Group		
USD/RM		
– strengthened 10% (2014: 10%)	(17,586,748)	953,074
– weakened 10% (2014: 10%)	17,586,748	(953,074)
SGD/RM		
– strengthened 10% (2014: 10%)	(234,932)	(181,687)
– weakened 10% (2014: 10%)	234,932	181,687
EURO/RM		
– strengthened 10% (2014: 10%)	(33,595)	(424)
– weakened 10% (2014: 10%)	33,595	424
JPY/RM		
– strengthened 10% (2014: 10%)	(261,624)	(36,311)
– weakened 10% (2014: 10%)	261,624	36,311
Company		
USD/RM		
– strengthened 10% (2014: 10%)	(17,586,748)	953,074
– weakened 10% (2014: 10%)	17,586,748	(953,074)
SGD/RM		
– strengthened 10% (2014: 10%)	(210,673)	(129,202)
– weakened 10% (2014: 10%)	210,673	129,202
EURO/RM		
– strengthened 10% (2014: 10%)	(33,595)	(424)
– weakened 10% (2014: 10%)	33,595	424
JPY/RM		
– strengthened 10% (2014: 10%)	(261,624)	(36,311)
– weakened 10% (2014: 10%)	261,624	36,311

23. 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	
	2015 RM	2014 RM
Fixed rate instruments		
Financial assets	65,488,102	44,430,640
Financial liabilities	43,235,080	66,874,817
Floating rate instruments		
Financial liabilities	538,276,759	264,974,894

	Company	
	2015 RM	2014 RM
Fixed rate instruments		
Financial assets	65,488,102	44,430,640
Financial liabilities	42,681,308	66,506,195
Floating rate instruments		
Financial liabilities	538,276,759	264,974,894

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(d) Interest rate riskk (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		
2015		
Floating rate instruments	(4,037,076)	4,037,076
Group and Company		
2014		
Floating rate instruments	(2,649,749)	2,649,749

24. 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 2015 and 31 December 2014.

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.

24. CAPITAL MANAGEMENT (cont'd.)

The Group and the Company are not subject to any externally imposed capital requirements.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Loans and borrowings	581,511,839	331,849,711	580,958,067	331,481,089
Trade and other payables	75,626,210	35,859,542	76,319,976	39,474,056
Less: Cash, bank balances and deposits	(33,029,711)	(64,417,206)	(27,611,723)	(61,496,018)
Short term deposits	(52,405,320)	–	(52,405,320)	–
Net debt	571,703,018	303,292,047	577,261,000	309,459,127
Equity attributable to the owners of the parent	296,267,431	269,866,427	306,508,749	277,388,748
Capital and net debt	867,970,449	573,158,474	883,769,749	586,847,875
Gearing ratio	66%	53%	65%	53%

25. RELATED PARTIES DISCLOSURES

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	
	2015 RM	2014 RM	2015 RM	2014 RM
Holding company				
Kulim Malaysia Berhad				
– Internal audit services fee	104,500	–	104,500	–
Sindora Berhad				
– Interest on advances	–	512,682	–	512,682
– Consulting fee	–	10,000	–	10,000
– Guarantee fee	848,464	–	848,464	–
– Travelling expenses	501	–	501	–
Subsidiary				
Johor Shipyard and Engineering Sdn. Bhd				
– Management fee	–	–	(500,000)	(500,000)

25. RELATED PARTIES DISCLOSURES (cont'd.)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Shareholders				
Dato' Ir Abdul Hak bin Md Amin				
– Interest on advances	–	235,122	–	235,122
Datin Hamidah binti Omar				
– Rental paid	81,000	48,000	81,000	48,000
– Interest on advances	–	160,630	–	160,630
Other related parties				
Pro Corporate Management Services Sdn Bhd*				
– Secretarial costs	89,437	33,779	82,747	28,972
– Initial public offering costs	153,524	–	153,524	–
Tiram Travel Sdn. Bhd.*				
– Travelling expenses	105,357	290,746	105,357	290,746
Berkat Global Sdn. Bhd.**				
– Survey fees/Material supply	42,507	341,810	42,507	79,110
EPASA Shipping Agency Sdn. Bhd.***				
– Shipping agency fee	52,274	212,641	52,274	212,641

* 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 13.

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 18.

26. COMMITMENTS

	Group and Company 2015 RM	2014 RM
(a) Vessels under construction		
Contracted but not provided for	52,447,641	182,223,529
(b) Shipyard under construction		
Approved but not contracted for	4,376,783	6,194,496

(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 2015 RM	2014 RM
Not later than 1 year	406,204,652	142,742,105
Later than 1 year and not later than 5 years	998,598,058	615,787,848
Later than 5 years	318,261,131	257,177,400
	1,723,063,841	1,015,707,353

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 14.

The Group as 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.

26. COMMITMENTS (cont'd.)

(c) Operating lease arrangements (cont'd.)

The Group and the Company as lessor (cont'd.)

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Not later than 1 year	32,137,856	32,559,864	31,927,856	32,391,864
Later than 1 year and not later than 5 years	19,973,819	20,454,268	19,111,944	19,602,893
Later than 5 years	2,806,253	3,236,753	–	–
	54,917,928	56,250,885	51,039,800	51,994,757

27. SIGNIFICANT EVENT

Transaction pending completion

On 14 December 2015, the Company has entered into a conditional Joint-Venture & Shareholders' Agreement ("Agreement") with MTC Engineering Sdn Bhd ("MTCE") to, inter-alia, subscribe in the equity of EAT MTC Floating Services Sdn. Bhd ("EMF") for the purpose of joint venture on a 73% (the Company) : 27% (MTCE) basis ("Proposed Joint-Venture"). Under the Proposed Joint Venture, EMF will undertake the floating services operation and its related ancillary activities.

28. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has two reportable operating segments as follows:

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

(ii) EPCIC – Relates to contract revenue arising from the provision of engineering, procurement, construction, installation and commissioning ("EPCIC") of a floating, storage and offloading ("FSO") facility.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Group financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

The Group's segmental information is as follows:

	Freight RM	EPCIC RM	Total RM
31 December 2015			
Revenue:			
External customers	194,312,932	354,738,153	549,051,085
Results:			
Segment profit/(loss)	20,413,514	43,723,340	64,136,854
Finance income			2,321,950
Finance costs			(15,701,600)
Profit before tax			50,757,204
Total assets	785,619,756	198,092,011	983,711,767
Total liabilities	456,751,216	230,693,120	687,444,336
Capital expenditure	154,593,538	–	154,593,538
31 December 2014			
Revenue:			
External customers	155,657,423	–	155,657,423
Results:			
Segment profit/(loss)	31,846,016	–	31,846,016
Finance income			2,163,203
Finance costs			(14,322,639)
Profit before tax			19,686,580
Total assets	662,494,229	–	662,494,229
Total liabilities	392,627,802	–	392,627,802
Capital expenditure	117,636,435	–	117,636,435

28. SEGMENT INFORMATION (cont'd.)

There are four external customers (2014: three) who contribute 82% (2014: 62%) or more on total revenues of the Group.

	Group	
	2015 RM	2014 RM
Freight:		
Customer A	47,871,832	49,413,511
Customer B	28,706,234	29,772,104
Customer C	20,990,159	17,496,882
	97,568,225	96,682,497
EPCIC:		
Customer D	354,738,153	–
	452,306,378	96,682,497

29. SUPPLEMENTARY INFORMATION

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015 and 31 December 2014 into realised and unrealised profits/losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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 Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings				
– realised	166,205,630	118,763,208	176,176,219	126,088,532
– unrealised	(39,038,199)	(17,996,781)	(38,767,470)	(17,799,784)
	127,167,431	100,766,427	137,408,749	108,288,748

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 build up area and land area (square feet)	Net book value as at 31 Dec 2015 (RM'000)
E.A. Technique	Setiawangsa Business Suite, Unit C-3A-3A, No. 2, Jalan Setiwangsa 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	9	Built-up: 6,560 Land area: not applicable	1,031
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	11	Built up: 845 Land area: not applicable	157

Tenant	Registered owner	Address	Tenure/ 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 2016 – an extension for 1 year	1-storey office for office use	Built-up: 2,002 Land area: not applicable
E.A. Technique	Kertih Port Sdn Bhd	Lot 3633, (PN 3387) Kawasan Bukit Tengah, KM 105, Jalan Kuantan – Kuala Terengganu	Two (2) years tenancy commencing from 1 September 2014 and expiring on 31 August 2016	Parcel of office/ business premises	Built-up: 331
E.A. Technique	Zainal Bin Abdul Wahab	Unit C-5-3,Block C, Setiwangsa Business Suite, Jalan Setiwangsa 11, Taman Setiwangsa, 50450 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: 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	Option which included but not limited to ship construction, repairs and all such shipyard activities and other related activities.	Built-up: 13,000 Land area: 435,600

SHAREHOLDINGS STATISTICS
AS AT 31 MARCH 2016

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	8	0.82	100	–
100 – 1000	112	11.50	79,700	0.02
1,001 – 10,000	465	47.74	2,700,400	0.54
10,001 – 100,000	260	26.69	8,694,100	1.72
100,001 to less than 5 of Issued Capital	126	12.94	122,525,700	24.31
5 and above of Issued Capital	3	0.31	370,000,000	73.41
TOTAL	974	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)

No.	Name	No. of Shares	% 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	85,900,000	17.04
3	Maybank Secs Noms (T) Sdn Bhd - A/C For Hamidah binti Omar	29,100,000	5.77
4	Citigroup Noms (T) Sdn Bhd - A/C Universal Trustee (Malaysia) Berhad for CIMB-Principal Equity Fund	10,679,900	2.12
5	HSBC Noms (T) Sdn Bhd - A/C HSBC (M) Trustee Bhd for CIMB-Principal Malaysia Equity Fund	7,641,700	1.52
6	Citigroup Noms (A) Sdn Bhd - A/C Exempt An for Citibank New York (Norges Bank 14)	6,097,000	1.21
7	*Cartaban Noms (T) Sdn Bhd* - A/C RHB Trustees Berhad for Manulife Investment Shariah Progressfund	4,611,800	0.92
8	Citigroup Noms (T) Sdn Bhd - A/C Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund	3,984,500	0.79
9	Citigroup Noms (T) Sdn Bhd - A/C Universal Trustee (Malaysia) Berhad for CIMB-Principal Balanced Income Fund	3,594,700	0.71
10	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad For Manulife Investment CM Shariah Flexi FD (270785)	3,401,400	0.67
11	Mahpoz bin Hamid	2,950,000	0.59
12	Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board (PHEIM)	2,879,200	0.57
13	AmanahRaya Trustees Berhad - A/C CIMB Islamic Equity Aggressive Fund	2,661,600	0.53
14	Citigroup Noms (T) Sdn Bhd - A/C Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)	2,654,100	0.53
15	Citigroup Noms (T) Sdn Bhd - A/C Kumpulan Wang Persaraan (Diperbadankan) (AFFIN HWNG SM CF)	2,266,000	0.45
16	AmanahRaya Trustees Berhad - A/C CIMB Principal Equity Aggressive Fund 1	2,196,200	0.44
17	AmanahRaya Trustees Berhad - A/C CIMB Principal Equity Growth & Income Fund	2,192,800	0.44

SHAREHOLDINGS STATISTICS
AS AT 31 MARCH 2015 (cont'd.)

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

No.	Name	No. of Shares	% of Shares
18	DB (M) Nom (T) Sendirian Berhad - A/C Deutsche Trustees Malaysia Berhad for Hong Leong Penny Stockfund	2,110,000	0.42
19	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad For RHB Capital Fund (200189)	2,000,000	0.40
20	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	1,958,400	0.39
21	DB (M) Nom (T) Sendirian Berhad - A/C Deutsche Trustees Malaysia Berhad For Hong Leong Growth Fund	1,900,000	0.38
22	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for CIMB-Principal Equity Aggressivefund 3 (980050)	1,796,100	0.36
23	AmanahRaya Trustees Berhad - A/C AMB Dana Aqeel (Capital Protected) - Series 2	1,788,600	0.35
24	DB (M) Nom (T) Sendirian Berhad - A/C Hong Leong Asset Management Berhad for Hong Leong Assurance Berhad (Life-Par Fund ED102)	1,573,200	0.31
25	M & A Nom (T) Sdn Bhd - A/C For Colin Chuah Chin Yu (M&A)	1,500,000	0.30
26	Maybank Noms (T) Sdn Bhd - A/C Etiqa Insurance Berhad (Growth Fund)	1,500,000	0.30
27	HSBC Noms (T) Sdn Bhd - A/C HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (UOB AMM6939-406)	1,480,000	0.29
28	CIMB Islamic Noms (T) Sdn Bhd - A/C CIMB Islamic Trustee Bhd for BIMB I Dividend Fund	1,394,100	0.28
29	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for CIMB-Principal Balanced Fund (980060)	1,334,900	0.26
30	CIMB Group Noms (T) Sdn Bhd - A/C CIMB-Principal Asset Management Berhad for Universiti Malaya (CAFM)	1,332,600	0.26

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Sindora Berhad	255,000,000	50.60	–	–
Maybank Secs Noms (T) Sdn Bhd – A/C For Abdul Hak bin Md Amin	85,900,000	17.04	29,635,000	5.88
Maybank Secs Noms (T) Sdn Bhd – A/C For Hamidah binti Omar	29,100,000	5.77	–	–

DIRECTORS' SHAREHOLDINGS

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Malaysian - Bumiputra	411	42.20	430,925,100	85.50
- Others	547	56.16	65,114,000	12.92
Foreigners	16	1.64	7,960,900	1.58
TOTAL	974	100.00	504,000,000	100.00

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Second (22nd) Annual General Meeting of E.A. Technique (M) Berhad (the "Company") will be held at Mahkota I Ballroom, Level BR, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Wednesday, 18 May 2016 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 financial year ended 31 December 2015. **Resolution 1**

2. To approve the payment of a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2015, of 1.0 sen per Ordinary Share of RM0.25 each, amounting to a dividend payable of RM5,040,000 (1% on 504,000,000 ordinary shares). **Resolution 2**

3. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:

   (i) Dato' Ir. Abdul Hak Md Amin **Resolution 3**

   (ii) Rozan Mohd Sa'at **Resolution 4**

   (iii) Md Tamyes Hj A.Rahim **Resolution 5**

4. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2015. **Resolution 6**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

6. **SPECIAL BUSINESS**

   To consider and, if thought fit, to pass the following resolutions:

   6.1 **Ordinary Resolution**

   Proposed Authority to Allot and Issue New Ordinary Shares of RM0.25 each in the Company ("Share(s)") Pursuant to Section 132D of the Companies Act, 1965 (the "Act") **Resolution 8**

   "**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 and paid-up 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 of and quotation for the new Shares so issued." (See Note 1 on Explanatory Notes for Special Business below)

6.2 **Ordinary Resolution**

Proposed Renewal of Share Buy-Back Authority **Resolution 9**

"**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 Main Market 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 Shares 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 point in 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 on Explanatory Notes for Special Business below)

7. 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
25 April 2016

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 Act 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 6 concerning remuneration to the NED at the 22nd AGM.

2. Any Director referred to in Resolution 3, 4 and 5, who is a shareholder of the Company shall abstain from voting on the resolution in respect of his election or re-appointment at the 22nd AGM.

Explanatory Notes for Special Business

1. Ordinary Resolution 8 – Proposed Authority to Allot and Issue New Shares Pursuant to Section 132D of the Act

The proposed Ordinary Resolution 8, is proposed 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 8, 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 9 – Proposed Renewal of Share Buy-Back Authority

Ordinary Resolution 9, if passed will enable the Company 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 Share Buy-Back Authority are set out in the Circular to Shareholders of the Company which is despatched together with the Company's Annual Report for the year ended 2015.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Listing Requirement of the Bursa Malaysia

1. Directors who are standing for re-election/re-appointment at the 22nd Annual General Meeting are as follows:-

    (i) Dato' Ir. Abdul Hak Md Amin

    (ii) Rozan Mohd Sa'at

    (iii) Md Tamyes Hj A.Rahim

    Particulars of Directors seeking re-election/re-appointment at the Annual General Meeting are set out below:-

	Resolution 3
Name :	**DATO' IR. ABDUL HAK MD AMIN**
Nationality/Age :	Malaysian/61
Academic/Professional Qualification(s) :	• Bachelor of Science in Marine Engineering – Merchant Marine Academy, Jakarta, Indonesia • Master of Science in Project Engineering – University of Lancaster, United Kingdom • Diploma in Ship Survey – Det Norske Veritas, Oslo, Norway • Certificate of Competency as a Foreign Going Marine Engineer • Professional Engineer registered with Board of Engineers, Malaysia
Present Directorship(s) :	• Member of the Board of Directors of company in E.A. Technique (M) Berhad
Present Appointment(s) :	Managing Director E.A. Technique (M) Berhad
Appointed to the Board of the Company	1 February 2002
	Resolution 4
Name :	**ROZAN MOHD SA'AT**
Nationality/Age :	Malaysian/56
Academic/Professional Qualification(s) :	• Bachelor of Economics (Honours) majoring in Mathematics Statistics from Universiti Kebangsaan Malaysia
Present Directorship(s) :	• Member of the Board of Directors of several other companies within the PIJ Holdings Sdn Bhd
Present Appointment(s) :	Non-Independent Non-Executive Director E.A. Technique (M) Berhad*
Appointed to the Board of the Company	1 January 2007

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Listing Requirement of the Bursa Malaysia (cont'd.)

	Resolution 5
Name :	**MD TAMYES HJ A.RAHIM**
Nationality/Age :	Malaysian/64
Academic/Professional Qualification(s) :	• Bachelor of Science (Honours) Degree, University of Malaya
Present Directorship(s) :	• Yayasan Ansar
Present Appointment(s) :	Independent Non-Executive Director, E.A. Technique (M) Berhad
Appointed to the Board of the Company	15 April 2014

2. The 21st Annual General Meeting of the Company was held at Impiana Hall 2, Level 2, Impiana KLCC Hotel, No. 13, Jalan Pinang, 50450 Kuala Lumpur, Malaysia on Thursday, 21 May 2015 at 12:00 noon.

3. A total of five (5) Board meetings were held during the financial year ended 31 December 2015. Details of attendance of Directors at Board meetings held during the financial year ended 31 December 2015 are as follows:-

	BOD Meeting 17 February 2015	Special BOD Meeting 16 April 2015	BOD Meeting 21 May 2015	BOD Meeting 13 August 2015	BOD Meeting 19 November 2015	% Based on Attendance in Meetings for year 2015
Ahamad Mohamad	√	√	√	√	√	100.0
Dato' Ir. Abdul Hak Md Amin	√	√	√	√	√	100.0
Datuk Anuar Ahmad	√	√	√	√	√	100.0
Datuk Mohd Nasir Ali	×	√	√	√	√	80.0
Rozan Mohd Sa'at	×	√	√	√	√	80.0
Md Tamyes Hj A.Rahim	√	√	√	√	√	100.0
Abdul Azmin Abdul Halim	√	√	√	√	√	100.0
Azli Mohamed	√	√	√	√	√	100.0
Jamaludin Md Ali*	N/A	x	x	√	x	N/A

* Jamaludin Md Ali resigned as Alternate Director to Ahamad Mohamad on 20 January 2016.

MEETING NO.	DATE	VENUE
1 (29th BOD Meeting)	17 February 2015	Meeting Room, EAT Project Management Office, Etiqa Twins, Level 9, Tower 1, No. 11, Jalan Pinang, 54450 Kuala Lumpur
2 (Special BOD Meeting)	16 April 2015	Office of Johor Corporation (Kuala Lumpur), Meeting Room, Level 11, Menara JCorp, No. 249, Jalan Tun Razak, 50400 Kuala Lumpur
3 (30th BOD Meeting)	21 May 2015	Meeting Room, EAT Project Management Office, Etiqa Twins, Level 9, Tower 1, No. 11, Jalan Pinang, 54450 Kuala Lumpu
4 (31st BOD Meeting)	13 August 2015	Office of Johor Corporation (Kuala Lumpur), Meeting Room, Level 11, Menara JCorp, No. 249, Jalan Tun Razak, 50400 Kuala Lumpur
5 (32nd BOD Meeting)	19 November 2015	Office of Johor Corporation (Kuala Lumpur), Meeting Room, Level 11, Menara JCorp, No. 249, Jalan Tun Razak, 50400 Kuala Lumpur

FORM OF PROXY

No. of ordinary shares held	CDS account no. of authorised nominee (i)

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 letter)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us* on my/our* behalf at the 22nd Annual General Meeting of the Company to be held at Mahkota I Ballroom, Level BR, Hotel Istana Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Wednesday, 18 May 2016 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 2015		
2	To approve final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2015, of 1.0 sen per Ordinary Share of RM0.25 each		
3	To re-elect Director – Dato' Ir. Abdul Hak Md Amin		
4	To re-elect Director – Rozan Mohd Sa'at		
5	To re-elect Director – Md Tamyes Hj A.Rahim		
6	To approve payment of Directors' fees		
7	To re-appoint Messrs Ernst & Young as auditors		
8	Authority to allot & issue shares		
9	Proposed Renewal of Share Buy-Back Authority		
	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 ______________ 2016

For appointment of two proxies, percentage of shareholdings to be presented by the proxies:-		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

NOTES:-

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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