E.A. Technique
"the shipping people"

NAVIGATING FORWARD

STEADFAST & UNWAVERING

ANNUAL REPORT 2016

Cover Rationale

This year's theme illustrates our diverse strength as an organisation while we navigate the challenging and competitive landscape to achieve our vision of attaining excellence. The design on the front cover depicts our steadfast commitment and unwavering determination to progressively advance forward profitably with an expansion of our fleet, improvement of services and the forging of alliances to better position the organisation whilst meeting the discerning demands of markets.

INSIDE THIS REPORT

KEY HIGHLIGHTS

Revenue grew to RM591.66 million

+10.28%

EBITDA grew to RM92.20 million

+27.77%

Net Earnings Per Share

RM1.74

Profit Before Taxation increased to RM21.54 million

+36.18%

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.

Last 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 ("FED") project, North Malay Basin.

The Company is involved in the charter of various types of tankers for the transportation and offshore storage of oil & gas, charter of marine support vessels for the provision of port marine services and charter of Offshore Support Vessels ("OSV") in the form of fast crew boats to transport personnel/light cargoes between shore and platform, platform and platform and other offshore facilities.

As at 31 December 2016, the Company operates a total fleet of 44 marine vessels in their portfolio, which comprises nine (9) oil & gas tankers (inclusive of two (2) Floating Storage & Offloading Unit ("FSU/FSO"), three (3) OSVs and 28 marine vessels. Of the total 44 marine vessels that we operate, E.A. Technique owns 40 of these marine vessels. The remaining 4 marine vessels are chartered from external parties.

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
- Security Culture

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

On 22 November 2016, the company has also acquired 100% share of Libra Perfex Precision Sdn Bhd ("Libra"), which has been awarded with the contract for provision of tugboats for the operations of Petronas Floating LNG1 (L) Ltd ("PFLNG1"). Libra has been consolidated as a subsidiary of E.A.Technique for financial year ended 31 December 2016.

CORE BUSINESS

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 & 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 which involve 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 & 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, 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, flarestack, skids and piping systems.

OUR FLEET

AS AT 31 MARCH 2017

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
M.T. Nautica Renggam
M.T. Nautica Pagoh

Offshore Support Vessels (OSV)

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

Charter In Vessels

Kejora 59
Kejora 57
M.T. Lotus Coral
M.T. Summer Coral

Floating Storage Unit/ Offloading (FSU / FSO)

FSU Nautica Muar
M.T. Fios Nautica Tembikai

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 XXVII
M.V. Nautica Tg. Puteri XXVIII
M.V. Nautica Tg. Puteri XXIX
M.V. Nautica Tg. Puteri XXXIII
M.V. Nautica Tg. Puteri XXXIV
M.V. Nautica Tg. Puteri XXXV
M.V. Nautica Tg. Puteri XXXVI
AMAL II

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 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.

2002

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

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 at port marine services for the Sungai Udang LEKAS Regasification Project. Three (3) out of four (4) vessels are chartered in from third parties.

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

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.

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.

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.

2014

Secured a three (3) year contract for 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 USD 191.8 million.

2015

Secured a five (5) year bareboat charter contract with Classic Marine Sdn Bhd for the provision of one (1) unit of 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 harbour tugboats, one (1) unit 40 tonnes bollard pull harbour tugboats and one (1) unit multipurpose mooring boat by Sungai Udang port Sdn Bhd.

2016

Awarded a contract in December 2016 for a Fast Crew Boat with ExxonMobil Exploration and Production Malaysia Inc. ("EMEPMI") for the provision of one (1) 25 knots FCB to support EMEPMI crew change operations.

The vessel "Nautica Tg. Puteri XXX" is delivered in January 2017 and hired for a primary period of seven (7) months with two (2) extension options of one (1) month each exercisable by EMEPMI.

E.A. Technique acquires 100 percent shares of Libra Perfex Precision Sdn Bhd for RM5 million.

MEDIA HIGHLIGHTS

Smooth sailing in rough seas for EA Technique

MD: Earnings growth sustainable even if crude prices stay low

EA Technique dapat kontrak RM26.59 juta

EA Technique (M) Bhd dianugerahi empat kontrak bernilai RM26.59 juta oleh Sungai Udang Port Sdn Bhd. Menerusi kontrak itu, syarikat akan membekal dan mengoperasi dua kapal tunda pelabuhan tarikan tonggak 60 tan, satu kapal tunda pelabuhan tarikan tonggak 40 tan dan satu bot tambatan pelbagai guna.

"Kami menerima surat anugerah untuk kontrak bertarikh 22 Disember 2015 dan memperoleh pengesahan daripada Sungai Udang pada 7 Januari 2016," katanya.

BERNAMA

EA Technique submits bids for a slew of projects

EA Technique (M) Bhd (March 4, RM1.12)

Reiterate buy with a lower target price (TP) of RM1.62: EA Technique (M) Bhd (EA Tech) is one of the final two bidders for a five-year US$110 million (RM446.6 million) local engineering, procurement, construction, installation and commissioning contract (EPCIC).

The group submitted its bid much earlier in 2014, thus implying that the award may be anytime

EATECH sasar RM1.33


submits bids for a slew of projects
EA Tech had recently submitted a bid to supply six harbour tugboats to Johor Port. These tenders are to replace expired contracts previously serviced by foreign vessels (mostly Singapore-flagged). Management sees numerous opportunities for import-substitution of product tankers, and also port vessels in Johor. One of EA Tech's main clients, Petronas Chemicals Group Bhd, is currently served by 12 foreign-flagged product tankers. Given the scarcity of local players in this space, EA Tech stands a high chance of replacing these foreign tankers. Furthermore
RM20 million per annum; (iv) a 20 year offshore and marine contrac for Bergading FSO; (v) two produ tankers for 5+3 years; (vi) 1+2 chem ical tankers for three years — est mated to start from 3Q16; and (v FSO contracts in Southeast Asia.
The Bergading EPCIC contra will provide another bumper year earnings for the group in financ year 2016 (FY16), underpinned a 45% revenue recognition (FY about 40%). Meanwhile, for FY FY18, profits will also receiv boost as 15% of the remaining
Company Name : E.A. Technique (M) Bhd
Date : 08 January 2016
Source : The Edge Markets
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
award dated Dec 22, 2015.
ould be earnings rerating catalyst for EA Technique
TOP 12 STOCK PICKS for 2017
Kerjaya Prospek Group
Sarawak Oil Palms
Kawan Food
E.A. Technique (M)
DG Industries
Kimlun Corp

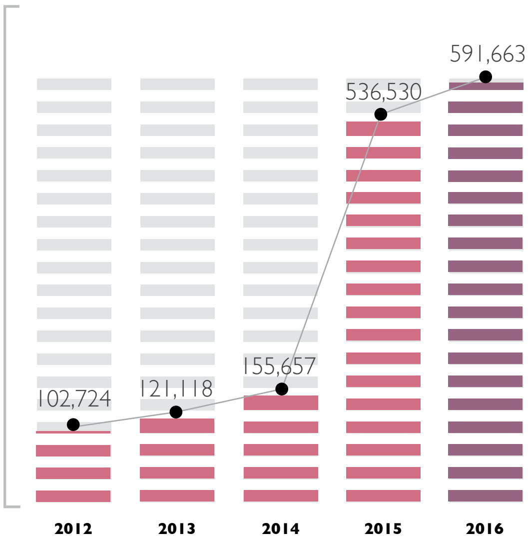
5-YEARS
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December No. Of Months		**2012 12**	**2013 12**	**2014 12**	**2015^ 12**	**2016 12**
Revenue	RM'000	102,724	121,118	155,657	536,530	591,663
Gross Profit (GP)	RM'000	37,111	40,569	46,048	118,194	99,557
GP Margin	%	36.13	33.49	29.58	22.03	16.83
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	53,614	52,428	56,859	72,165	92,201
EBITDA Margin	%	52.19	43.29	36.53	13.45	15.58
Profit Before Taxation (PBT)	RM'000	24,265	21,913 (1)	19,687	15,818	21,541
PBT Margin	%	23.62	18.09(1)	12.65	2.95	3.64
Profit After Taxation (PAT)	RM'000	18,908	19,448 (1)	14,234	11,536	8,778
Net Earnings Per Share (Net EPS)	sen	4.80(2)	5.00(1)(2)	2.82	2.29	1.74
Current Ratio	times	0.42	0.69	1.38	1.12	0.77
Gearing Ratio (3)	times	1.82	1.31	0.99	1.84	1.72

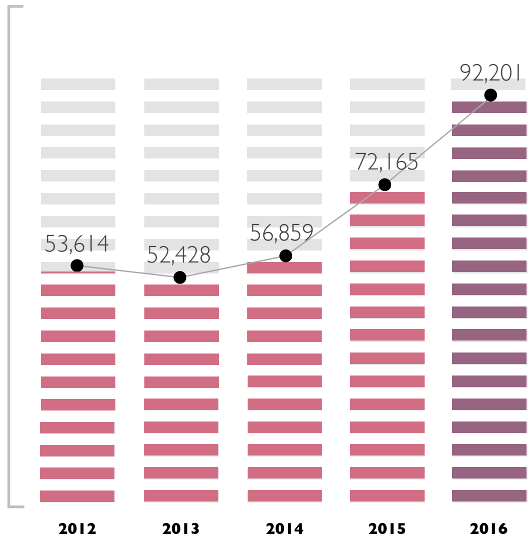
NOTES :

^ FYE 31 December 2015 figures have been restated.
(1) Gain on the disposal of an associate amounting to approximately RM37.5 million was excluded in FYE 31 December 2015.
(2) Based on the issued and paid-up share capital prior to the Listing.
(3) Calculated based on the total borrowings minus the corresponding cash and bank balances and short term deposits divided by the total shareholders' equity.

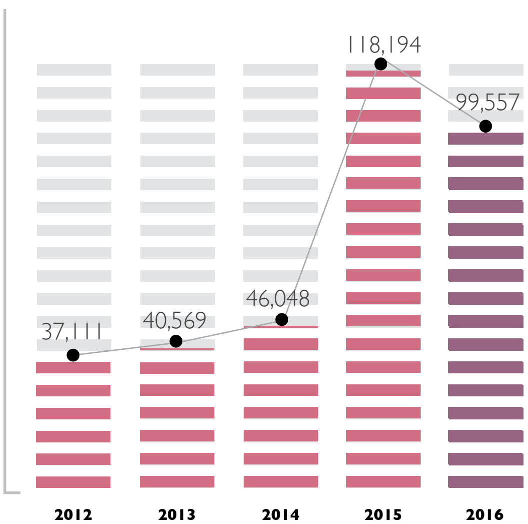
REVENUE
(in RM'000)



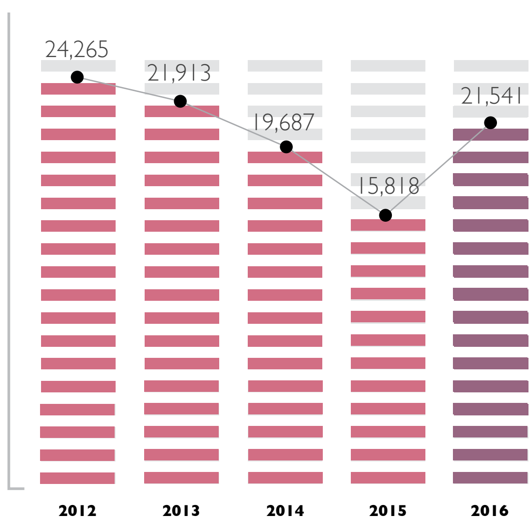
EBITDA
(in RM'000)



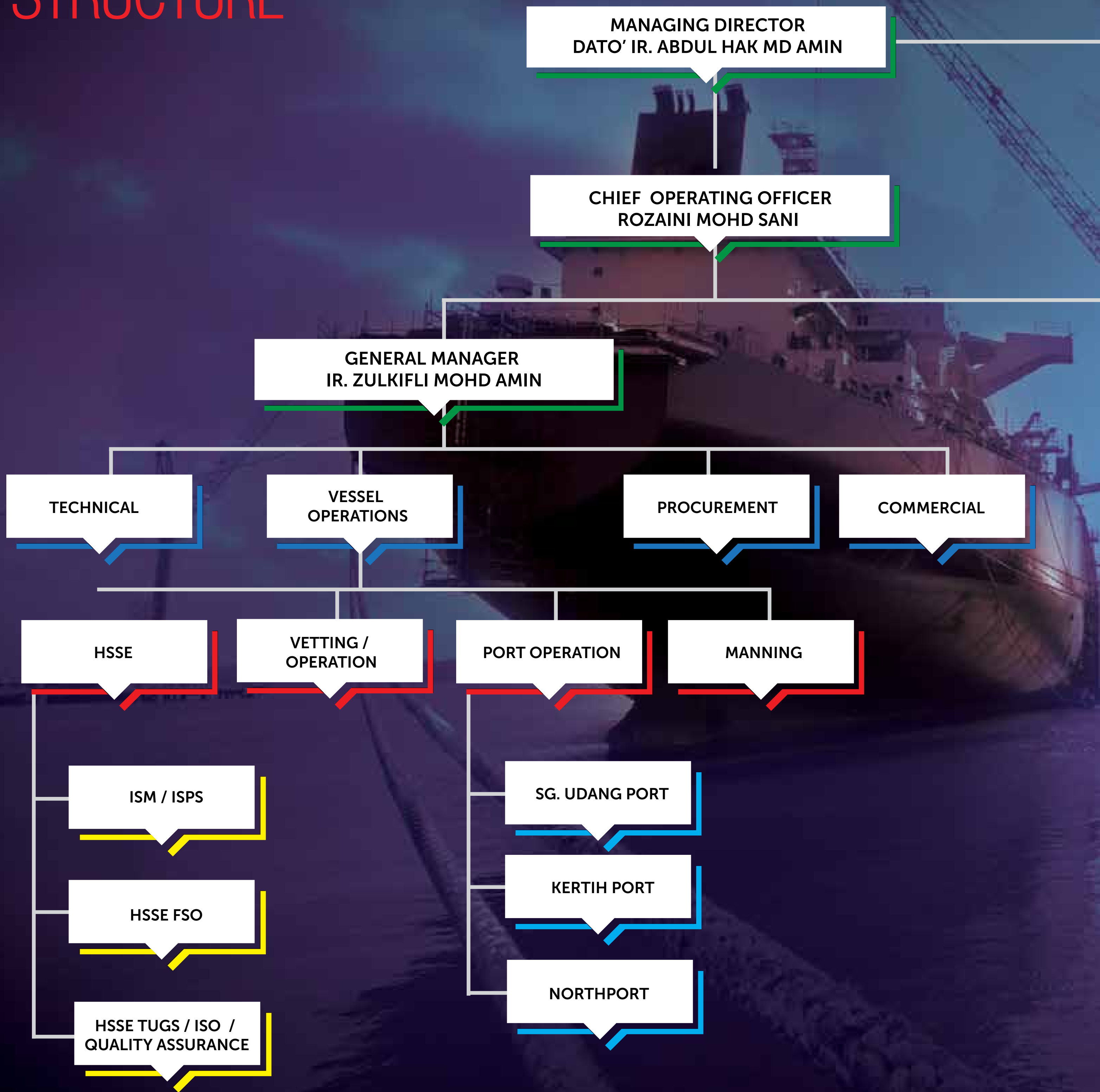
GROSS PROFIT
(in RM'000)

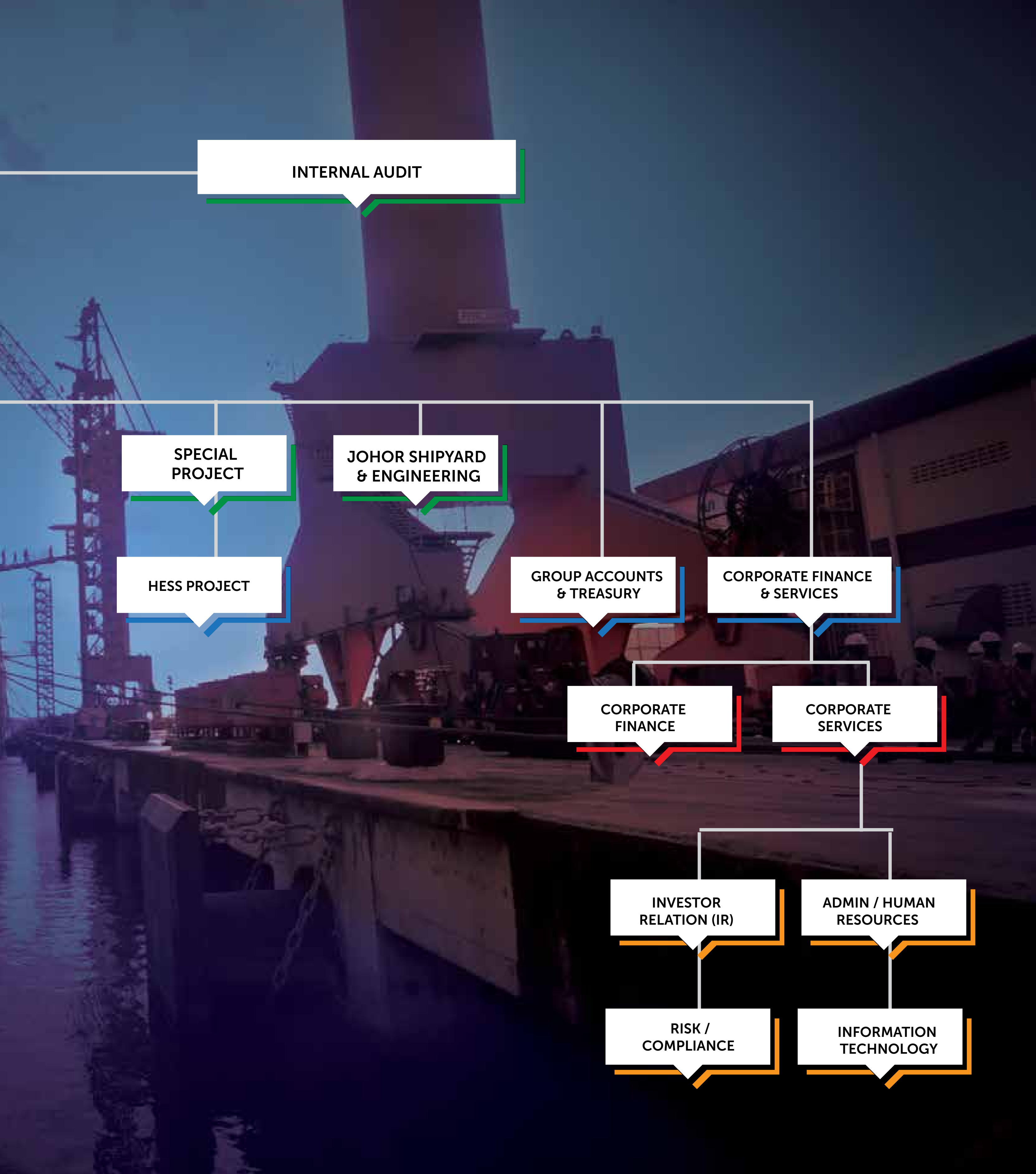


PROFIT BEFORE TAXATION
(in RM'000)



ORGANISATIONAL STRUCTURE




INTERNAL AUDIT
SPECIAL PROJECT
JOHOR SHIPYARD & ENGINEERING
HESS PROJECT
GROUP ACCOUNTS & TREASURY
CORPORATE FINANCE & SERVICES
CORPORATE FINANCE
CORPORATE SERVICES
INVESTOR RELATION (IR)
ADMIN / HUMAN RESOURCES
RISK / COMPLIANCE
INFORMATION TECHNOLOGY

PROFICIENT EXPERTISE

We acknowledge that our greatest assets are our people. Having the right expertise and dedication has allowed us to successfully reach our business goals and has become our competitive strength as we push new boundaries and expand horizons.


SAFETY INDUCTION PASSED
0244

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

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(MAICSA 7067934)

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(MIA 30423)

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Facsimile : 603-4252 2163

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Pro Corporate Management
Services Sdn Bhd
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Johor Bahru City Centre
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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
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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

from left to right:

Datuk Anuar Ahmad
Senior Independent
Non-Executive Director

Ahamad Mohamad
Non-Independent
Non-Executive Chairman

Azli Mohamed
Non-Independent
Non-Executive Director

Abdul Azmin Abdul Halim
Independent
Non-Executive Director

from left to right:

Md Tamyes Hj A. Rahim
Independent
Non-Executive Director

Dato' Ir. Abdul Hak Md Amin
Managing Director

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

Datuk Mohd Nasir Ali
Independent
Non-Executive Director

BOARD OF DIRECTORS PROFILE

Ahamad Mohamad

Non-Independent Non-Executive Chairman

Ahamad Mohamad, a Malaysian aged 63, is our Non-Independent Non-Executive Chairman. He was appointed to our Board on 12 October 2009. He is also the Chairman of our Nomination and Remuneration Committee.

He graduated in 1976 with a Bachelor of Economics (Honours) Degree from the University of Malaya. He joined 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. He served as the Managing Director of Kulim from 30 June 1994 until his retirement on 31 December 2016. He was appointed as Non-Executive Director and Corporate Advisor for Kulim on 1 January 2017. He is also a member of the Board of Directors of KPJ Healthcare Berhad 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 62, 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 63, is our Senior Independent Non-Executive Director. He was appointed to our Board on 15 April 2014. He is the Chairman of our Audit Committee and a member of our Remuneration Committee. He graduated in 1977 with a Bachelor of Economics (Honours) from the London School of Economics and Political Science University of London.

He started his career in 1977 with PETRONAS. 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 a Non-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 58, 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 is also a Director of Amanah Raya Berhad as well as in few other private companies.

Rozan Mohd Sa'at

Non-Independent
Non-Executive Director

Azli Mohamed

Non-Independent
Non-Executive Director

Rozan Mohd Sa'at, a Malaysian aged 57, 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, a Malaysian aged 48, 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 63, 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 65, 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 believe that his past experience in the JCorp Group's business and his proven commitment, experience and competence will greatly benefit our Company.

COMPANY SECRETARIES

SABARUDIN HARUN
Company Secretary

NURALIZA A. RAHMAN
Company Secretary

MANAGEMENT TEAM

from left to right:

Farrah Radziah Abdul Hak
Commercial Manager

Mohd Yusni Razali
Fleet Operation Manager

Dato' Ir. Abdul Hak Md Amin
Managing Director

Norwahida Jaafar
Head of Corporate Finance & Services

Ir. Zulkifli Mohd Amin
General Manager

Mohd Nasir Osman
HSE Manager

from left to right:

Syed Khalil Ur Rehman
Marine Superintendent

Rozaini Mohd Sani
Chief Operating Officer

Amran Omar
Technical Manager

Tajul Asikin Sallehudin
Technical Manager

Mohd Faizul Abdul Hak
Business Development/ Procurement Manager

Che Zal Azilah Che Omar
Head of Group Accounts & Treasury

MANAGEMENT TEAM PROFILE

Dato' Ir. Abdul Hak Md Amin
Managing Director

Age : 62 yrs
Gender : Male
Nationality : Malaysian

Working Experience
- 1976 to 1980 – Marine Engineer, Malaysian International Shipping Corporation Sdn Bhd
- 1981 to 1981 – Project Manager, Malaysian Fisheries Development Authority
- 1981 to 1983 – Mill Engineer, Sime Darby Plantation Berhad
- 1983 to 1983 – Project Engineer, Bank Pembangunan Malaysia Berhad
- 1984 to 1990 – Engineering Surveyor, Det Norske Veritas (Singapore) Pte Ltd
- 1990 to 1990 – Principle Surveyor, Det Norske Veritas (Singapore) Pte Ltd
- 1990 to 2002 – Managing Director, Det Norske Veritas (Singapore) Pte Ltd
- 2002 to Present – Managing Director, E.A. Technique (M) Berhad
- Vice Chairman of Malaysian Shipowners Association (MASA)

Qualification
- BSc in Marine Engineering, Merchant Marine Academy, Jakarta
- MSc in Project Engineering, University of Lancaster, UK
- Diploma in Ship Survey, Det Norske Veritas, Oslo, Norway
- Registered Professional Engineer with the Board of Engineers, Malaysia
- Certificate of Competency as a Foreign Going Marine Engineer
- Member of Australia Asia Committee for Bureau Veritas
- Member of Nippon Kaiji Kyokai Malaysia Committee

Rozaini Mohd Sani
Chief Operating Officer

Age : 43 yrs
Gender : Male
Nationality : Malaysian

Working Experience
- 1995 to 2001 – Assistant Manager, Assurance & Advisory Division, KPMG, Sydney, Australia
- 2001 to 2010 – Various Business & Financial Leadership Roles, Petronas
- 2010 to 2013 – Chief Financial Officer, Petronas Dagangan Berhad
- 2013 to 2014 – Chief Financial Officer, Astro Malaysia Holdings Berhad
- 2014 to 2015 – Vice President, Johor Corporation
- 2015 to 2016 – Senior Vice President, Johor Corporation
- 2016 to Present – Chief Operating Officer, E.A. Technique (M) Berhad

Qualification
- 1994 – Bachelor of Commerce (Accounting and Finance), University of New South Wales, Australia
- Fellow Member of Chartered Accountants Australia and New Zealand (CAANZ)

Ir. Zulkifli Mohd Amin
General Manager

Age : 49 yrs
Gender : Male
Nationality : Malaysian

Working Experience
- 1993 to 1994 – Sales Engineer / Naval Architect, GEC (Malaysia) Sdn Bhd
- 1994 to 1998 – Naval Architect / Marine Surveyor, E.A.Technique (M) Sdn Bhd
- 1998 to 2000 – Technical Manager, E.A. Technique (M) Sdn Bhd
- 2000 to Present – General Manager, E.A.Technique (M) Berhad

Qualification
- 1992 - BSc in Naval Architecture & Marine Engineering, USA
- Registered Professional Engineer with Board of Engineers Malaysia (BEM)
- Member of Institute of Engineers Malaysia (IEM)
- Member of Institut Kelautan Malaysia (IKMAL)

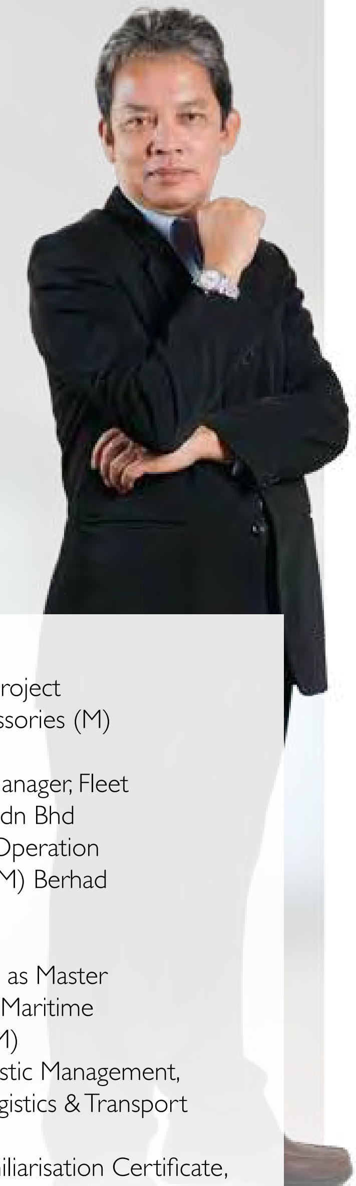
Tajul Asikin Sallehudin
Technical Manager

Age : 53 yrs
Gender : Male
Nationality : Malaysian

Working Experience
- 2002 to 2006 – Senior Superintendent, MISC Bhd
- 2007 to 2011 – Head Of Fleet, Global Carriers Bhd
- 2011 to 2012 – General Manager, Fleet Operation , JRI Resources Sdn Bhd
- 2014 to Present – Technical Manager, E.A.Technique (M) Berhad

Qualification
- BSc Marine Engineering, Indonesian Merchant Marine Academy
- Certificate of Competency – Engineer Officer Class 3
- Certificate of Competency – Engineer Officer Class 2
- Certificate of Competency – Engineer Officer Class 1
- Member of Malaysian Maritime Institute

MANAGEMENT TEAM PROFILE

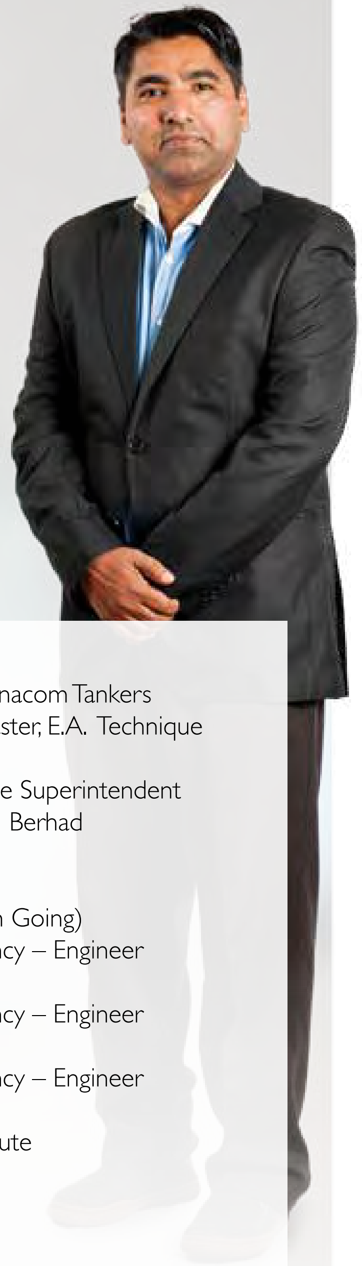


Mohd Yusni Razali
Fleet Operation Manager

Age : 54 yrs
Gender : Male
Nationality : Malaysian

Working Experience
- 2005 to 2006 – Marine Project Manager, Cyclecraft Accessories (M) Sdn Bhd
- 2006 to 2013 – Senior Manager, Fleet Management, Global TS Sdn Bhd
- 2013 to Present – Fleet Operation Manager, E.A. Technique (M) Berhad

Qualification
- Certified of Competency as Master of a Foreign Going Ships, Maritime Academy Malaysia (ALAM)
- Advance Diploma in Logistic Management, Chartered Institute of Logistics & Transport (CILT)
- Liquefied Gas Tanker Familiarisation Certificate, The College of Nautical Studies, Warsash, Southampton
- Practical Survival Craft & Survival Techniques Certificate, MSS, London

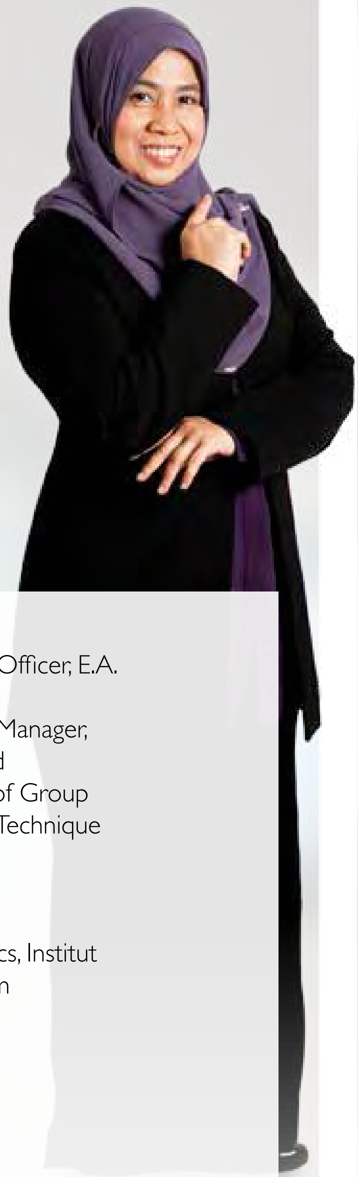


Syed Khalil Ur Rehman
Marine Superintendent

Age : 39 yrs
Gender : Male
Nationality : Pakistan

Working Experience
- Tankers Expert (FG), Dynacom Tankers
- 2012 to 2013 – FSO Master, E.A. Technique (M) Sdn Bhd
- 2014 to Present – Marine Superintendent FSO), E.A. Technique (M) Berhad

Qualification
- Master Mariner (Foreign Going)
- Certificate of Competency – Engineer Officer Class 3
- Certificate of Competency – Engineer Officer Class 2
- Certificate of Competency – Engineer Officer Class 1
- Malaysian Maritime Institute

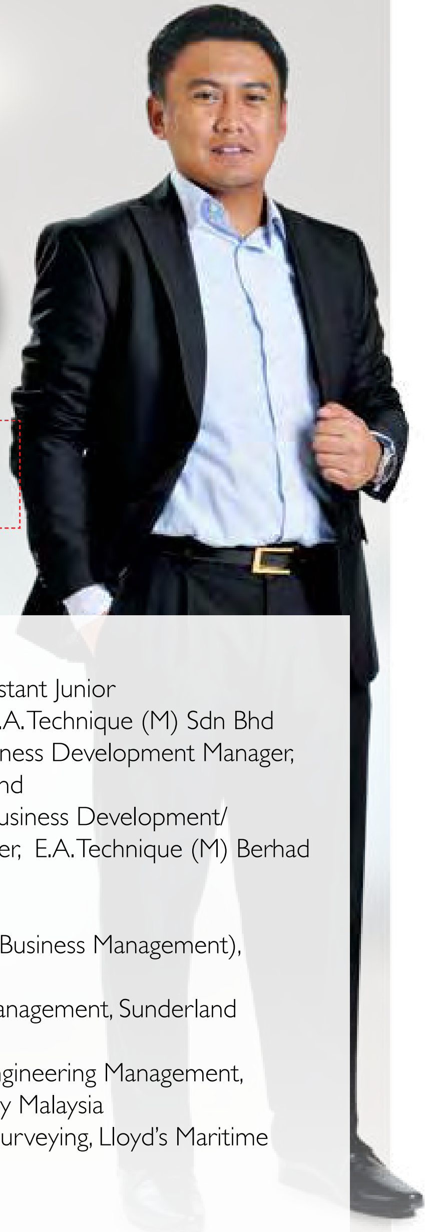


Che Zal Azilah Che Omar
Head of Group Accounts & Treasury

Age	:	48 yrs
Gender	:	Female
Nationality	:	Malaysian

Working Experience
- 1993 to 2005 – Account Officer, E.A. Technique (M) Berhad
- 2006 to 2016 – Account Manager, E.A. Technique (M) Berhad
- 2017 to Present – Head of Group Accounts & Treasury, E.A. Technique (M) Berhad

Qualification
- 1991 - Diploma in Statistics, Institut Teknologi Mara, Shah Alam



Mohd Faizul Abdul Hak
Business Development/ Procurement Manager

Age	:	33 yrs
Gender	:	Male
Nationality	:	Malaysian

Working Experience
- 2006 to 2007 – Assistant Junior Marine Operation, E.A. Technique (M) Sdn Bhd
- 2007 to 2014 – Business Development Manager, Berkat Global Sdn Bhd
- 2014 to Present – Business Development/ Procurement Manager, E.A. Technique (M) Berhad

Qualification
- MSc in Engineering (Business Management), University Malaya
- BSc in Business & Management, Sunderland University, UK
- Diploma Business Engineering Management, University Technology Malaysia
- Diploma in Marine Surveying, Lloyd's Maritime Academy

MANAGEMENT TEAM PROFILE

Farrah Radziah Abdul Hak
Commercial Manager

Age : 34 yrs
Gender : Female
Nationality : Malaysian

Working Experience
- 2007 to 2008 – Jr. Executive Operation, E.A. Technique (M) Sdn Bhd
- 2009 to 2015 – Operation & Commercial Executive, E.A. Technique (M) Sdn Bhd
- 2015 to Present – Commercial Manager, E.A. Technique (M) Berhad

Qualification
- 2003 – A-Level, Broxtowe College, Nottingham, UK
- 2006 – Bachelors in Accounting, University of Sunderland, UK
- 2009 – Bachelors in Business (PR), University of Sunderland, UK

Mohd Nasir Osman
HSE Manager

Age : 54 yrs
Gender : Male
Nationality : Malaysian

Working Experience
- 1996 to 2003 – Cargo Superintendent, MISC Bhd
- 2004 to 2006 – Central Planner, Goldstar Line subsidiary to ZIM Line
- 2006 to 2008 – Manning Manager, Global Carrier Bhd
- 2008 to 2013 – HSSE Marine /Marine Captain II, SES-Sapura CAT-3
- 2013 to 2014 – Head Of Manning, Icon Offshore
- 2014 to Present – Technical Manager, E.A. Technique (M) Berhad

Qualification
- 1983 – Pre-Sea Deck Cadet, ALAM Maritime Academy
- 1987 – Certificate of Competency 2nd Mate, ALAM Maritime Academy
- 1988 – Certificate of Competency 3rd Mate, ALAM Maritime Academy
- 1990 – Certificate of Competency Master, ALAM Maritime Academy

Amran Omar
Technical Manager

Age : 53 yrs
Gender : Male
Nationality : Malaysian

Working Experience
- 1997 to 1998 – Auditor, Ship Management -MISC Bhd
- 1998 to 2004 – Engineer Superintendent, Fleet Management – MISC Bhd
- 2004 to 2014 – Engineer Superintendent, Wise Marine Sdn Bhd
- 2014 to 2016 – Marine Chief Engineer, Sapura Kencana Petroleum Bhd
- 2017 to Present – Technical Manager, E.A. Technique (M) Berhad

Qualification
- 1985 – BSc Marine Engineering, Akademi Ilmu Pelayaran, Indonesia
- 1985 – Certificate of Competency – Engineer Officer Class 3
- 1988 – Certificate of Competency – Engineer Officer Class 2
- 1994 – Certificate of Competency – Engineer Officer Class 1

Norwahida Jaafar
Head of Corporate Finance & Services

Age : 51 yrs
Gender : Female
Nationality : Malaysian

Working Experience
- 1997 to 2001 – Finance Manager, Bumi Armada Bhd
- 2002 to 2004 – Senior Finance Manager, Bumi Armada Bhd
- 2005 to 2007 – Assistant General Manager, Bumi Armada Bhd
- 2008 to 2009 – General Manager Finance, Bumi Armada Bhd
- 2010 to 2011 – Senior General Manager, Bumi Armada Bhd
- 2011 to 2015 – Group Chief Finance Officer, T7 Global Berhad
- 2017 to Present – Head of Corporate Finance & Services, E.A. Technique (M) Bhd

Qualification
- 1988 – Diploma in Advance Accountancy, Luton College of Higher Education
- 1990 – Emile Woolf, London
- Member of ACCA (Association of Chartered Certified Accountants)
- Fellow Member of ACCA

COMPETITIVE ADVANTAGE

We will continuously invest in technological advancements to propel us ahead of the competitive landscape. We are focused on providing diverse and innovative solutions which position our organization to be the preferred choice in our challenging industry.

CHAIRMAN'S STATEMENT

"Navigating Forward. Steadfast & Unwavering"

Dear Shareholders,

Welcome to E.A.Technique (M) Berhad's ("E.A.Technique" or the "Company/Group") annual report for the financial year ended 31 December 2016. This report also encompasses a segment titled Management Discussion and Analysis ("MD&A"). This is in line with the key amendments issued by Bursa Malaysia Securities Berhad ("Bursa Securities") in March 2016 to raise the standards of disclosure and corporate governance among listed companies. These amendments to Bursa Securities' disclosure requirement take effect for annual reports issued for the financial year ended on or after 31 December 2016.

The primary objective of our maiden MD&A is to provide shareholders with a balanced view of E.A.Technique's operations, its financial fundamentals, key trends and risks, strategies in place, insights into the Group's future performance and prospects, from a management perspective, to complement the financial statements so that shareholders are better equipped to make informed decisions. We welcome your comments and feedback on our reporting efforts, which can be directed to www.eatechnique.com.my. Your views are important to us and will help us shape our reporting for future years.

On behalf of the Board of Directors, it is my pleasure to present this annual report and audited financial statements of the E.A.Technique Group for the financial year ended 31 December 2016.

> "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 2016."

AHAMAD MOHAMAD
Chairman

CHAIRMAN'S STATEMENT

PROGRESS WAS MADE IN MANAGING COSTS, ENHANCING PRODUCTIVITY AND MAINTAINING HIGH OPERATIONAL EFFICIENCY IN ALL OUR CORE BUSINESSES, WHILST ADHERING TO THE PRINCIPLES OF SUSTAINABILITY.

THE MOMENTUM CONTINUES

The Group's performance in 2016 underpins the theme chosen for this year's report: "NAVIGATING FORWARD. STEADFAST & UNWAVERING". Notwithstanding the tough operating conditions, E.A.Technique remains on its growth trajectory, reflected in its operational results, albeit the financials were affected by forex changes as well as the ongoing Hess project.

The Group remained committed to the disciplined pursuit and execution of strategies that we have put in place. Although the company's earning showed a setback, the underlying momentum of the Group's businesses remains robust. We were able to make progress on many fronts, measured in the size of our order book, our ability to meet our contractual obligations and in an industry noted for its high-risk operations, our safety performance.

Operationally, we were disciplined and focused on improving our businesses. Progress was made in managing costs, enhancing productivity and maintaining high operational efficiency in all our core businesses, whilst adhering to the principles of sustainability. This has enabled the Group to sustain its top line revenue growth for 2016. Integral to the group-wide improvement process, we recognise the importance of corporate governance to protect the interests of our stakeholders. Over the past three years, we have taken measures to strengthen corporate governance across the Group in compliance with the Malaysian Code on Corporate Governance and the revamped listing requirements of Bursa Securities.

KEY COMPETITIVE STRENGTHS

The consistency of E.A.Technique's ability to deliver results in FY 2016, even under unusually volatile and difficult operating conditions bears ample testimony that the fundamental pillars of the Company are strong. These strengths are the clear differentiators that set us above and apart, and that will see us successfully navigate through the rapidly changing market dynamics and unlock the still significant potential the industry still has to offer. As we forge ahead to deliver on our Mission, the foundations of our continuing success will include the following:

Proven Business Model

E.A.Technique aims to deliver sustainable shareholder value by leveraging the capabilities and scale of the Group. We will continue to have a mixed but allied business portfolio consisting of marine transportation and offshore storage, provision of port marine services and provision of shipbuilding, repair and minor fabrication.

Balance Sheet Strength

E.A.Technique's revenue grew 10.28% from the previous year. Due to the revenue visibility of the long-term contracts, E.A.Technique is confident it will continue to generate good cash flows. The Company's gearing level of 1.72 times is manageable as its long-term debt matches the long-term charter tenures. Given our balance sheet strength, the Group is in a good position to tap the capital markets for funds to finance future investments.

CHAIRMAN'S STATEMENT

Earnings Visibility

We have achieved high utilisation rates and secured relatively long-contracts for our marine vessels. 65% of our fleet are on long-term charters. Only 12 (twelve) vessels have contracts expiring in 2017 and 2018, while the rest have tenures stretching to 2025. The high and above industry utilisation rate of our vessels at an average of 90%, and the relatively long contracts we have secured, provides us with a stable and recurring revenue stream. As at 31 December 2016, the Group had an order book of approximately RM0.95 billion, with an additional RM350.0 million potential for extension.

Ownership of Marine Vessels

As the owner of 40 marine vessels and backed by 20 years of experience in the business, we are able to meet the diverse needs of our customers in marine transportation, offshore storage of O&G and provision of port marine services. Owning our own vessels also means we are able to offer an enhanced value proposition and flexibility to customers and bid competitively for jobs. In addition, we also have 4 marine vessels chartered from third parties.

Established Track Record

Since commencing marine vessel operations in 1995, E.A.Technique has established itself as one of the top four operators of product tankers in Malaysia. We are also one of two major players engaged directly by port operators to provide harbor tug towing services. Our customer base comprises O&G trading companies, refineries, O&G exploration and production companies, marine vessel operators and ports around the country. We have established long-term relationships with PETRONAS, Sungai Udang Port Sdn Bhd and PETRONAS Dagangan Berhad, and this forms the basis for a sustainable and continuing business relationship.

Quality Management Systems

In a tough business environment, the need to sharpen our competitiveness has never been more critical. We see quality as a strategic tool for generating a competitive advantage and improving our performance. In this regard, most of our vessels (tankers, FSUs/FSOs, tug boats) hold a Document of Compliance from the Marine Department, attesting to the Company's safety management system. Our vessels are also certified to internationally recognised safety management systems such as ISO 9001, 18001 and 14001 (Class Body Bsi). The quality imperative is reinforced group-wide through the Plan, Do, Check & Act ("PDCA") methodology, a four-step management tool used by businesses to deliver results.

OUR ABILITY TO CONSISTENTLY DELIVER RESULTS NEEDED BY THE INDUSTRY HAS FURTHER STRENGTHENED AND INCREASED OUR BRAND VALUE, ENSURING US OF REPEAT BUSINESSES AND NEW CUSTOMERS.

A Brand That Delivers

Over the years, our brand has continued to resonate. Our ability to consistently deliver results needed by the industry has further strengthened and increased our brand value, ensuring us of repeat businesses and new customers. This is reinforced by a good record of safety and reputation for technical innovation, the prerequisites of a demanding industry. E.A.Technique was chosen by Ikhtisas Kesatuan Malaysia (IKMAL) as the Best Shipping Company 2015 in conjunction with World Maritime Day 2016.

STAKEHOLDER ENGAGEMENT

E.A.Technique aims to build a long-term sustainable business. We strongly hold the view that engaging with our stakeholders in a proactive way – understanding their expectations and concerns is essential to our long-term sustainability.

E.A. Technique defines stakeholders as any group or individual affected directly or indirectly by our activities. Our main groups of stakeholders include our employees, shareholders, investors, regulators, government agencies, media and society at large. We recognise our responsibility to our stakeholders and we consider their interests in our day-to-day decisions and activities. The continuing support of our stakeholders is important as we benefit from their expertise, advice and suggestions. The engagement process takes place via different channels ranging from the annual general meeting, extraordinary general meeting, ongoing dialogue, social media, occasional site visits, launches and press briefings.

CHAIRMAN'S STATEMENT

A PROMISING FUTURE

In the last three years, the Group has posted impressive growth but we assure you that we never take our success for granted. Consistent with our Corporate Vision and Mission, we have defined a road-map to take us to where we want to be. Our road-map to success is premised on several strategic priorities - organic growth, strategic acquisitions, diversifying and broadening our revenue base and leveraging on our human capital. At the same time, we remain alert to the windows of opportunity coming our way. Moving forward, we are planning for new growth in promising new areas to enhance long-term shareholder value and ensure the Group's long-term sustainability.

ACKNOWLEDGEMENTS

E.A.Technique is what it is today because of the commitment, professionalism and hard work of its human capital. They will continue to play a key role in shaping the future of the Company and help us realise our Vision.

As always, we are grateful for the cooperation rendered by various quarters that make up our support group. They include our business partners, associates, bankers, government authorities and other stakeholders. Your understanding and confidence in all we were trying to achieve in a challenging year has been inspiring.

Not least of all, I express my sincere thanks to my fellow members on the Board. E.A.Technique is fortunate to have a strong and knowledgeable Board, comprising members with the depth and breadth of expertise and experience to navigate the myriad of challenges in today's business environment.

We are committed to growing this company. With your continued support, we can.

Thank you.

AHAMAD MOHAMAD
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

"THE GROUP RECORDED REVENUE OF RM591.7 MILLION, A 10.3% INCREASE FROM RM536.5 MILLION POSTED IN THE PREVIOUS FINANCIAL YEAR."

DATO' IR. ABDUL HAK MD AMIN
Managing Director

In this section of the annual report, we aim to provide more value-added and in-depth information to all stakeholders to enable them to assess the underlying drivers of E.A.Technique's financial and operational performance. Written from the perspective of management, the Management Discussion and Analysis ("MD&A") presents us with an opportunity to share with stakeholders a deeper understanding on our operating environment, the challenges that we face, the mitigating strategies we have put in place, as well as the outlook and expected future performance. Included in our MD&A, is a SWOT analysis for analysing the Group's strengths and weaknesses and the opportunities and threats that we face.

OPERATING ENVIRONMENT

For the global economy, 2016 was another volatile and challenging year, dominated by the unexpected result in the United Kingdom's ("UK") referendum resulting in Brexit and the outcome of the United States ("US") presidential elections. There were signs of moderating growth in the major economies as well as concerns about China as a global engine of growth. Commodity-exporting emerging economies also faced the prospects of faltering growth as over-supply and weaker emerging market prospects weighed on demand. After falling by 47% in 2015, oil prices hit a low of USD26.39 per barrel in January 2016, a level not seen since 2003. (Source : Economic Report 2016/17, page 3). With the new uncertainties and volatility in the global economy, the International Monetary Fund ("IMF") revised its global growth forecast for 2016 to 3.1%, down by 0.1 percentage point.

Malaysia could not remain isolated by developments in its external environment. As investors shifted their focus away from emerging markets, the Ringgit and other regional currencies weakened against the US Dollar ("USD") as a result of capital outflows. Against the USD, the Ringgit was the second lowest performer among the Association of Southeast Asian Nation ("ASEAN") countries, depreciating by 4.5%. Following a recalibration of the 2016 Budget in January 2016, the Malaysian economy has been projected to grow by 4% - 4.5% in 2016. (Source : Economic Report 2016/2017, page 3). Integral to the recalibration, the Government introduced various revenue enhancement measures to cushion the loss of oil revenue.

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY DYNAMICS

After two years of unprecedented volatility, oil prices were hovering around the USD45 to USD49 per barrel range in the second quarter of the year, and at one stage almost breached the psychological level of USD50 per barrel. Prices had shown signs of improvement towards the end of 2016 as the Organisation of Petroleum Exporting Countries ("OPEC") reached consensus on production cuts. Total oil rigs have decreased tremendously over the last two years, implying a corresponding decline in total world oil production. The global total of oil rigs in the second quarter of 2016 was 35.1% lower compared to a corresponding period a year ago, and 36.0% lower than the second quarter of 2014.

Within Malaysia, PETRONAS has taken its cost optimisation measures to another level on expectations that oil prices will remain low in 2016. In February 2016, PETRONAS announced plans to reduce its capital expenditure ("CAPEX") and operating expenditure ("OPEX") for 2016 by between RM15 billion and RM20 billion. The reduction would be part of the national oil corporation's move to reduce its CAPEX and OPEX by RM50 billion over the next four years. (Source : The Star Online, 29 February 2016) This reduction in spending would impact overall activity and margins in the Oil & Gas sector and potentially impacts and delays larger ticket capex projects. However, certain key projects such as the PETRONAS Refinery and Petrochemical Integrated Project ("RAPID") will progress as planned.

FINANCIAL HIGHLIGHTS

Notwithstanding the challenging operating and market conditions, E.A.Technique remains on a growth trajectory as borne out by its financial performance for the financial year ended 31 December 2016. The Group recorded revenue of RM591.7 million, a 10.3% increase from RM536.5 million posted in the previous financial year. Profit before tax ("PBT") was posted at RM21.5 million, which is a 36.0% increase from RM15.8 million achieved in 2015.

The increase in revenue was mainly attributed to revenue increase from the Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") division, as well as our marine transportation and offshore operations and port marine services.

During the year, EPCIC contributed RM381.2 million or 64.4% of the Group's revenue, an improvement from RM342.2 million registered a year ago. Our marine operations segment contributed another RM210.5 million, or 35.6% of E.A.Technique's revenue.

The Group's balance sheet has a net gearing position of 1.72 times which is normal for asset-based industries such as shipping industry. It is important to note that all our borrowings are on vessels that have been fully chartered out.

TOTAL OIL RIGS HAVE DECREASED TREMENDOUSLY OVER THE LAST TWO YEARS, IMPLYING A CORRESPONDING DECLINE IN TOTAL WORLD OIL PRODUCTION.


MEKAR BERGADIN
PORT KELANG
IMO NO. 9417787
CCS

MANAGEMENT DISCUSSION & ANALYSIS

Our gearing position is expected to further decline by the second quarter of 2017, after the EPCIC project is handed over to our client and a significant portion of the borrowings will be pared down. The Group's strength is its ability to secure financing from the capital market due to our contract terms as well as our end-clients' strong financial standing.

In the 2016 financial statement, the 2015 financial numbers were restated as a result of "one-off" prior year adjustments ("PYAs"). The PYAs were in relation to overstatement of revenue from project due to understatement of total estimated budgeted costs; and under-recognition of unrealised foreign exchange lossess on amount due from customer contract in 2015.

The adjustments have been reflected retrospectively and they have no impact on the results under review as well as the current prospects.

Since making our debut on Bursa Malaysia, E.A.Technique has attracted the attention of several research houses and investment analysts who recognise its potential not only as a steady growth stock but one with a sustainable growth outlook with strong fundamentals and sound earnings growth potential. During the year in review, the stock rose to a high of RM1.209 and a low of RM0.45, closing the financial year end at RM0.62. The average trading volume was 953,000 shares.

DIVIDENDS

An overriding goal of E.A.Technique has always been to generate long-term returns for our shareholders. Our plan for the next five years is to enhance returns to shareholders with a steady dividend payout target that we have set.

CORPORATE DEVELOPMENTS

Proposed Renewal of Share Buy-Back Authority

At the 21st Annual General Meeting ("AGM") of E.A.Technique held on 21 May 2015, shareholders approved the resolutions that enable the Company to purchase its own shares in accordance with the Prevailing Laws. The shareholders' mandate was subsequently renewed at the 22nd AGM of Kulim held on 18 May 2016.

The Proposed Renewal of Share Buy-Back Authority, if implemented, will allow E.A.Technique to utilise its surplus financial resources to purchase up to 10% of the Company's issued and fully-paid up share capital at any point in time with the following benefits:

- The exercise is expected to stabilise the supply and demand as well as the price of E.A.Technique shares, particularly when the shares are undervalued.
- If the shares purchased are subsequently cancelled, the Proposed Renewal of Share Buy-Back Authority may strengthen the earnings per share ("EPS") of E.A.Technique. Consequently, long-term investors can expect to enjoy a corresponding increase in the value of their investments in the Company.
- The Purchased Shares can also be held as treasury shares and resold on Bursa Securities at a higher price, therefore realising a potential gain without affecting the total issued and fully paid-up share capital of the Company.
- The exercise is not expected to have any potential material disadvantage to the Company and its shareholders. It will be implemented only after due consideration of the financial resources of the E.A.Technique Group.

Acquisition of Libra Perfex Precision Sdn Bhd

In another corporate development, the Company entered into a conditional Shares Sale Agreement to subscribe and purchase the entire paid-up capital in the equity of Libra Perfex Precision Sdn Bhd ("Libra") for a total consideration of RM5.0 million. The purchase was financed through internally generated funds and borrowings.

Libra is principally engaged in the business of hiring and chartering of marine vessels. On 1 April 2016, it entered into a contract with PETRONAS Floating LNG 1 (L) Ltd ("PFLNG1) for the provision of tug boat, towing and other services for the operation of the PFLNG1 project. The contract value is estimated at USD43.8 million.

The proposed acquisition is expected to generate additional revenue for the E.A.Technique Group through revenue derived from the PFLNG1 contract and the rental of tug boats to Libra. The acquisition of Libra was completed on 22 November 2016, rendering Libra a fully owned subsidiary of E.A.Technique.

Proposed Acquisition of Topside Equipment

On 22 November 2016, the Company entered into a conditional sale and purchase agreement with MTC Engineering Sdn Bhd ("MTCE") for the purchase of topside equipment attached to E.A.Technique's vessel M.T. Nautica Muar for a total purchase consideration of USD24.0 million. Collectively referred to as topside equipment, it comprises among others, extended well test ("EWT") system, flare tower system, metering skid, cargo pump, quick release hook and helideck.

MANAGEMENT DISCUSSION & ANALYSIS

In 2012, E.A.Technique had entered into a time charter party agreement and collaboration agreement with MTCE to lease M.T.Nautica Muar to carry out MTCE's contractual obligations for PETRONAS Carigali Sdn Bhd's ("PCSB") Kayu Manis South East and Anjung Kecil projects. MTCE has procured and assembled the topside equipment to undertake the contract. Towards the end of September 2016, M.T. Nautica Muar was demobbed and is currently undergoing dry docking and refitting exercise to ready the vessel for a new deployment which will commence in May 2017. This new charter will see the vessel being contracted out (together with the topside equipment) until January 2021.

The proposed topside acquisition and the new contract will provide E.A.Technique with a steady stream of secured income until 2021 and a continued presence in the provision of floating solutions for marginal fields, which is in line with the Company's expansion plans.

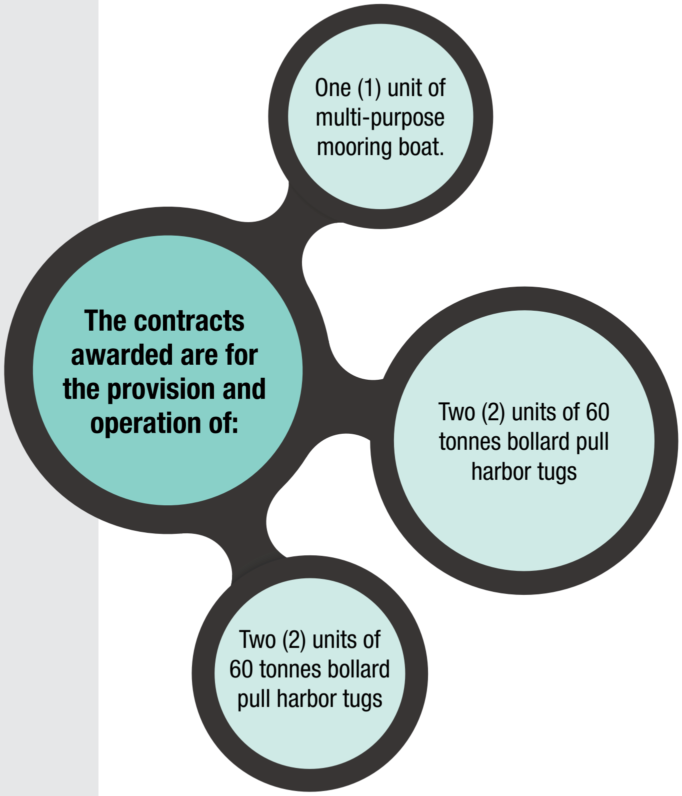
At an Extraordinary General Meeting ("EGM') convened on 20 March 2017, E.A.Technique has secured the unanimous approval of its shareholders to proceed with the proposed acquisition.

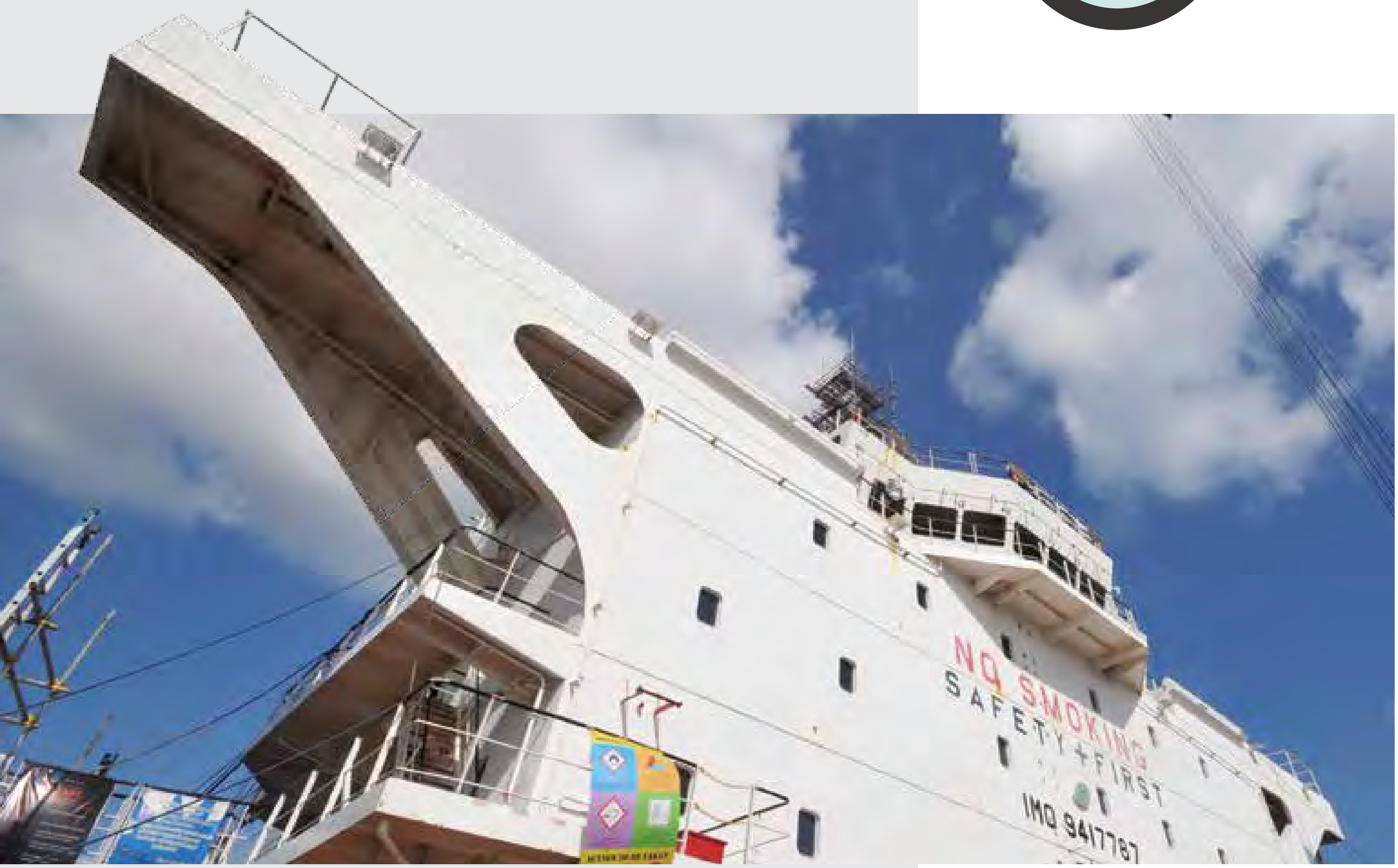
BUSINESS DEVELOPMENTS

E.A.Technique kicked-off the year 2016 with the commencement of several new contracts. On 22 December 2015, the Company was awarded four contracts by Sungai Udang Port Sdn Bhd with a total value of RM26.6 million. The contracts awarded are for the provision and operation of 5 (five) harbor tugs.

These contracts have commenced from 1 January 2016 for a period of two years with an option to extend for another one year, and are expected to contribute positively towards the earnings and net assets of E.A.Technique for the duration of the contracts. Confirmation and final approval of the contracts were obtained from Sungai Udang Port Sdn Bhd on 7 January 2016.

During 2016. the group delivered 4 (four) harbor tugs for the Petronas Floating LNG 1 project which is located at the Kanowit field, off the coast of Sarawak.





MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF OPERATIONS

E.A.Technique is principally an owner and operator of various types of marine vessels, where our business is focused on marine transportation and offshore storage of oil and gas. The Company also provides port marine services mainly to O&G ports. Our marine transportation services are supported by our shipbuilding, ship repair and minor fabrication activities, which complement our core business operations. In addition, we also provide Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") of a Floating Storage and Offloading ("FSO"). Our customers are primarily Malaysian companies.

Marine Transportation Services

E.A.Technique's fleet of marine vessels in operation has expanded in tandem with its growing operations. At 2016-year end, we had a total fleet of 44 marine vessels in our portfolio, of which 40 are owned by the Company, with another 4 vessels chartered from external parties.

Our product tankers are used to transport refined petroleum products from oil refineries to end-users or to another refinery for further processing into clean petroleum products ("CPP") comprising light and middle distillates and dirty petroleum products ("DPPs") comprising heavy distillates and residuum. We mainly charter our O&G tankers to various subsidiaries of PETRONAS.

During the year under review, the Group acquired one chemical tanker and one oil tanker on 13 May 2016 and 29 June 2016 respectively. Both tankers are currently being refurbished and will be delivered to clients in May 2017. Two units of harbor tug boats were also delivered on 4 September 2016 and 1 February 2017, respectively.

In May 2016, PETRONAS' first floating liquefied natural gas facility (PFLNG1), which is also the world's first PFLNG1, arrived at Bintulu waters. Four of our vessels were deployed for PFLNG1's offtake tendering and supply operations. First gas from the Kanowit gas field offshore Sarawak for the floating LNG facility, was achieved in November 2016.

OUR MARINE TRANSPORTATION SERVICES ARE SUPPORTED BY OUR SHIPBUILDING, SHIP REPAIR AND MINOR FABRICATION ACTIVITIES, WHICH COMPLEMENT OUR CORE BUSINESS OPERATIONS.

Ship Repair and Minor Fabrication

Through our 100%-owned subsidiary, Johor Shipyard and Engineering Sdn Bhd, the Group undertakes ship repair and minor fabrication works to complement our core business operations. Our shipbuilding and repair operations started in 2008 at our previous shipyard in Teluk Intan, Perak. In 2012, Johor Shipyard entered into a lease agreement to develop a piece of land in Hutan Melintang, Perak into our new shipyard. This will have the annual capacity to construct up to six units of up to 35-metre harbor tug-boats per year or one product tanker of up to 10,000 deadweight tonnage ("DWT") at any one time. At present, there is minimal competition for repair yards with a similar capacity along the west coast of Peninsular Malaysia. With partial funding from the Company's listing proceeds, the yard has been recently upgraded. It is targeted for commissioning in 2017 and is expected to generate a new revenue stream for the Group. Apart from deriving a new revenue stream from the repair of external vessels, E.A. Technique is also able to achieve cost-savings from in-house fleet servicing.

MANAGEMENT DISCUSSION & ANALYSIS

Engineering, Procurement, Construction and Commissioning

In February 2015, E.A.Technique was awarded a USD191.8 million contract by Hess Exploration and Production Malaysia B.V. ("HESS") for the provision of Engineering, Procurement, Construction, Installation and Commissioning of a Floating Storage and Offloading Facility ("FSO") vessel for the North Malay Basin. During 2016, the Group successfully fulfilled its contractual obligations for the project as per schedule. The final handing over is targeted for the second quarter of 2017.

Health, Safety & Environment ("HSE") Performance

No review of operations would be complete without a discussion of our HSE performance. E.A.Technique believes that safety and environment care are ultimately good business practices, especially in what is generally considered to be a high risk business that we operate in. Good HSE practice is a responsibility we owe our employees, contractors and the public at large. During the year, we extended our commitment to raising the standards of HSE in all areas of our operations.

A relentless focus on safety remains a top priority for everyone at E.A.Technique. The efforts and resources we have invested in this area have paid off in our safety performance over the last four years. In all the key safety parameters: accidents with fatality, accidents with lost workdays, accidents without lost workdays, incident rate and frequency rate – we achieved ZERO incidents.

On 27 July 2016, we also celebrated along with PETRONAS, HESS and other contractors, a milestone achievement of working 2 million project manhours without Lost Time Injury ("LTI") on board M.T.Nautica Bergading during the EPCIC phase of the FFD development in the North Malay Basin.

2017 ECONOMIC ENVIRONMENT

Global economic activity is projected to pick up pace in 2017, supported by an expansion in domestic demand in the advanced and emerging economies. Fiscal measures in selected major economies such as the United States, United Kingdom and China, could spur domestic demand. In addition, the recovery in the prices of key commodities, such as coal, steel and crude oil will benefit commodity exporters. (Source : Bank Negara Malaysia 2016 Annual report, 23 March 2017, page 75).

Nevertheless, the International Monetary Fund ("IMF") warns that downside risks remain, notably a possible shift toward inward-looking policy platforms and protectionism, a sharper than expected tightening in global financial conditions, real possibility of an impending hike in US interest rates, increased geopolitical tensions and a more severe slowdown in China. For 2017, the IMF has projected that the global economy will grow by 3.4% in 2017, an improvement over 3.1% recorded for 2016. (Source : IMF World Economic Outlook Update, January 2017)

Malaysia will stand to benefit from the better global growth prospects. All economic sectors are projected to register positive growth in 2017. Commodity prices have recovered steadily from the lows in early 2016. Monetary policy in 2017 will focus on supporting the sustainable growth of the Malaysian economy, while maintaining price stability. Given the downside risks in the global economic and financial environment and domestic headwinds, such as continued adjustments to higher cost of living and cautious economic sentiments, the Malaysian economy is projected to expand at a moderate pace of 4.3% - 4.8% in 2017. (Source: Bank Negara Malaysia 2016 Annual report, 23 March 2017, page 82). Growth will be underpinned by strong domestic demand, especially private sector expenditure.

MANAGEMENT DISCUSSION & ANALYSIS

OIL AND GAS INDUSTRY OUTLOOK

In November 2016, the 14-nation Organisation of Petroleum Exporting Countries ("OPEC") reached an agreement with several other non-OPEC producers to trim output in order to rein in a global supply overhang and prop up prices. OPEC agreed to cut production by about 1.2 million barrels per day ("bpd") or about 4.5% of its production to 32.5 million bpd from 1 January 2017. In addition to the production cut by OPEC, non-OPEC members were expected to reduce production by 600,000 barrels per day.

In line with the global initiative, PETRONAS announced it would make a voluntary adjustment involving up to 20,000 bpd beginning 2017. (The Star Online, 22 December 2016) Oil prices have strengthened somewhat with the OPEC deal, hovering around the USD50 per barrel range during the first quarter of 2017. But market skepticism lingers about how effective the cuts will be. Factors that could dampen the oil price outlook include China's economic slowdown, supply of US shale oil and the resolve of OPEC members being able to maintain their production quotas.

Malaysia's crude oil production is projected to remain on a downtrend from 2016 to 2025. Weak oil prices have dampened the attractiveness of boosting output and PETRONAS has announced significant spending cuts for the next four years. There are also no expectations for new investment decisions for deepwater and marginal projects over the next several years, given their high break-even costs. Consequently, the country is expected become a net importer of crude oil by 2020. The coming onstream of PFLNG1 will boost Malaysia's natural gas production and stabilise gas exports. Thereafter, the country's net export of gas is forecast to decline sharply on the back of declining domestic production.

In the face of declining crude oil and natural gas production, PETRONAS has been shifting its emphasis to the downstream sector of the industry. Refined fuels production is likely to remain relatively stable over the next few years before rising in 2020, with the completion of the RAPID project in Pengerang, Southern Johor. The RAPID project comprises a 300,000 bpd refinery and a petrochemicals complex with an annual output of 7.7 million metric tons per annum ("mmtpa').

Demand for small tankers engaged in transporting clean petroleum products ("CPP") is expected to be stable given the need to distribute vital supplies of CPP products to the various parts of Malaysia, especially to East Malaysia.

SWOT ANALYSIS

Strengths

Adding to the list of strengths mentioned in the Chairman's message, the Group is blessed with a very experienced management team, with more than 20 years of experience in the maritime and related sectors of the industry. This enables us to continue meeting the service expectations of our charterers or end-users. On the strength of the service we are able to provide, we enjoy a good business relationship with many of the oil majors operating in Malaysia.

The Group is also backed by its own fleet of marine vessels, comprising 7 oil product tankers, 1 Floating Storage Units ("FSU"), 1 Floating Storage & Offloading Unit ("FSO"), 14 harbour tug boats, 6 ocean tug boats, 2 fast crew boats, 7 mooring boats, 1 crane/accommodation barge and 1 pontoon.

From the financial perspective, the Company occupies a position of strength, with a high earnings visibility for the next 10 years having secured long-term time charter contracts for 4 CPP tankers, 1 Floating Storage Units ("FSU"), 1 Floating Storage & Offloading Unit ("FSO"), 7 mooring boats and 20 tug boats.

Weaknesses

One of the Company's fleet of oil tankers is already aging and does not comply with the International Maritime Organisation's ("IMO") new regulation that will require double hull protection. The tanker is expected to be retired from operations by the end of 2018. It is capital intensive to replace the existing vessels, but this has to be considered in the Company's long-term strategic plan.

Generally, many qualified senior Malaysians prefer to join multi-national companies where the remuneration is more attractive. Many of the senior personnel employed by E.A.Technique are therefore foreigners and they can leave the Company when their contracts are up for negotiation. Any loss, therefore, of our key personnel without suitable and timely replacements would have an unfavourable impact on our business. The maritime industry as a whole is also experiencing a paucity of experienced middle management staff with the required technical knowledge of the business.

The Group remains largely exposed to the PETRONAS Group and the O&G sector. As our revenue is presently mainly derived from the O&G sector, our operations are to a large extent, dependent on the level of its activity. However, due to the downstream nature of our CPP tankers, the level of activity is relatively stable. This in contrast to the other listed O&G companies which are dependent on the level of capital spending in the O&G industry in Malaysia. Capex spending are determined by PETRONAS' long-term strategies for the development of the O&G sector. As such our operations and financial performance may be materially affected due to reduced demand for our vessels and services.

Opportunities

Over the years, the Malaysian Government has introduced various incentives to promote the maritime industry and encourage the investment and participation of local players. Most recently, Section 54A of the Income Tax Act 1967 was amended to provide tax exemption for shipping income earned by Malaysian-flagged vessels, which benefits E.A.Technique.

The proposed acquisition of Libra and proposed acquisition of Topside Equipment from MTC Engineering Sdn Bhd open opportunities for the Group to spread its wings and venture into East Malaysia port operations. These developments will also strengthen our foothold as a marginal field solutions provider within the PETRONAS Group.

Our foray into the provision of engineering solutions for marginal field development and the conversion of FSU/FSO have successfully gained market recognition with secured contracts from HESS and enquiries from neighboring countries such as Indonesia and Vietnam. The Company has the capabilities to strengthen its port services activities by venturing into commercial port operations.

Finally, as a public-listed company, the Company is in a stronger position to gain access to the capital market should it secure a major contract in the future.

Threats

Our gearing ratio currently at 1.72 times resulting in E.A.Technique being viewed as moderate by the investing community.A generally weak outlook for the O&G industry and a high non-performing loan ("NPL") ratio for maritime loans may also pose difficulties for the Company when it needs to secure financing to realise its expansion plans.

BUSINESS OPPORTUNITIES

Tanker Operations (Including FSU/FSO)

Our long-term charter contracts for product tankers are in their sixth year. E.A.Technique can expect more contracts in the future as many of its peer companies are under receivership, victims of the economic downturn.

E.A.Technique has been invited to provide chemical tankers in a strategic alliance with other parties. Given Petronas Chemical Group Berhad aggressive expansion, its fleet requirements are likely to increase in the medium-to-long term.

Offshore Shipping and Port Operations

Building on the solid relationship established with oil and gas contractors, the Company can venture into the business of transporting O&G workers to work at the various offshore locations. It has been estimated that the transportation costs of ferrying the offshore crew can be cut by 50% by using fast crew boats rather than using helicopters. With a payback period of less than four years and decent margin, this is a potentially lucrative business for the Company.

Recently, E.A.Technique was awarded long-term charter contracts to provide port marine services to Kertih Port Sdn Bhd, Sg Udang Port Sdn Bhd, Northport Berhad and Petronas Floating LNG1.

Shipyard Operations

The shipyard business is expected to contribute towards increased revenue Company's PBT within the next four years.The Company is already reaping the synergistic benefits of having its own yard operations, which will increasingly be playing a more important role for ship repairs and new building.

MANAGEMENT DISCUSSION & ANALYSIS

OUR STRATEGIC PRORITIES

As reflected in the theme, 2016 was a year of "Navigating Forward. Steadfast & Unwavering". The results we have achieved have provided with a solid foundation to launch itself into a new phase of growth. With signs of improvement in the operating environment, there is still significant untapped potential in the industry. On our part, we have in place strategic plans and priorities that will take us to where we want to be over the next few years in line with our Corporate Vision.

Accordingly, our strategic objectives for the coming year are as follows:

1. To be the preferred logistics provider for oil majors operating in the region, namely PETRONAS, Shell and ExxonMobil and to become among the top three shipping companies in Malaysia
2. To become more involved in the shipyard activities as another potential core business that has the potential to contribute 30% of the Company's earnings.
3. To strengthen and grow our O&G engineering solutions services to increase its share of contribution to Group revenue and profitability

ACKNOWLEDGEMENTS

At the end of the day, it is our people who will determine the future success of E.A.Technique and its destiny. Let me say that we have a great team on board and during a tough 2016, they were called upon to contribute more and has shown their commitment and perserverance. I wish to congratulate all those who worked on the EPCIC phase of the FFD development and helped achieve the 2 million man-hours without LTI. This is not a small achievement and is testimony to their dedication and professionalism. We have a busy year ahead and as always, I know I can always depend on our people to deliver.

In an eventful year, we were humbled and proud to be chosen by Ikhtisas Kesatuan Malaysia (IKMAL) as the Best Shipping Company 2015 in conjunction with World Maritime Day 2016. This is an honor that we will cherish and will inspire us to achieve even more.

With the support of our Board and shareholders, we will continue to shape the Company's future with an entrepreneurial drive, creativity, far-sightedness and energy. I am convinced that the best years for E.A.Technique are still to come.

Thank you.

DATO IR. ABDUL HAK MD AMIN
Managing Director

SYNERGISTIC STRATEGIES

We believe that our greatest forte lies in our synergistic strategies. We will work towards forging strategic partnerships and alliances to effectively achieve our future goals whilst delivering consistent value.


E.A. Technique

SUSTAINABILITY REPORT

Over the years there has been a distinct shift in public expectations with regard to Corporate Social Responsibility ("CSR"). Demands for corporate accountability are growing from diverse stakeholders, which include employees, customers, investors, shareholders, policy-makers, activists, suppliers and non-governmental organisations, among others. Defined by Bursa Securities, CSR goes beyond doing good deeds or corporate philanthropy. It involves integrating socially responsible policies, practices and programmes into decision-making and business operations, taking new importance as a mainstream business issue.

At E.A.Technique, we have always believed that the way towards building a sustainable business is to strike a balance between profitability and meeting our social obligations. As we progress and grow from strength to strength, comes an obligation to ensure that our success is inclusive. The Group has responded to the new imperative through actions and deeds.

Holistic CSR is something that we practise on a daily basis and has been embraced as an essential part of the way we conduct our businesses. Taking our direction from Bursa Securities CSR framework, we fulfil our responsibility in four areas : Workplace Development, Marketplace Development, Community Development and Environmental Preservation.

WORKPLACE DEVELOPMENT

E.A.Technique's strength and standing in the industry has always been defined by the quality of its employees. As a Company with a bold vision and ambitious plans for the future, we recognise that our ability to deliver results depends on the caliber of our people. We face real competition from the rest of Corporate Malaysia to attract and retain the best talents the market can offer. In aspiring to be an Employer of Choice, we offer talents an attractive employment value proposition that includes a competitive remuneration package, job stability, a dynamic workplace and opportunities for personal and professional growth.

We also recognise the sustainability benefits of having a highly diverse workforce and we continue to increase diversity across the Group during the recruitment and promotion processes by considering candidates irrespective of gender, age or ethnicity. We are committed to appointing more women to senior positions. The E.A.Technique culture is one that thrives on diversity and empowerment, where creativity is encouraged and meritocracy matters. We would like our people to see the Group as a great place to work for and be proud to be a part of our ongoing success story.

E.A.TECHNIQUE'S STRENGTH AND STANDING IN THE INDUSTRY HAS ALWAYS BEEN DEFINED BY THE QUALITY OF ITS EMPLOYEES.

SUSTAINABILITY REPORT

Despite the constrained economic environment of 2016, we did not compromise on our investments in training, personal development and other employee support programmes.

Competency development is a vital part of the Group's talent management strategy. Our human capital development programmes are designed to support the training needs of staff throughout an employee life cycle to ensure optimal job performance and career growth. As employees progress through the cycle, the emphasis will be on developing leadership competencies to identify high potential candidates who can be groomed and fast-tracked for succession planning. In our SWOT analysis, we have identified as among our weaknesses, the shortage of qualified and experienced Malaysians to fill senior and middle position positions. We have therefore developed a succession plan to ensure there will be a pipeline of competent senior talent to ensure business continuity.

The Group takes the health and safety of its employees at the workplace very seriously. This is evident in the Group's Statement on Quality, Health, Safety and Environment Protection, which states unequivocally that "it is the objective of our Company to provide healthy and safe working conditions and to maintain a safe and pollution-free operating practice that complies with national and international regulations and relevant standards and guidelines". Enforcing this policy is the responsibility of our Health, Safety, Security, Environment and Quality ("HSSEQ") Department.

As borne out by the numbers, 2016 was a good year on the occupational health and safety fronts. For the past five years, the group continued to register an improving trend in its safety performance reflected in all the key parameters. Most importantly, in what is undeniably a high-risk business, we recorded zero fatalities for the past five years. Although our OSH performance has been commendable, we cannot afford to rest on our laurels, not when human lives are involved. The Group will continue to pursue a zero tolerance stance as far as safety is concerned.

With the total commitment of management, E.A.Technique strives to:

- Provide for safe practices in shore and ship operations and a safe working environment.
- Assess all identified risks to its vessels, personnel and the environment and establish the appropriate safeguards.
- Continuously improve the occupational safety, health and environment management skills of personnel both onshore and on board ships, including preparing for any emergency related to safety and the environment.
- Comply with regulatory requirements and continually improve the effectiveness of our occupational health, safety and environment management systems.

We encourage our people to work hard as a bedrock element of our success, but at the same time, we ensure this is balanced with time set aside for social and recreational activities. Our E.A.Technique Recreation Club has been set up up to organise various recreational activities and encourage employees to cultivate healthy lifestyles. Through its activities, it serves as a platform to improve teamwork and build a sense of family.

Our Annual Sports Day held on 16 January was a much anticipated event by staff and their families from across the Group's growing operations. While the kids were entertained by lucky draws, an instant photo booth and a clown specially engaged for the occasion, adults pitted their skills in games such as futsal and netball. In a fun-filled day, the tensions of the office environment were forgotten and bonds of camaraderie and a sense of family were renewed. From time to time, sporting events were also organised to foster better ties with some of our customers and contractors. This has gone a long way towards building a lasting relationship.

SUSTAINABILITY REPORT

MARKETPLACE DEVELOPMENT

The Group believes that strong corporate governance provides the foundation for sustainable growth and helps us enhance the trust placed in our Company by our employees, shareholders, business partners and financial markets. We have therefore always accorded priority to the highest standards of transparency, probity and accountability to ensure the creation, protection and enhancement of shareholder value. Our corporate governance policies and practices are consistent with the Principles and Recommendations set out in the Malaysian Code of Corporate Governance 2012. This is complemented by a robust risk management framework that sets out the roles and responsibilities of the various parties for managing risks, a system of internal controls and the key processes involves.

Given the size and scale of our operations, we realise the importance of ethical procurement in the purchase of goods and the commissioning of services. At E.A.Technique, we comply with all applicable laws and policies to ensure ethical business practices and transparency. In managing our supply chain, we work collaboratively with our vendors and suppliers to achieve the highest standards of ethics and business conduct in line with our corporate core values. We believe in a level playing field in all our dealings with our third-party contractors, ensuring that the principle of fair competition is upheld at all times.

In communicating with our various constituencies and meet the need for information about the Group, we have established various platforms. One of the most important sources of accurate and the latest information on the Group is our website, which can be accessed at www.eatechnique.com.my. Easily navigable and organised into useful categories, the site provides corporate information, description of our fleet, news and updates as well as a directory for contact details and career opportunities within the Group. It includes an Investor Centre where visitors can access our annual and quarterly reports and announcements to Bursa Securities. It also tracks the movement of the E.A.Technique counter, highlighting the stock quote and trading volume.

COMMUNITY DEVELOPMENT

As a responsible business, E.A.Technique strives to be a force for good across the communities in which we operate. We have always maintained a strong commitment to community programmes irrespective of the prevailing economic conditions and we continued to do so in 2016. Each year we lend our support to many charitable organisations and worthy causes throughout the country.

During the year, the Group participated in the Skim Latihan 1 Malaysia (SL1M), an initiative undertaken by the Prime Minister's Department in collaboration with government-linked companies ("GLCs) and the private sector. SL1M was launched in June 2011 to enhance the employability among Malaysian graduates with skills, knowledge and work experience. Graduates who join the programme must possess a minimum qualification of a Bachelor's Degree and be unemployed for at least six months after graduation. Priority is given to under-priviledged graduates from poor or rural families. Since its launch more than 97,000 graduates have benefited from the initiative and have found employment. The Group has also established an internship programme that offers qualified candidates an opportunity to learn more about our shipping operations and gain hands-on exposure. Students accepted into our programme are placed at our headquarters, project office, shipyard and on board our vessels to gain as much exposure as possible during their stint with the Company. At the end of the internship period, outstanding candidates are offered jobs with the Group, if there are vacancies.

As part of our community outreach programmes, we have been working closely with Islamic Relief Malaysia, which is part of an international relief and developmental charity bestowed with United Nation Economic and Social Council consultative status. Guided by Islamic values and teachings, the Islamic Relief organisation's programme strives to alleviate the suffering of the world's poorest people. During the holy month of Ramadhan, we gave a donation in kind of 480 bottles of cooking oil to be distributed to the needy.

SUSTAINABILITY REPORT

At E.A.Technique, we stress personal involvement and we actively encourage our management and staff to be involved in welfare work and charity projects. The benefits of volunteering as an essential act of citizenship have been well documented. Apart from building a stronger and more cohesive society, volunteering impacts on social inclusion and the volunteers as individuals. Going by the turnout, volunteerism is doing well at E.A.Technique. In 2016, our people volunteered their time to hand out essential food and household items at Malaysian Blind Association at Madrasatul Gouthiyah Surau in Brickfields. This initiative was organised together with Islamic Relief Malaysia. Our people also turned out in droves to participate in cleaning the cemetery at Tanah Perkuburan Islam in Taman Keramat Permai and its surrounding areas.

We realise, however, that long-term projects are the true test of our commitment. CSR remains very much a work-in-progress and we need to take a more holistic approach in identifying long-term projects and to see where our initiatives are most relevant, needed and impactful.

ENVIRONMENTAL PRESERVATION

E.A.Technique works to create a better future – for our employees, our stakeholders, the communities in which we live and work and most of all for Planet Earth. Forty years afer the first Earth Day, our planet is in greater peril than ever. Decades of environmental mismanagement have created severe legacy issues – global warming, environmental degradation, ozone depletion, pollution and resource depletion are just some of the more critical problems that we face.

It has come to a critical stage where the human race must step up and take immediate actions to help preserve our planet. Responsibility towards mankind and the environment has been the twin goals of our strategy towards sustainable development. In playing our role as a citizen of the world, we have been taking proactive steps to protect the environment and mitigate the carbon footprint of our operations.

Waste Management Plan

Offshore oil operations generate wastes, both solid and liquid. Production activities produce industrial effluents, while other wastes such as sewage, scrap metals, used paints or solvents are attributable to humans. Most wastes generated on

board a vessel can be potentially harmful to the marine environment. In this regard, the International Convention for the Prevention of Pollution from Ships developed by the International Maritime Organisation ("IMO') was developed in an effort to minimise pollution of the oceans and seas.

In addition, Malaysia has made provision under the Environmental Quality Act 1974 and the Environmental Quality (Scheduled Waste) Regulations 2005 for the "prevention, abatement, control of pollution and enhancement of the environment".

In compliance with these regulations, the Company has put in place a Waste Management Plan to deal with all aspects of waste handling, storage, transportation and disposal. The overall objective of the plan is to minimise the quantities of wastes generated on board, the emphasis being on Prevention, Reduction, Reuse/Recycle. The plan also spells out the responsibilities of the key personnel involved.

Environmental Management Manual

Integral to our waste management plan is our Environmental Management Manual ("EMM"), which provides guidelines and instructions to ensure that environmental practices are adhered to throughout the Group. The manual is supported by comprehensive environmental site inspection checklists to ensure good practices are followed and to ascertain possible causes of non-conformity so that corrective or preventive actions can be taken.

Accreditation to ISO 14001

One of the most important steps that we have taken in promoting environmental stewardship is earning accreditation to the ISO 14001 Environmental Management Standard. Certification to the standard is an assurance to stakeholders that the environmental management system ("EMS") we have in place meets internationally industry specific environmental standards and ensures we have developed the policies, protocols and procedures to ensure that the impacts of our activities on the environment are kept to the minimum.

ACHIEVING MORE

In keeping pace with the dynamic environment in which we operate and to meet the growing expectations of our stakeholders and as part of a transformation journey, E.A.Technique's CSR agenda continues to evolve. Every year, programmes are reviewed to ensure their relevance and maximise their benefits. However, the Group realises it has more to do. It will be raising its ambitions, especially in making a difference to the well being of the community and see where we can play a more meaningful role in realising the nation's aspirations encapsulated in Transformasi Nasional 2050 (TN50). We look forward to partnering with our stakeholders on this journey.

CALENDAR OF EVENTS 2016

16 January

E.A. TECHNIQUE'S SPORTS DAY
Venue: Sports Planet, Kota Damansara

E.A. Technique starts the year with a flourish with its annual Sports Day. This fun-filled family event, attended by company staff and their families, helps build rapport and strengthen bonds among staff. While the men pit their futsal skills against each other, the ladies took part in an exciting netball competition. The kids also had loads of fun on a double slide bouncer and play with sand art, while a clown had everyone in stitches.

26 January

THE DELIVERY OF M.V. NAUTICA TG. PUTERI 33, 34, 35, 36 & AIR HITAM
Venue: Kuwait, Dubai

In line with expanding our fleet operations, E.A. Technique receives a total of 4 vessels comprising 2 tugboats - the M.V. Nautica Tg. Puteri XXXIII and XXXIV, 2 mooring boats - the M.V. Nautica XXXV and XXXVI and 1 crane barge, the M.V. Nautica Air Hitam.

25 February

SAFETY CAMPAIGN LAUNCH – TAKE 5 and STOP WORK
Venue: M.T. FOIS Nautica Tembikai, Terengganu and M.T. Nautica Muar, Sarawak.

At E.A. Technique, safety is a way of life. The 'TAKE 5' safety campaign is launched on-board the M.T. FOIS Nautica Tembikai in Terengganu. Crew members of E.A. Technique and VESTIGO Petroleum Sdn. Bhd. took part in this exercise. On the same day, the 'STOP WORK' safety campaign is also launched on-board the M.T. Nautica Muar in Sarawak, involving the participation of crew members, VESTIGO and a production team from MTC Engineering.

2nd EHS MILESTONE ACHIEVEMENT OF I MILLION MAN HOURS
Venue: MMHE Yard, Pasir Gudang, Johor

Managing safety needs 100% committed management to get good results. In recognition of this, E.A Technique project staff take part in the 2nd EHS Milestone Achievement of 1 Million Man Hours event, which is held at the Malaysia Marine & Heavy Engineering (MMHE) Yard in Pasir Gudang, Johor.

10 March

24 March

MTC ENGIINEERING - 40K BARREL OIL
Venue: Saloma Bistro, Kuala Lumpur

E.A. Technique's senior management attend the "Safe Operation with Zero Lost time Injury" organised by MTC Engineering Sdn Bhd. The event is held to celebrate MTCE successfully producing 4 million barrels of crude oil production in 20 months against 4 years in schedule, and to show appreciation towards the partnership between the MTCE and E.A. Technique.

DOCKING OF M.V. NAUTICA TG. PUTERI 33,34,35,36 AND AIR HITAM
Venue: Kuwait, Dubai

From 4th – 8th April, the docking process for M.V. Nautica Tg. Puteri XXXIII, XXXIV, XXXV, XXXVI and Nautica Air Hitam is conducted with E.A. Technique's procurement manager, En. Faizul Hak present.

4 - 8 April

CALENDAR OF EVENTS 2016

4 May

**E.A. Technique CSR Programme –
ISLAMIC RELIEF MALAYSIA
Venue: Madrasatul Gouthiyah Surau,
Brickfields, KL.**

Helping the needy is an integral part of E.A. Technique's CSR programme. As part of our participation in the Islamic Relief Malaysia programme, our staff volunteer to distribute goodies sponsored by Maybank Etiqa, which include rice, cooking oil and various household products, to members of the Malaysian Blind Association. which was sponsored by Maybank Etiqa, Bangsar.

13 May

**THE DELIVERY OF M.T.
NAUTICA RENGGAM
Venue: Kuantan, Pahang**

Further expanding its fleet operations, E.A. Technique receives the Oil & Chemical tanker M.T Nautica Renggam, which safely arrives at Kuantan, Pahang.

18 May

**22nd ANNUAL GENERAL MEETING OF
E.A. TECHNIQUE
Venue: Mahkota I Ballroom, Hotel Istana,
Kuala Lumpur.**

E.A. Technique's 22nd Annual General Meeting is held with the attendance of the board of directors and staff at Mahkota I Ballroom, Hotel Istana, Kuala Lumpur.

21 May

CSR Programme –
CEMETARY CLEANING & CARE
Venue: Tanah Perkuburan Islam,
Taman Keramat Permai, Kuala Lumpur

E.A. Technique staff volunteer to help clean up the cemetary area at Tanah Perkuburan Islam Taman Keramat Permai in Kuala Lumpur. While doing a good deed, this event also acts as a staff team-building activity.

30 May

ARRIVAL OF THE WORLD'S FIRST
FLOATING LNG
Venue: Bintulu Waters

The World's first Floating Liquefied Natural Gas (FLNG) Storage Unit successfully arrives at Bintulu Waters, assisted by four E.A. Technique tugboats – the Nautica Tg. Puteri XXIII, XXVII, XXVIII and XXIX. Incidentally, three of the vessels were built at Johor Shipyard Engineering (JSE), a subsidiary of E.A. Technique.

2 June

CSR - RAMADHAN RELIEF PROGRAMME
Venue: Paragon Point, Bandar Baru Bangi,
Selangor.

In the spirit of goodwill and to help alleviate the suffering of the world's poorest people, E.A. Technique contributes 480 bottles of 2kg cooking oil to the Ramadhan Relief Programme organised by Islamic Relief Malaysia.

2 June

EA-TREC

EA–TREC OFFICIALLY APPROVED BY JPPM.

The registration of E.A. Technique Recreation Club (EA-TREC) is approved by Jabatan Pendaftaran Pertubuhan Malaysia (JPPM). EA-TREC was set up to provide staff with recreational activities that inspire and cultivate a healthy lifestyle to enhance their personal growth and build a sense of community in an inclusive environment.

CALENDAR OF EVENTS 2016

THE LAUNCHING OF NEW TUGBOAT M.V.NAUTICA TG. PUTERI XXVIII
Venue: Johor Shipyard Engineering, Hutan Melintang, Perak.

20 July

Adding to our fleet, a new tugboat, the M.V. Nautica Tg. Puteri XXVIII is launched at its subsidiary, Johor Shipyard Engineering.

27 July

BERGADING (EPCIC) – 2 MILLION MANHOURS ZERO L.T.I
Venue: MMHE Recreational Buiding, Pasir Gudang, Johor

To show appreciation for the attainment of 2 million project man hours without Loss Time Injury (LTI) for FSO Bergading during the Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) phase, the 3rd EHS milestone achievement of 2 Million Man Hours celebration is held. It is participated by Petronas MPM, HESS Senior Management, EAT Senior Management and MMHE/SOFEC and involves close to 3000 participants.

AWARDED "BEST SHIPPING COMPANY 2015" - WORLD MARITIME DAY 2016
Venue: Banquet Hall, Kuala Lumpur Convention Centre.

5&6 October

The greatest accolade is to be recognised by your peers. In conjunction with World Maritime Day, E.A. Technique is selected by Ikhtisas Kelautan Malaysia (IKMAL) as the Best Shipping Company of 2015. We also featured a booth at the celebrated event which was officiated by the Minister of Transport, YB Dato' Sri Liow Tiong Lai.

12&13 October

OPEN INTERVIEW PROGRAMME SKIM LATIHAN 1MALAYSIA (SL1M) 2016
Venue: Persada Johor International Convention Centre, Johor Bahru.

In line with the government's drive to enhance the employability of Malaysian graduates from rural areas and low income families, E.A. Technique participates in this SL1M program. The event is held over 2 days at Persada Johor International Convention Centre and is officiated by Minister in the Prime Minister's Department, YB Datuk Abdul Rahman Dahalan.

14 November

THE LAUNCHING OF NEW TUGBOAT M.V.NAUTICA TG. PUTERI XXIX (NTP 29)
Venue: Sibu, Sarawak

Yet another feather in its cap, E.A. Technique successfully launches a new tugboat, the M.V Nautica Tg. Puteri XXIX at Sibu, Sarawak.


theSun Congratulates Universal McCann

E.A. Technique buying Libra Perfex for RM5m

22 November

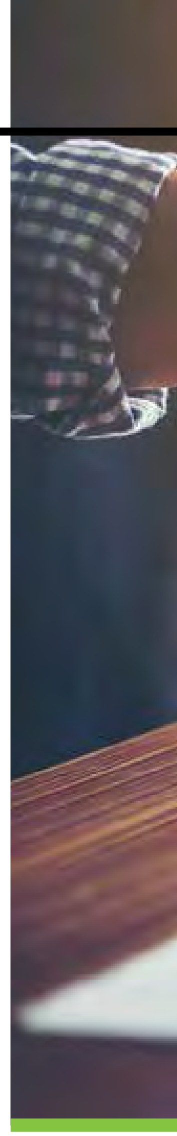
ACQUISITION OF LIBRA PERFEX PRECISION SDN BHD

E.A. Technique buys 100 percent shares of Libra Perfex Precision Sdn Bhd for RM5 million. The company is consolidated as a subsidiary of E.A. Technique for the financial year ended 31 December 2016.

SUSTAINABLE FUTURE

We have set our sights firmly on the future as we journey towards our next strategic phase. We are better equipped to face all challenges while we strive to achieve steady growth, enhanced value and sustainable progress.


POWER
POINT
MORSE
SIGNAL



STATEMENT OF CORPORATE GOVERNANCE

CONTINUOUS IMPROVEMENT IN CORPORATE GOVERNANCE

Our company believes that continuous enhancement of the standard of corporate governance is the underlying cornerstone for safeguarding the interests of all investors and enhancing corporate value.

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

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

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

BOARD OF DIRECTORS

The Board of our Company is accountable to the general meetings under its commitment to pursue the best interests of the Company. Members of the Board collectively and individually accept responsibility for the management and control of our Company in the interests of our shareholders and spare no efforts in the performance of their duties as Directors. Our Company's Independent Non-Executive Directors have extensive expertise and experience in accounting, legal and financial management and other professional areas. All of them act diligently to uphold the interests of our Company and our shareholders by maintaining the independence of their opinions given with respect to their review of our Company's connected transactions and significant events, and by providing professional advices on the stable and disciplined operation and long-term development of our Company.

Size and Composition of Board

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

The profile of each of the Member of the Board is as presented on pages 24 to 28 of this annual report.

SUMMARY OF THE POLICY

The Company recognises board diversity as the key element for the achievement of its strategic goals and sustainable development. In designing the composition of members of the Board, the Company takes into account a number of factors from various aspects, including but not limited to age, cultural and educational background, professional experience, skills, knowledge and length of service in considering the diversity of the Board. All decisions regarding appointment of members of the Board will be based on the candidates' meritocracy having regard to a set of objective standards which duly take the benefits of board diversity into consideration.

STATEMENT OF CORPORATE GOVERNANCE

Board Balance and Independence of Directors

The Board comprises a Non-Executive Chairman together with strong presence of 6 Non-Executive Directors, whereby half is Independent Non-Executive Directors.

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

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

One of the recommendations of the Malaysian Code of Corporate Governance ("the Code") states that the tenure of an Independent Director should not exceed a cumulative of 9 years and none of the Independent Director exceeds the tenure of 9 years. Each of the four (4) Independent Non-Executive Directors has provided an annual confirmation of his independence to the Nomination Committee and the Board.

Directors' Code of Ethics

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

Duties and Responsibilities of the Board

Compliance with the principles of sound corporate governance instituted in this Company shall be the paramount responsibility of, and start with the Board.

The Board exercise the corporate powers and conduct and manage the business and affairs of the Company in consonance with the principles of sound corporate governance instituted in this Company and shall be responsible for fostering the long-term success of the Company and securing its sustained competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

Consistent with a director's three-fold duty of obedience, diligence and loyalty to the corporation he serves, our Directors:

1. Act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-laws of the Company and in existing laws, rules and regulations;

2. Exercise their best care, skill, judgment and observe utmost good faith in the conduct and management of the business and affairs of the Company; and

3. Act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.

A Director's office is one of trust and confidence. As such, our Directors act in a manner characterised by transparency, accountability and fairness.

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

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

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

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

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

The principal responsibilities of the Board include the following:

- Deliberating and approving the Group's and Company's annual business plans and the medium term and long-term strategic plans.
- Approving the Group's and Company's annual budget.
- Prescribing the minimum standards and establishing policies on the management of risk and other key areas of the Group's and Company's operations.
- Overseeing the Group's and 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 to ensure an appropriate balance of role, responsibility and accountability at 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. Technique's 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 shall be borne by the Company.

Board Charter

The Board has adopted a Board Charter that sets out roles, functions, responsibilities, composition, operation and processes that are in line with the principles of good corporate governance. The Board Charter further defines the roles and responsibilities of the Chairman and the Managing Director.

As set out in the Board Charter, the Board is responsible for:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of our Group's businesses to evaluate whether our businesses are being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
- Developing and implementing a Corporate Disclosure Policy (including an investor relations programme) for the Group;
- Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- Ensuring that the Group's and Company's financial statements are true and fair and conform with the accounting standards; and
- Ensuring that the Group and Company adheres to high standards of ethics and corporate behaviour.

STATEMENT OF CORPORATE GOVERNANCE

Sustainability

The Board recognises the importance of sustainability that creates long-term Shareholder value by embracing opportunities and managing risks derived from the environment, social developments and governance. The Board is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of shareholders, stakeholders and business growth.

The Board is committed to provide fair and equal opportunities within the Group and acknowledges the importance of boardroom and workplace diversity. The Company is committed to promote workforce diversity in terms of gender, ethnicity, age, cultural background or other personal factors to ensure the workplace is fair, accessible, flexible and free from discrimination.

Details of the Corporate Social Responsibility are presented on page 68 of this Annual Report.

Board Meetings and Supply of Information

All Directors are provided with an agenda and a set of Board papers prior to the Board meetings. Sufficient notice is given to the Directors to review the said documents.

Generally, the Board papers circulated include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, minutes of Board Committees' meetings, acquisition and disposal proposals, updates from the Bursa Securities, list of directors' circular resolutions passed and report on the Directors dealings in securities, if any. 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 may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration.

The Directors, whether as a full Board or in their individual capacity, have unrestricted access to all information pertaining to the Group's business and affairs. This enables them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, at the Company's expense, in the furtherance of their duties.

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.

The External Auditors also briefed the Board members on the Financial Reporting Standards that would affect the Group's financial statements during the year.

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 2016 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 2016 are set out below:

Name	Directorship	33RD BOD 23.02.2016	SPECIAL BOD 30.03.2016	34TH BOD 18.05.2016	35TH BOD 30.08.2016	36TH BOD 16.11.2016	% Based on Meetings Attended
Ahamad Mohamad	Non-Independent Non-Executive chairman	√	√	√	√	√	100
Dato' Ir. Abdul Hak Md Amin	Managing Director	√	√	√	√	√	100
Datuk Anuar Ahmad	Senior Independent Non-Executive Director	√	√	√	√	√	100
Datuk Mohd Nasir Ali	Independent Non-Executive Director	√	√	√	√	√	100
Rozan Mohd Sa'at	Non-Independent Non-Executive Director	x	√	√	√	√	80
Md Tamyes Hj A.Rahim	Independent Non-Executive Director	√	√	√	√	√	100
Abdul Azmin Abdul Halim	Independent Non-Executive Director	√	√	√	√	√	100
Azli Mohamed	Non-Independent Non-Executive Director	√	√	√	√	√	100

Company Secretary

Every Director has unhindered access to the advice and services of the Company Secretaries. The Board believes that the current Company Secretaries are capable of carrying out their duties efficiently to ensure the effective functioning of the Board. The Board is regularly updated and appraised by the Company Secretaries who are very experienced, competent and knowledgeable on new statutes and directives issued by the regulatory authorities. The Secretaries give clear and sound advice on the measures to be taken and requirements to be observed by the Company and Directors arising from new statues and guidelines issued by the regulatory authorities. The Company Secretaries brief the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia.

The Company Secretaries circulate relevant guidelines and update on statutory and regulatory requirements from time to time for the Directors' reference and brief the Board members on the updates quarterly. They also oversee adherence with Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committee meetings to ensure that these meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company. The Company Secretaries also facilitate timely communication and decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretaries work 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

The Board acknowledges the importance of constantly updating itself on the industry's direction and development. They are provided with the opportunity for training in areas such as new laws and regulations, financial reporting, risk management and investor relations in order to equip themselves with the knowledge to effectively discharge their duties.

STATEMENT OF CORPORATE GOVERNANCE

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they shall continue to enhance their skills and knowledge to maximise their effectiveness as Directors during their tenure. During the financial year under review, the Board have attended individually or collectively seminar(s), conference(s) and/or training(s) to continuously upgrade their skills and to keep abreast with current developments.

The Directors also keep up-to-date with market developments and related issues through Board discussion meetings with the Managing Director, Chief Operating Officer, Chief Financial Officer and other Senior Management Officers and through the Company's Management seminars. In addition, the Directors receive regular briefings and updates on the Group's businesses, operations, risk management activities and relevant law updates. Trainings attended by the Directors during the year are as follows:-

No.	Name of Director	Training Attended
1.	Ahamad Mohamad	Knowledge Empowerment Programme (KEEP) for JCorp Leadership & Top Management
		JCorp Premier Brown Bag Session
		Engagement Session with President & Chief Executive Officer of JCorp for Johor Corporation Leadership Programme (JLP)
2.	Datuk Anuar Ahmad	Independent Directors Programme : The Essence Of Independence
		Putting An Effective Board In Place
		Updates On The New Companies Bill
3.	Datuk Mohd Nasir Ali	Capital Market Director Programme
		Anti-Money Laundering and Anti-Terrorism Financial and Proceeds of Unlawful Activities Act (AMLAATFPUAA) 2001
4.	Rozan Mohd. Sa'at	JCorp Premier Brown Bag Session
		Persidangan Wakaf Antarabangsa Johor
5.	Azli Mohamed	7th ASEAN Strategic Management by Harvard School Alumni Malaysia
		2016 Budget Seminar by Price Waterhouse Coopers

New Appointment and Re-Appointment of Director

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

In accordance with the Company's Articles of Association, at least one third (1/3) or the number nearest to one third (1/3) of the Directors, including the Managing Director, shall be subject to retirement by rotation once in every three (3) years. In accordance with Section 129(6) of the Companies Act, 1965, Directors over the age of seventy (70) are required to retire annually. All retiring Directors shall be eligible for re-election or re-appointment.

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

Directors' Remuneration

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

	Basic Salary	Fees/Allowances/ Other Emoluments	Bonuses	Benefit-in-kind	Total
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**
Executive Director					
Dato' Ir. Abdul Hak Md Amin	414	127.21	90.0	23.47	654.68
Non-Executive Director					
Ahamad Mohamad	0	75.5	0	0	75.5
Azli Mohamed	0	54.3	0	0	54.3
Rozan Mohd Sa'at	0	53.8	0	0	53.8
Independent Directors					
Datuk Anuar Ahmad	0	53.8	0	0	53.8
Datuk Mohd Nasir Ali	0	53.8	0	0	53.8
Abdul Azmin Abdul Halim	0	53.8	0	0	53.8
Md Hj Tamyes Hj A. Rahim	0	53.8	0	0	53.8

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 ("the Code"). 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.

STATEMENT OF CORPORATE GOVERNANCE

BOARD COMMITTEES

Audit Committee

E.A. Technique's Audit Committee comprise exclusively Non-Executive Directors; and the majority are Independent Directors. The terms of reference of the Audit Committee are set out under the Audit Committee report on pages 108 and 111 of this annual report. The Audit Committee met five (5) times during the financial year.

Name	Designation	1st Quarter ACM 23.02.16	2nd Quarter ACM 13.05.16	3rd Quarter ACM 12.08.2016	4th Quarter ACM 11.11.2016	Special ACM 16.11.2016	% Based on Meetings Attended
Datuk Anuar Ahmad	Chairman	/	/	/	/	/	100
Abdul Azmin Abdul Halim	Member	/	/	/	/	/	100
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

NOMINATION AND REMUNERATION COMMITTEE

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

A. NOMINATION COMMITTEE

The Nomination Committee is responsible for recommending candidates to fill vacancies in the Board based on their qualifications, abilities and potential contribution to our Company.

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

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

Name	Designation	Directorship
Ahamad Mohamad	Chairman	Non-Independent Non-Executive Director
Abdul Azmin Abdul Halim	Member	Independent Non-Executive Director
Md Tamyes Hj A. Rahim	Member	Independent Non-Executive Director

Terms of Reference

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

Purpose

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

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

Membership

The Nomination Committee shall have at least 3 members, all of whom shall be non-executive directors with the majority being independent directors. The quorum for the Committee shall be 2 members, of which one should be independent 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.

STATEMENT OF CORPORATE GOVERNANCE

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

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 nonexecutive 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 responsible for reviewing the remuneration policies, evaluating, deliberating and recommending to the Board the compensation and benefits and are guided by market norms and best industry practices. The Remuneration Committee is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group. Executive Directors shall abstain from the deliberation and voting on decisions in respect of their own remuneration package.

Name	Designation	Directorship
Ahmad 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

Membership

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

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

The Committee members shall:

- have a good knowledge of the Company and its executive directors, and a full understanding of shareholders' concern; and
- have a good understanding, enhanced as necessary by appropriate training or access to professional advice, on/off 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 4 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.

STATEMENT OF CORPORATE GOVERNANCE

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 programs where appropriate.

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

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

   With the assistance of the Remuneration Committee, our Company has established several systems to determine the remuneration policies of our staff, taking into account the staff's performance, our Company's requirements and with reference to the external benchmarks with an aim of attracting, retaining and motivating the staff needed to run our Company successfully as well as realising the overall enhancement of personal value of our staff, corporate's value and shareholders' value.

MANAGEMENT COMMITTEE

- Strategises the business of the Company. Proposes strategic business plans and policies to the Board for deliberation and approval.

- 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 bi-monthly.

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 meetings twice a year.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed in providing a balanced, clear and comprehensive assessment of the financial performance and prospect 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 committed to provide 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 appropriatness 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 122 in the Financial Statements section of this annual report.

Annual General Meeting

E.A. Technique adopts an open and transparent policy in respect of its relationship with shareholders, investors and stakeholders. Channels of communication are optimised to provide shareholders, investors and 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 arrangement to attend, participate and opportunity to vote on the regular businesses of the meeting by show of hands.

The Board and management ensure timely announcement are made to Bursa Malaysia and disseminate clear, relevant and sufficient information to enable the shareholders and investors to make informed investment decision.

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, the Senior Independent Non-Executive Director and Chairman of the Audit Committee.
Related Party Transactions

The Board through its Audit Committee reviews all related party transaction involved. The Recurrent Related Party Transaction entered into by the Group with its related parties are set out on the pages 198 to 200. Details of these transaction undertaken by the Group are in ordinary course of business, on arm's length basis and are on normal commercial terms, which are not favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders.

STATEMENT OF CORPORATE GOVERNANCE

Internal Controls

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. The Risk Management Committee is assigned by the Board with the duty to review the adequacy and effectiveness of the internal control procedures and report to the Board on major findings for deliberation.

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 every 6 months 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.

In order to ensure the compliance with the Listing Rules and the disclosure requirements of inside information of Securities and Futures Ordinance, the Company set out the Guidance of Responsibility of Continuous Disclosure and instructed its staff the steps to disclose information properly so as to enable the reporting of the potential insider information/tradings to the responsible person to decide whether any announcement had to be made. It also establishes relevant mechanism to ensure the secrets of the Company can be protected effectively.

Relationship with External Auditors

The Audit Committee and Board place great emphasis on the objectivity and independence of the external auditors in providing true and fair report to the shareholders. Through the Audit Committee, the Board maintains a transparent relationship with the Internal and External Auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The Audit Committee is empowered to communicate directly with the external and internal auditors and vice versa to highlight any issues of concern at any point in time.

The External Auditors meet the Audit Committee at least 2 times a year. During such meeting, the auditors highlight and discuss the nature, scope of the audit, audit programme, internal controls and issues that may require the attention of the Audit Committee or the Board.

The Audit Committee ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the External Auditors in order to make sure that it does not give rise to conflict of interests. The excluded contracts would include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2016 to the external auditors are set out below:

	E.A. TECHNIQUE RM '000
Fees paid / payable to E.Y.	
Audit	214
Audit-Related	118
Non Audit *	40

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognises the importance of effective communication with shareholders and the investment community, and adheres strictly to the disclosure requirements of Bursa Securities.

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. At the AGM, the Board provides opportunity for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to respond to questions from the shareholders at the AGM. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders.

Notice of AGM and annual reports will be sent to the shareholders at least 21 days ahead of the meeting date to enable shareholders to have sufficient time to peruse the annual report and papers supporting the resolutions proposed.

The Board encourages participation at general meetings and encourages poll voting by informing the shareholders of their right to demand for poll.

To keep the shareholders and investors informed on the Group's latest business and corporate development, information is disseminated via Annual Report, circular to shareholders, press releases, quarterly financial results and various announcements made from time to time to Bursa Securities.

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

Contact Details
Telephone number: **603-4252 5422**
E-mail : eat@eatechnique.com.my
rozaini@eatechnique.com.my
ROZAINI MOHD SANI
Chief Operating Officer

This statement is approved by the Board of Directors on 12/4/17.

AHAMAD MOHAMAD
Chairman

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Introduction

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") paragraph 15.26(b), and the principles set out in the revised Malaysian Code on Corporate Governance 2012 ("the Code"), the Board of Directors of E.A. Technique (M) Berhad ("the Board") is committed to ensure 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 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.

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.

BOARD'S RESPONSIBILITIES

The Board is cognisant of its overall responsibility and oversight for the Group's system of internal controls and is constantly keeping abreast with developments in areas of risk and governance. For this purpose, the Board continues to be involved in determining the Group's level of risk appetite and in identifying, assessing and monitoring the significant business risks to achieve its strategy, policies and business objectives throughout the financial year under review up to the date of approval of this statement. 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.

This system is subject to the Board's regular review with a view towards appraising the adequacy, effectiveness and efficiency of such system within the Group and also to ensure that these systems are viable and robust.

Taking into account the assurance from the management team and input from the relevant assurance providers, the Board agrees with 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.

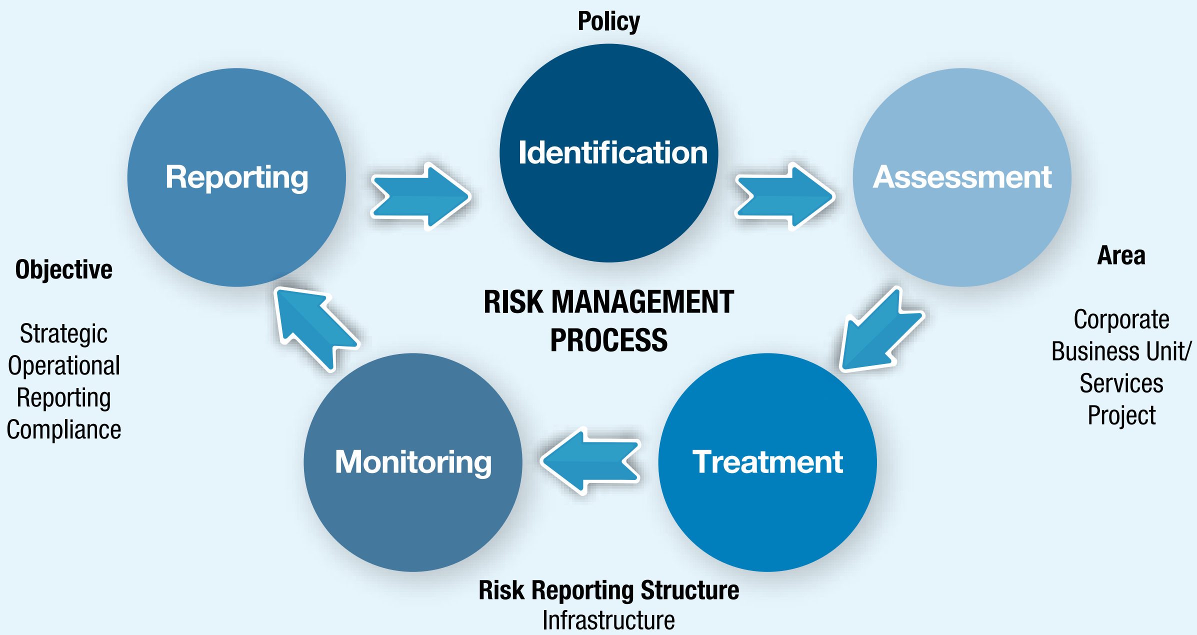
RISK MANAGEMENT FRAMEWORK

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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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

- the fundamentals and principles of risk management that are 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.



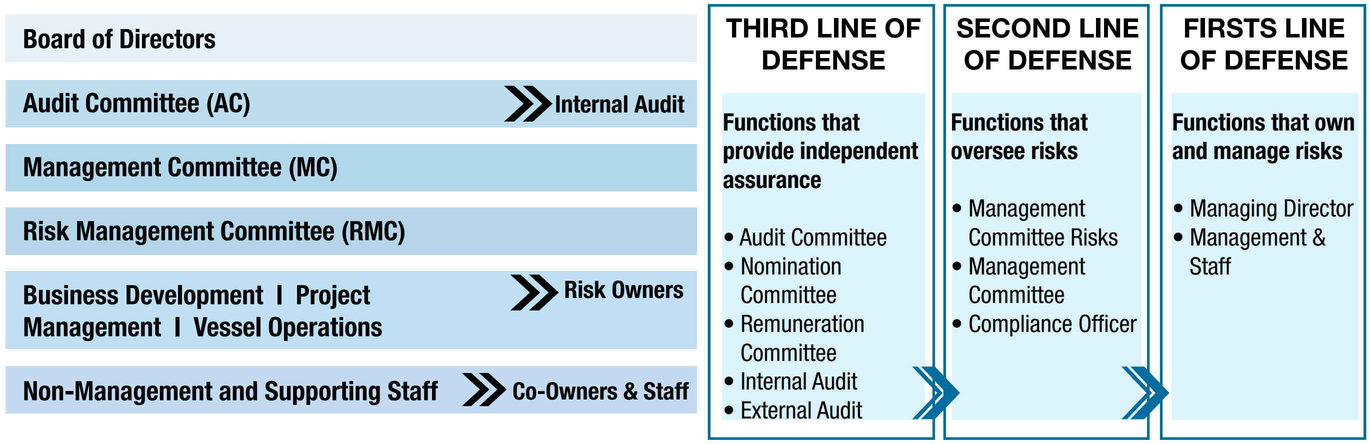
The Group recognises that it is obliged to systematically manage and regularly review its risk profile at a strategic, financial, compliance and operational level. The Group has two committees that have risk management and internal control oversight responsibilities, namely the Audit Committee ("AC")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



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

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

The second line of defense serves a vital purpose as it ensures that the first line of defense is properly designed, in place, and operating as intended. As management functions, they may intervene directly in modifying and developing the internal control and risk systems. On the third line of defense, the AC, Nomination and Remuneration Committee ("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 defense achieve risk management and control objectives

.

The key success factors of the Group's risk management process are active contribution and communication at operational or strategic level. Group's 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 identifies and implements a systematic approach in managing the significant risks. The Group ERM approach which 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 half-yearly 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 parameters.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Presentation to the RMC:

The RMC will facilitate the risk owner during the risk assessment and risk action planning. On a half-yearly 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 review, 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 parameters.

Board of Audit Committee Review:

A risk management report is submitted to the AC and to the Board on a half-yearly basis. The AC anticipates an objective view on the Top Group Risks, requests and challenges risk information from the business and acts as change catalyst in risks and control areas in the Group.

Internal Audit Review:

The IA shall analyse the effectiveness 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 accomplishes its objectives, makes the businesses endure and continues to 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.

In essence, the management of risks is considered as an interactive process. The creation of awareness among employees of different departments to take cognisance of risk on Group-wide basis, arises as a benefit from effective risk management processes. Significantly, it will also enhance risk ownership across the Group.

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 tool that is recognised and flexible in amassing information about business process risks, while the risk owners are authorised 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 operation 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 is 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 are supervised by the Committees based on their Terms of Reference ("TOR") which were 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

Board Committee

Name of Committee	Primary Function
Audit Committee	To assist the board in maintaining a sound system of internal control by ensuring the openness, integrity and accountability of the Group's activities so as to safeguard the rights and interest of the shareholders
Nomination and Remuneration Committee	To oversee the selection and assessment of directors, by development, maintenance and review of the criteria to be used in the recruitment process and annual assessment of directors. To committee is also responsible for establishing formal and transparent remuneration policies

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 where necessary to evaluate and recommend for Board's approval.
Vessel Operation Committee ("VOC")	To monitor and review weekly 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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Organisation Structure

The Group has a well-defined organisation structure that is aligned to its business requirements and also 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 two (2) Board committees which provide focus and counsel in the areas of:

1. Audit Committee; and
2. Nomination and 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 impacting 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.

Budget Approval

Budget is a vital 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 divisions and subsidiaries.

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

Procurement

A well 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, preparing of financial statements, observing the various internal control policies and procedures, as well as maintaining good management practices to ensure cost efficiencies, integrity of financial records and to safeguard the Group's assets. The Board believes that all these control measures will significantly enhance the internal control of the Group.

The major written Policy and Procedure Manuals include:

1. Vessel Operation Manual
2. Guidelines on the Financial Procedure
3. Handbook on Rules and Regulations for Employees
4. Code of Ethics

Regulatory Compliance

A clear, formalised and documented HSE regulations 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 views any detrimental action taken against a whistleblower or any person related to or associated with the whistleblower in reprisal for a disclosure of improper conduct seriously and will treat such action as gross misconduct.

This Policy aims to:

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

Code of Ethics

The Board has formalised a Code of Ethics ("Code"). This Code is aimed 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

For the financial year under review and up to the date of issuance of the financial statements, the Board is at opinion 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 major control failure or weakness or any adverse compliance events that would result in any material losses, contingencies or uncertainties that would require separate disclosure in the Annual Report.

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

Therefore the Board is 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

The composition of the Audit Committee is as follows:

The attendance record of the members of the Audit Committee during the financial year 2016 is as follows:

Name	Designation	1st Quarter ACM 23.02.2016	2nd Quarter ACM 13.05.2016	3rd Quarter ACM 12.08.2016	4th Quarter ACM 11.11.2016	SPECIAL ACM 16.11.2016	% Based on Meetings Attended
Datuk Anuar Ahmad	Chairman	√	√	√	√	√	100
Abdul Azmin Abdul Halim	Member	√	√	√	√	√	100
Azli Mohamed	Member	√	√	√	√	√	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.

Composition

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 authorize 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

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 it considers necessary.

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

Duties and Responsibilities

The Committee shall carry out the following responsibilities:

AUDIT COMMITTEE REPORT

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 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 31 December 2016, 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 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 2017.
	• 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 2016 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 activities, issue and related recommendations.

Internal Audit Function

The Group's internal audit function is outsourced to Internal Audit of Kulim (Malaysia) Berhad ("KMB"). The Internal Audit Department ("IAD") of KMB is led by a Certified Internal Auditor ("CIA"). The IAD reports directly to the Audit Committee and is guided by its Internal Audit Charter. The IAD assists the Board in fulfilling its fiduciary responsibilities over the areas of financial, operational, information 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 included 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 2016 amounted to RM106,371.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

The Company did not have utilisation of proceeds from public issue during the financial year ended 31 December 2016.

SHARE BUY-BACK

The shareholders of the Company had granted a mandate to the Company to purchase its own shares at the Annual General Meeting held on 18th May 2016.

The Company does not currently hold any treasury shares and has not purchased, resold and/or cancelled any Shares during the last 12 months preceding the previous AGM.

OPTIONS OR CONVERTIBLE SECURITIES

The company did not issue any options or convertible securities during the financial year ended 31 December 2016.

DEPOSITORY RECEIPT PROGRAMME

The company did not sponsor any depository receipt programme during the financial year ended 31 December 2016.

SANCTIONS AND/OR PENALTIES

There was no sanctions and/or penalties during the financial year ended 31 December 2016.

VARIATION IN RESULTS

There was no material variation between the audited results for the financial year ended 31 December 2016 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 2016.

MATERIAL CONTACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

Save as disclosed below, there were no material contracts, entered 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 2016.

RECURRENT RELATED PARTY TRANSACTIONS

There were no material recurrent related party transactions entered by the Group for the financial year ended 31 December 2016.

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 2016.

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, provider of port marine services and provision of engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels whilst the principal activities of the subsidiaries are 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	8,778,791	10,637,284

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 operations 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 amount of dividend declared and paid by the Company since 31 December 2015 was as follows:

	RM
In respect of the financial year ended 31 December 2015	
A final tax exempt (single-tier) dividend of 1.00 sen per ordinary share of RM0.25 each on 504,000,000 ordinary shares, was declared on 20 May 2016 and paid on 30 June 2016	5,040,000

The Directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS' REPORT (cont'd.)

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
Datuk Anuar bin Ahmad
Datuk Mohd Nasir bin Ali
Rozan bin Mohd Sa'at
Azli bin Mohamed
Abdul Azmin bin Abdul Halim
Md Tamyes bin Hj A. Rahim

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 19 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 26 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			
	1.1.2016	**Acquired**	**Sold**	**31.12.2016**
Dato' Ir. Abdul Hak bin Md Amin				
Interest in Company				
– Direct	90,900,000	18,000,000	(24,550,000)	84,350,000
– Indirect	29,295,000	–	(3,458,300)	25,836,700
Ahamad bin Mohamad				
Interest in Company				
– Direct *	500,000	–	–	500,000

DIRECTORS' REPORT (cont'd.)

DIRECTORS' INTERESTS (CONT'D.)

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: (cont'd.)

	I--------- Number of ordinary shares of RM0.25 each ----------I			
	1.1.2016	Acquired	Sold	31.12.2016
Datuk Anuar bin Ahmad				
Interest in Company				
– Direct	327,500	–	–	327,500
Abdul Azmin bin Abdul Halim				
Interest in Company				
– Direct	50,000	–	–	50,000
Md Tamyes bin Hj A.Rahim				
Interest in Company				
– Direct	327,500	–	–	327,500
Datuk Mohd Nasir bin Ali				
Interest in Company				
– Direct	327,500	–	–	327,500
Azli bin Mohamed				
Interest in Company				
– Direct *	327,500	–	–	327,500
Rozan bin Mohd Sa'at				
Interest in Company				
– Direct	327,500	–	–	327,500
Ahamad bin Mohamad				
Interest in intermediate holding company				
Kulim (Malaysia) Berhad				
– Direct	963,400	500,000	(1,463,400)	–
Md Tamyes bin Hj A.Rahim				
Interest in intermediate holding company				
Kulim (Malaysia) Berhad				
– Direct	28,000	–	(28,000)	–
Azli bin Mohamed				
Interest in intermediate holding company				
Kulim (Malaysia) Berhad				
– Direct	60,300	163,800	(224,100)	–
Rozan bin Mohd Sa'at				
Interest in intermediate holding company				
Kulim (Malaysia) Berhad				
– Direct	8,800	150,000	(158,800)	–

* *Shares are held in trust for Kelab Sukan & Rekreasi Tiram (KSRT)*

DIRECTORS' REPORT (cont'd.)

DIRECTORS' INTERESTS (CONT'D.)

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: (cont'd.)

	I--------- Number of ordinary shares of RM0.50 each ----------I			
	1.1.2016	Acquired	Sold	31.12.2016
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 allowance 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 allowance for doubtful debts inadequate to any substantial extent; and

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

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

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

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

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

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

DIRECTORS' REPORT (cont'd.)

OTHER STATUTORY INFORMATION (CONT'D.)

(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 EVENTS

Significant events are disclosed in Note 5(a) and Note 28 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

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 125 to 204 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 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 31 to the financial statements on page 205 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 6 March 2017.

Ahamad Bin Mohamad

Dato' Ir. Abdul Hak Bin Md Amin

STATUTORY DECLARATION

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

I, Rozaini Bin Mohd Sani, 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 125 to 205 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 Rozaini Bin Mohd Sani
at Kuala Lumpur in the Federal Territory
on 6 March 2017

Rozaini Bin Mohd Sani

Before me,

PESURUHJAYA SUMPAH
MALAYSIA

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur.
Tel: 019-6680745

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF E.A. TECHNIQUE (M) BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of E.A. Technique (M) Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 125 to 204.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and of their 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.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS REPORT (cont'd.)

Key audit matters (cont'd.)

Revenue recognition on construction contract
(Refer to Notes 2.17 and 2.22 to the financial statements)

A significant proportion of the Group's revenues and profits are derived from one long-term construction contract which spans more than one accounting period. For the financial year ended 31 December 2016, construction contract revenue of RM381 million and contract cost of RM348 million in respect of this long-term construction contract accounted for approximately 64% and 71% of the Group's total revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for this long-term construction contract.

We identified construction contract revenue and cost of sales as an area of audit focus as it involves significant management's judgement and estimates. In particular, we focused on the following areas:

- Judgement and estimates made in the determination of whether variations in contract works should be included in the contract revenue;

- Judgement and estimates made in respect of claims which the Group seeks to collect from the customer as reimbursement for costs not included in the contract price. The measurement of such amounts is subject to a high level of uncertainty and often depends on the outcome of negotiations; and

- Estimates made in respect of the total estimated contract costs (which forms part of the computation of percentage-of-completion for this long-term contract).

To address this area of audit focus:

- We read the contract to obtain an understanding of the specific terms and conditions;

- We obtained an understanding of the relevant internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by the management in estimating variation orders, claims, total contract costs, profit margin and percentage-of-completion of the contract;

- We read the minutes of management meeting to obtain an understanding of the performance and status of the contracts;

- We observed the progress of the contract by performing site visit;

- With respect to variations in contract works and claims for costs not included in the contract price, we agreed the amounts to approved variation order forms;

- We evaluated the assumptions applied in the determination of percentage-of-completion in light of supporting evidence such as letters of award, approved purchase orders, sub-contractors' claims and invoices; and

- We reviewed management's workings on the computation of percentage-of-completion.

INDEPENDENT AUDITORS REPORT (cont'd.)

Information other than the financial statements and auditors' report

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2016 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's 2016 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS REPORT (cont'd.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd.)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

b) We have considered the financial statements and auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

c) We are satisfied that the financial statements of the subsidiaries 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.

d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS REPORT (cont'd.)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 31 on page 205 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

Tan Shium Jye
No. 2991/05/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
6 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM (Restated)
Assets			
Non-current assets			
Property, plant and equipment	4	**707,244,155**	643,966,304
Intangible asset	6	**4,775,668**	–
Trade and other receivables	7	**3,027,446**	2,370,057
		715,047,269	646,336,361
Current assets			
Trade and other receivables	7	**226,123,368**	217,000,495
Short term deposits	8	**189,473,614**	52,405,320
Cash, bank balances and deposits	9	**25,334,221**	33,029,711
		440,931,203	302,435,526
Total assets		**1,155,978,472**	948,771,887
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	10	**126,000,000**	126,000,000
Share premium	10	**43,100,000**	43,100,000
Retained earnings	11	**104,701,312**	100,962,521
Total equity		**273,801,312**	270,062,521
Non-current liabilities			
Loans and borrowings	12	**301,487,350**	403,449,655
Deferred tax liabilities	13	**9,422,204**	4,512,624
		310,909,554	407,962,279
Current liabilities			
Trade and other payables	14	**175,715,181**	81,612,374
Loans and borrowings	12	**384,662,824**	178,062,184
Tax payable		**10,889,601**	11,072,529
		571,267,606	270,747,087
Total liabilities		**882,177,160**	678,709,366
Total equity and liabilities		**1,155,978,472**	948,771,887

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM (Restated)
Assets			
Non-current assets			
Property, plant and equipment	4	**723,054,993**	657,151,336
Investment in subsidiaries	5	**7,500,000**	2,500,000
Trade and other receivables	7	**3,027,446**	2,370,057
		733,582,439	662,021,393
Current assets			
Trade and other receivables	7	**229,621,949**	216,205,991
Short term deposits	8	**189,473,614**	52,405,320
Cash, bank balances and deposits	9	**20,533,010**	27,611,723
		439,628,573	296,223,034
Total assets		**1,173,211,012**	958,244,427
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	10	**126,000,000**	126,000,000
Share premium	10	**43,100,000**	43,100,000
Retained earnings	11	**116,801,123**	111,203,839
Total equity		**285,901,123**	280,303,839
Non-current liabilities			
Loans and borrowings	12	**301,209,303**	403,032,777
Deferred tax liabilities	13	**9,703,466**	4,493,621
		310,912,769	407,526,398
Current liabilities			
Trade and other payables	14	**181,041,017**	82,052,565
Loans and borrowings	12	**384,523,992**	177,925,290
Tax payable		**10,832,111**	10,436,335
		576,397,120	270,414,190
Total liabilities		**887,309,889**	677,940,588
Total equity and liabilities		**1,173,211,012**	958,244,427

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 2016

	Note	2016 RM	2015 RM (Restated)
Revenue	15	**591,663,470**	536,529,725
Cost of sales	16	**(492,106,109)**	(418,336,142)
Gross profit		**99,557,361**	118,193,583
Other operating income		**3,552,789**	4,306,832
Administrative expenses		**(67,028,093)**	(93,303,441)
Results from operating activities		**36,082,057**	29,196,974
Finance income		**2,855,875**	2,321,950
Finance costs	17	**(17,396,653)**	(15,701,600)
Profit before tax	18	**21,541,279**	15,817,324
Income tax expense	20	**(12,762,488)**	(4,281,230)
Profit net of tax, representing total comprehensive income for the financial year		**8,778,791**	11,536,094
Profit/total comprehensive income attributable to:			
Owners of the Company		**8,778,791**	11,536,094
Earnings per share attributable to owners of the parent (sen)			
Basic	22	**1.74**	2.29

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 2016

	Note	2016 RM	2015 RM (Restated)
Revenue	15	**591,276,477**	536,529,725
Cost of sales	16	**(492,581,717)**	(418,336,142)
Gross profit		**98,694,760**	118,193,583
Other operating income		**2,975,840**	4,804,983
Administrative expenses		**(64,220,720)**	(91,708,083)
Results from operating activities		**37,449,880**	31,290,483
Finance income		**2,855,875**	2,321,950
Finance costs	17	**(17,361,360)**	(15,683,133)
Profit before tax	18	**22,944,395**	17,929,300
Income tax expense	20	**(12,307,111)**	(3,674,209)
Profit net of tax, representing total comprehensive income for the financial year		**10,637,284**	14,255,091
Profit/total comprehensive income attributable to:			
Owners of the Company		**10,637,284**	14,255,091

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 2016

	<------- Non-distributable ------->		Distributable	
	Share capital RM (Note 10)	**Share premium RM (Note 10)**	**Retained earnings RM (Note 11)**	**Total RM**
At 1 January 2015	126,000,000	43,100,000	100,766,427	269,866,427
Total comprehensive income for the financial year, as reported	–	–	37,741,004	37,741,004
Prior year adjustments (Note 30)	–	–	(26,204,910)	(26,204,910)
Total comprehensive income for the financial year, as restated	–	–	11,536,094	11,536,094
Transactions with owners				
Dividends on ordinary shares (Note 21)	–	–	(11,340,000)	(11,340,000)
At 31 December 2015 (restated) / 1 January 2016	126,000,000	43,100,000	100,962,521	270,062,521
Total comprehensive income for the financial year	–	–	8,778,791	8,778,791
Transactions with owners				
Dividends on ordinary shares (Note 21)	–	–	(5,040,000)	(5,040,000)
At 31 December 2016	126,000,000	43,100,000	104,701,312	273,801,312

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 2016

	<------- Non-distributable	------->	Distributable	
	Share capital RM (Note 10)	Share premium RM (Note 10)	Retained earnings RM (Note 11)	Total RM
At 1 January 2015	126,000,000	43,100,000	108,288,748	277,388,748
Total comprehensive income for the financial year, as reported	–	–	40,460,001	40,460,001
Prior year adjustments (Note 30)	–	–	(26,204,910)	(26,204,910)
Total comprehensive income for the financial year, as restated	–	–	14,255,091	14,255,091
Transactions with owners				
Dividends on ordinary shares (Note 21)	–	–	(11,340,000)	(11,340,000)
At 31 December 2015 (restated) / 1 January 2016	126,000,000	43,100,000	111,203,839	280,303,839
Total comprehensive income for the financial year	–	–	10,637,284	10,637,284
Transactions with owners				
Dividends on ordinary shares (Note 21)	–	–	(5,040,000)	(5,040,000)
At 31 December 2016	126,000,000	43,100,000	116,801,123	285,901,123

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 2016

	Note	2016 RM	2015 RM (Restated)
Cash flows from operating activities			
Profit before tax		**21,541,279**	15,817,324
Adjustments for:			
Depreciation of property, plant and equipment		**55,562,649**	42,967,791
Amortisation of intangible asset		**555,660**	–
Finance costs		**17,396,653**	15,701,600
Loss on disposal of property, plant and equipment		**3,078,401**	–
Finance income		**(2,855,875)**	(2,321,950)
Allowance for impairment losses of trade receivables		**5,133,214**	21,934,806
Reversal of impairment losses on trade receivables		**(3,926)**	(1,641,306)
Unrealised foreign exchange loss		**38,154,543**	46,072,891
Operating cash flows before changes in working capital		**138,562,598**	138,531,156
Changes in working capital:			
Increase in trade and other receivables		**(35,291,405)**	(190,709,312)
Increase in trade and other payables		**79,673,158**	46,828,959
Cash generated from/(used in) operations		**182,944,351**	(5,349,197)
Interest received		**1,769,195**	2,253,777
Interest paid		**(17,396,653)**	(15,377,298)
Tax paid		**(10,406,880)**	(6,417,236)
Net cash generated from/(used in) operating activities		**156,910,013**	(24,889,954)
Cash flows from investing activities			
Increase in short term deposits, fixed and security deposits pledged		**(125,860,784)**	(23,069,368)
Purchase of property, plant and equipment		**(123,564,859)**	(149,963,035)
Acquisition of a subsidiary		**(899,902)**	–
Proceeds from disposal of property, plant and equipment		**4,485,000**	–
Net cash used in investing activities		**(245,840,545)**	(173,032,403)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd.)

	Note	2016 RM	2015 RM (Restated)
Cash flows from financing activities			
Dividend paid		**(5,040,000)**	(11,340,000)
Repayment of conventional term loan		**(45,091,765)**	(42,088,130)
Drawdown from conventional term loan		**107,021,480**	23,100,000
Repayment of Islamic term financing facilities		**(19,519,066)**	(34,823,965)
Drawdown from Islamic term financing facilities		**41,789,925**	261,771,550
Net repayment of finance lease		**(208,439)**	(155,342)
Net cash generated from financing activities		**78,952,135**	196,464,113
Net decrease in cash and cash equivalents		**(9,978,397)**	(1,458,244)
Cash and cash equivalents at beginning of financial year	(i)	**20,127,099**	21,585,343
Cash and cash equivalents at end of financial year	(i)	**10,148,702**	20,127,099

(i) Cash and cash equivalents

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

	Note	2016 RM	2015 RM
Cash and bank balances	9	**15,492,742**	23,344,772
Short term deposits	8	**189,473,614**	52,405,320
Fixed and security deposits with licensed banks	9	**9,841,479**	9,684,939
		214,807,835	85,435,031
Less: Bank overdrafts	12	**(5,344,040)**	(3,217,673)
		209,463,795	82,217,358
Less: Short term deposits pledged	8	**(189,473,614)**	(52,405,320)
Less: Fixed and security deposits pledged	9	**(9,841,479)**	(9,684,939)
		10,148,702	20,127,099

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM (Restated)
Cash flows from operating activities			
Profit before tax		**22,944,395**	17,929,300
Adjustments for:			
Depreciation of property, plant and equipment		**56,520,368**	43,596,097
Finance costs		**17,361,360**	15,683,133
Loss on disposal of property, plant and equipment		**3,078,401**	–
Finance income		**(2,855,875)**	(2,321,950)
Allowance for impairment losses of trade receivables		**5,133,214**	21,934,806
Reversal of impairment losses on trade receivables		**(3,926)**	(1,641,306)
Unrealised foreign exchange loss		**37,835,104**	46,074,740
Operating cash flows before changes in working capital		**140,013,041**	141,254,820
Changes in working capital:			
Increase in trade and other receivables		**(39,161,726)**	(189,942,076)
Increase in trade and other payables		**89,212,274**	43,790,454
Cash generated from/(used in) operations		**190,063,589**	(4,896,802)
Interest received		**1,769,195**	2,253,777
Interest paid		**(17,361,360)**	(15,358,831)
Tax paid		**(9,643,519)**	(4,842,245)
Net cash generated from/(used in) operating activities		**164,827,905**	(22,844,101)
Cash flows from investing activities			
Increase in short term deposits, fixed and security deposits pledged		**(125,096,402)**	(22,974,368)
Purchase of property, plant and equipment		**(127,192,336)**	(154,593,538)
Acquisition of a subsidiary		**(5,000,000)**	–
Proceeds from disposal of property, plant and equipment		**4,485,000**	–
Net cash used in investing activities		**(252,803,738)**	(177,567,906)

STATEMENT OF CASH FLOWS (cont'd.)

	Note	2016 RM	2015 RM (Restated)
Cash flows from financing activities			
Dividend paid		**(5,040,000)**	(11,340,000)
Repayment of conventional term loan		**(45,091,765)**	(42,088,130)
Drawdown from conventional term loan		**107,021,480**	23,100,000
Repayment of Islamic term financing facilities		**(19,519,066)**	(34,823,965)
Drawdown from Islamic term financing facilities		**41,789,925**	261,771,550
Net repayment of finance lease		**(71,546)**	(67,492)
Net cash generated from financing activities		**79,089,028**	196,551,963
Net decrease in cash and cash equivalents		**(8,886,805)**	(3,860,044)
Cash and cash equivalents at beginning of the financial year	(i)	**14,804,111**	18,664,155
Cash and cash equivalents at end of financial year	(i)	**5,917,306**	14,804,111

(i) Cash and cash equivalents

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

	Note	2016 RM	2015 RM
Cash and bank balances	9	**11,261,346**	18,021,784
Short term deposits	8	**189,473,614**	52,405,320
Fixed and security deposits with licensed banks	9	**9,271,664**	9,589,939
		210,006,624	80,017,043
Less: Bank overdrafts	12	**(5,344,040)**	(3,217,673)
		204,662,584	76,799,370
Less: Short term deposits pledged	8	**(189,473,614)**	(52,405,320)
Less: Fixed and security deposits pledged	9	**(9,271,664)**	(9,589,939)
		5,917,306	14,804,111

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 (Malaysia) 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, provider of port marine services and provision of engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels.

The principal activities of the subsidiaries are shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy, hiring and chartering of marine vessels.

There have 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 6 March 2017.

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 2016 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").

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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 2016, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2016.

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 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

Adoption of the above standards 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 and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 107 Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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 depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 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.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group plans to assess the potential effect of MFRS 16 on its financial statements in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

2.4 Basis of consolidation (cont'd.)

Business combinations and goodwill

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.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

2.5 Foreign currencies (cont'd.)

(b) Foreign currency transactions

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

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

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

2.6 Property, plant and equipment

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

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

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

–	Vessels	5 – 25 years
–	Buildings	50 years
–	Motor vehicles	5 years
–	Forklifts	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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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

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 Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

2.9 Financial instruments – initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

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

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

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 2016 and 2015.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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

(a) Financial assets (cont'd.)

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 2016 and 2015.

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 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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

(a) Financial assets (cont'd.)

Derecognition

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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

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

Financial assets carried at amortised cost (cont'd.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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

(c) Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, amounts due to a subsidiary, immediate holding company, intermediate holding company and ultimate holding company 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 2016 and 2015.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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

(c) Financial liabilities (cont'd.)

Derecognition

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

(d) Offsetting of financial instruments

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

2.10 Impairment of non-financial assets

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

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

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

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

2.11 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

2.12 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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

2.17 Revenue (cont'd.)

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

Relates to contract revenue accounted for under percentage of completion method. EPCIC income arises from 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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

2.18 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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

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

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

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

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

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

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

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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

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 from 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.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – the Group as lessor

The Group has entered into lease arrangements with related and third parties on its vessels. Where the Group has determined that it retains all the significant risks and rewards of ownership of these vessels, the vessels are recognised and classified as part of non-current assets of the Group.

(ii) 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 of the leasehold land has a tenure of twenty years with renewal option included in the contract. The lease of the third party vessels has an average tenure of two to three years with renewal option included in the contract. 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 13.

(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 depending on the type of vessels. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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. Construction contract revenue and profits are recognised based on percentage of completion which is determined by the proportion of actual costs incurred to date as compared to the estimated total budgeted costs.

Significant judgement and high degree of estimation are required in assessing the percentage of completion; determination of whether variations in contract works should be included in the contract revenue; measurement of claims which the Group seeks to collect from the customer as reimbursement for costs not included in the contract price as the measurement of such amounts is subject to a high level of uncertainty and often depends on the outcome of negotiations; and estimates made in respect of the total estimated contract costs.

A 5% increase/(decrease) in the estimated total budgeted costs would (decrease)/increase the Group's profits for the year by (RM31,242,387)/ RM25,029,751.

(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 RM1,138,795 (2015: RM1,493,842) variance in the loss or profit (net of tax) for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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 2016	759,915,113	37,983,700	1,696,912	6,373,847	698,529	364,000	603,435	884,872	808,520,408
Additions	6,027,575	116,411,070	–	976,835	–	–	30,000	119,379	123,564,859
Acquisition of a subsidiary (Note 5(a))	–	–	–	–	75,800	–	37,485	59,669	172,954
Disposal	(16,223,410)	–	–	–	–	–	–	–	(16,223,410)
Transfers (Note 7(b))	64,533,048	(61,737,958)	–	–	–	–	–	–	2,795,090
At 31 December 2016	814,252,326	92,656,812	1,696,912	7,350,682	774,329	364,000	670,920	1,063,920	918,829,901
Accumulated depreciation									
At 1 January 2016	162,526,300	–	297,451	–	482,670	109,200	535,122	603,361	164,554,104
Acquisition of a subsidiary (Note 5(a))	–	–	–	–	75,800	–	13,119	40,083	129,002
Charge for the year (Note 18)	55,128,712	–	33,939	–	124,158	72,800	26,213	176,827	55,562,649
Disposal	(8,660,009)	–	–	–	–	–	–	–	(8,660,009)
At 31 December 2016	208,995,003	–	331,390	–	682,628	182,000	574,454	820,271	211,585,746
Net carrying amount									
At 31 December 2016	605,257,323	92,656,812	1,365,522	7,350,682	91,701	182,000	96,466	243,649	707,244,155

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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 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 (Note 18)	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.)

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 2016	769,910,009	50,394,184	1,696,912	599,626	603,435	659,018	823,863,184
Additions	8,956,978	118,087,912	–	–	30,000	117,446	127,192,336
Disposal	(16,223,410)	–	–	–	–	–	(16,223,410)
Transfers (Note 7(b))	64,533,048	(61,737,958)	–	–	–	–	2,795,090
At 31 December 2016	827,176,625	106,744,138	1,696,912	599,626	633,435	776,464	937,627,200
Accumulated depreciation							
At 1 January 2016	164,978,416	–	297,451	403,549	535,122	497,310	166,711,848
Charge for the year (Note 18)	56,261,693	–	33,939	104,377	25,588	94,771	56,520,368
Disposal	(8,660,009)	–	–	–	–	–	(8,660,009)
At 31 December 2016	212,580,100	–	331,390	507,926	560,710	592,081	214,572,207
Net carrying amount							
At 31 December 2016	614,596,525	106,744,138	1,365,522	91,700	72,725	184,383	723,054,993

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 (Note 18)	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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Vessels	**605,257,323**	597,388,813	**614,596,525**	604,931,593
Vessels under construction	**92,656,812**	37,983,700	**106,744,138**	50,394,184
	697,914,135	635,372,513	**721,340,663**	655,325,777

(b) Assets held under finance lease

During the prior financial year, the Group acquired property, plant and equipment at aggregate costs of RM150,236,035 of which RM273,000 was acquired by means of finance lease agreement.

The net carrying amount of office equipment, motor vehicles, forklifts of the Group and of the Company held under finance lease arrangements are RM470,981 (2015: RM547,582) and RM70,581 (2015: RM154,587) respectively.

(c) Borrowing costs

Included in vessels under construction of the Group and of the Company is interest capitalised for the year of RM1,260,437 (2015: RM2,342,330).

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
At cost:		
Beginning of year	**2,500,000**	2,500,000
Acquisition of a subsidiary (Note 5(a))	**5,000,000**	–
End of year	**7,500,000**	2,500,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

5. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2016 %	2015 %
Johor Shipyard and Engineering Sdn. Bhd.*	Malaysia	Shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy	**100**	100
Libra Perfex Precision Sdn Bhd (i)	Malaysia	Hiring and chartering of marine vessels	**100**	–

* Audited by Ernst & Young Malaysia.
(i) Audited by a firm other than Ernst & Young

(a) Acquisition of a subsidiary

On 24 November 2016, the Company acquired the entire issued and paid up share capital of Libra Prefex Precision Sdn Bhd ("Libra"), a company incorporated in Malaysia, comprising 2,000,000 ordinary shares of RM1.00 each fully paid up in the capital of Libra for a total cash consideration of RM5,000,000 ("the Acquisition"). Following the completion of the acquisition, Libra became a wholly-owned subsidiary of the Company.

The carrying amount and fair value of the identifiable assets and liabilities of Libra as at the date of acquisition were as follows:

	Carrying amount RM	Fair value RM
Property, plant and equipment (Note 4)	43,952	43,952
Deferred tax assets (Note 13)	281,417	281,417
Intangible asset (Note 6)	–	5,331,328
Trade and other receivables	625,952	625,952
Short term deposits	563,742	563,742
Cash and bank balances	3,536,355	3,536,355
Trade and other payables	(5,002,707)	(5,002,707)
Total identifiable net assets	48,712	5,380,039
Negative goodwill (gain on bargain purchase)		(380,039)
Total cost of acquisition		5,000,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

5. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Acquisition of a subsidiary (cont'd.)

Details of cash flow arising from the acquisition are as follows:

	RM
Cash consideration	5,000,000
Cash and cash equivalents acquired	(4,100,098)
Cash outflow from acquisition of a subsidiary	899,902

Libra contributed revenue of approximately RM1,596,185 and profit after taxation of approximately RM91,135 to the Group for the period from the date of acquisition to 31 December 2016. Had the acquisition been taken effect at the beginning of the financial year, the revenue and profit after taxation contributed to the Group would have been RM10,220,306 and RM106,614 respectively.

The net assets of Libra recognised in the Group's statement of financial position for the year ended 31 December 2016 were based on provisional assessments of their fair values while the Group is still evaluating the fair values of their assets acquired and liabilities and contingent liabilities assumed. The purchase price allocation ("PPA") on Libra's identifiable assets, liabilities and contingent liabilities had not been completed by the date the Group's statement of financial position for the year ended 31 December 2016 were approved for issue by the Board of Directors. If new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date identify adjustments to the above provisional amounts, or any provisions that existed at the acquisition date, then the accounting for the acquisiton will be revised as allowed by MFRS 3 Business Combination.

Based on the provisional assessments of PPA, the fair value of identifiable net assets of Libra as at acquisition date amounted to RM5,380,039. A negative goodwill (gain on bargain purchase) amounting to RM380,039 had been recognised in the consolidated statement of comprehensive income after considering provisional fair value of net assets acquired of RM5,380,039 and total purchase consideration of RM5,000,000.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

6. INTANGIBLE ASSET

	Group	
	2016 RM	2015 RM
Cost		
Beginning of year	**–**	–
Acquisition of a subsidiary (Note 5(a))	**5,331,328**	–
End of year	**5,331,328**	–
Accumulated amortisation		
Beginning of year	**–**	–
Charge for the year (Note 18)	**555,660**	–
End of year	**555,660**	–
Net carrying amount		
End of year	**4,775,668**	–

The intangible asset relates to the fair value at the date of acquisition of time charter hire contract arising from acquisition of a subsidiary, and is amortised over the remaining charter period.

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
Trade [a]				
Non-current				
Finance lease receivable [b]	**–**	2,370,057	**–**	2,370,057
Current				
Finance lease receivable [b]	**–**	1,027,786	**–**	1,027,786
Trade receivables	**93,944,072**	100,201,915	**87,842,836**	100,201,915
Less: Allowance for impairment	**(28,450,289)**	(23,320,971)	**(28,450,289)**	(23,320,971)
Amount due from contract customer [c]	**153,860,914**	133,861,654	**153,860,914**	133,861,654
	219,354,697	211,770,384	**213,253,461**	211,770,384

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
Non-trade				
Non-current				
Other receivables	**3,027,446**	–	**3,027,446**	–
Current				
Other receivables	**2,626,933**	3,082,591	**1,877,137**	2,339,716
Amount due from a subsidiary	**–**	–	**10,412,903**	–
Deposits	**555,058**	1,357,340	**511,768**	1,325,711
Prepayments	**3,586,680**	790,180	**3,566,680**	770,180
	6,768,671	5,230,111	**16,368,488**	4,435,607
Total trade and other receivables				
– Non-current	**3,027,446**	2,370,057	**3,027,446**	2,370,057
– Current	**226,123,368**	217,000,495	**229,621,949**	216,205,991
Add: Short term deposits	**189,473,614**	52,405,320	**189,473,614**	52,405,320
Add: Cash, bank balances and deposits	**25,334,221**	33,029,711	**20,533,010**	27,611,723
Less: Prepayments	**(3,586,680)**	(790,180)	**(3,566,680)**	(770,180)
Less: Amount due from contract customer	**(153,860,914)**	(133,861,654)	**(153,860,914)**	(133,861,654)
Total loans and receivables	**286,511,055**	170,153,749	**285,228,425**	163,961,257

(a) Trade receivables

The Group and the Company determine concentrations of credit risk by monitoring individual profile of their trade receivables on an ongoing basis. The Group's and the Company's significant concentration of credit risks are in the form of two (2015: three) major customers which constitute approximately 72% (2015: 78%) and 77% (2015: 78%) of the total trade receivables respectively. There are no other customers which represent more than 10% of the total balance of trade receivables.

(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.

During current financial year, the finance lease arrangement has been terminated resulting in derecognition of the finance lease receivable. The carrying amount of the finance lease receivable of RM2,795,090 has been transferred to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Finance lease commitments – as lessor (cont'd.)

The future minimum lease payments under finance leases together with the present value of the minimum lease payments are as follows:

	Group and Company	
	2016 **RM**	2015 RM
Future minimum lease payment:		
Not later than 1 year	**–**	1,924,761
Later than 1 year but not later than 5 years	**–**	3,023,000
Total minimum lease payments	**–**	4,947,761
Less: Unearned finance income	**–**	(1,549,918)
Present value of minimum lease payment	**–**	3,397,843
Present value of minimum lease payment:		
Not later than 1 year	**–**	1,027,786
Later than 1 year but not later than 5 years	**–**	2,370,057
	–	3,397,843

(c) Amount due from contract customer

	Group and Company	
	2016 **RM**	2015 RM (Restated)
Construction contract costs incurred to date	**628,316,787**	279,588,520
Attributable profit	**95,073,732**	62,628,274
	723,390,519	342,216,794
Less: Progress billings	**(526,507,934)**	(185,936,620)
	196,882,585	156,280,174
Effect of foreign exchange differences	**(43,021,671)**	(22,418,520)
Amount due from contract customer	**153,860,914**	133,861,654

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

8. 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 ranges from 0.60% to 1.10% (2015: 0.65% to 0.90%) per annum and have maturity periods of 60 to 184 days (2015: 182 days).

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

9. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Fixed and security deposits with licensed banks	**9,841,479**	9,684,939	**9,271,664**	9,589,939
Cash and bank balances	**15,492,742**	23,344,772	**11,261,346**	18,021,784
	25,334,221	33,029,711	**20,533,010**	27,611,723

The deposits placed with licensed banks for the Group and the Company are all pledged for bank facilities.

In previous financial year, 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. During the financial year, the process of change of name of the deposits which were under the name of Datin Hamidah Binti Omar to the Company has been completed.

Fixed and security deposits with licensed banks earn interest at 3% (2015: 3%) per annum and have maturity periods of 30 days (2015: 30 days).

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

10. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares		Amount	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Share capital				
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
Issued and fully paid:				
Balance at beginning and at end Ordinary shares of RM0.25 each	**504,000,000**	504,000,000	**504,000,000**	126,000,000

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Share premium				
Balance at beginning and at end	**43,100,000**	43,100,000	**43,100,000**	43,100,000

11. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2016 and 2015 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

12. LOANS AND BORROWINGS

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Current				
Secured				
Bank overdraft [(a)]	**5,344,040**	3,217,673	**5,344,040**	3,217,673
Islamic financing facilities [(b)]	**39,583,245**	35,129,902	**39,583,245**	35,129,902
Islamic financing facility – EPCIC [(b)]	**291,356,000**	107,996,967	**291,356,000**	107,996,967
Conventional financing facilities [(b)]	**41,792,038**	25,109,678	**41,792,038**	25,109,678
Revolving credit [(b)]	**6,400,000**	6,400,000	**6,400,000**	6,400,000
Finance lease [(c)]	**187,501**	207,964	**48,669**	71,070
	384,662,824	178,062,184	**384,523,992**	177,925,290
Non-current				
Secured				
Islamic financing facilities [(b)]	**125,487,516**	123,339,078	**125,487,516**	123,339,078
Conventional financing facilities [(b)]	**175,672,881**	171,821,954	**175,672,881**	171,821,954
Revolving credit – EPCIC [(b)]	**–**	107,773,694	**–**	107,773,694
Finance lease [(c)]	**326,953**	514,929	**48,906**	98,051
	301,487,350	403,449,655	**301,209,303**	403,032,777
Total loans and borrowings	**686,150,174**	581,511,839	**685,733,295**	580,958,067

(a) Bank overdraft

Bank overdraft is denominated in RM, bears interest at base lending rate ("BLR") + 0.75% (2015: BLR + 0.75%) and is secured over vessels and vessels under construction (Note 4(a)).

(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 2 to 8 years (2015: 3 to 9 years) which bear interest as at the reporting date at rates ranging from 3.50% to 6.75% (2015: 4.00% to 6.75%) per annum. Included in the Islamic financing facilities is a loan denominated in USD amounting to RM101,626,288 (2015: RM94,981,711).

Islamic financing facility – EPCIC is denominated in USD and repayable on demand which bears an interest rate at the reporting date of 3.87% (2015: 4.00%).

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

12. LOANS AND BORROWINGS (CONT'D.)

(b) Islamic financing facilities, Islamic financing facility – EPCIC, conventional financing facilities, revolving credit and revolving credit – EPCIC (cont'd.)

Revolving credit is repayable on demand which bears an interest rate at the reporting date of 5.14% (2015: 4.88%).

Revolving credit – EPCIC is denominated in USD with a tenure of 22 to 26 months which bears an interest rate at the reporting date of 3.87% (2015: 4.00%).

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 RM2,027,304 (2015: RM3,235,608) 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 and vessels under construction to be financed by the Banks;

(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 (cont'd.)

12. LOANS AND BORROWINGS (CONT'D.)

(c) Finance lease commitments – as lessee

Finance lease liabilities are payable as follows:

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Minimum lease payments:				
Not later than 1 year	**215,108**	248,788	**51,931**	77,248
Later than 1 year, but not later than 2 years	**195,212**	212,497	**43,676**	49,320
Later than 2 years, but not later than 5 years	**155,998**	354,466	**6,490**	53,422
Total minimum lease payments	**566,318**	815,751	**102,097**	179,990
Less: Future finance charges	**(51,864)**	(92,858)	**(4,522)**	(10,869)
Present value of minimum lease payments	**514,454**	722,893	**97,575**	169,121
Present value of payments:				
Not later than 1 year	**187,501**	207,964	**48,669**	71,070
Later than 1 year, but not later than 2 years	**179,330**	184,923	**42,475**	46,092
Later than 2 years, but not later than 5 years	**147,623**	330,006	**6,431**	51,959
Present value of minimum lease payments	**514,454**	722,893	**97,575**	169,121
Less: Amount due within 12 months	**(187,501)**	(207,964)	**(48,669)**	(71,070)
Amount due after 12 months	**326,953**	514,929	**48,906**	98,051

The Group's and the Company's weighted average effective interest rate as at the reporting date of finance lease liabilities is 3.54% (2015: 3.45%) and 2.42% (2015: 2.43%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

13. DEFERRED TAX

	Group		Company	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
At 1 January	**(4,512,624)**	(16,672,466)	**(4,493,621)**	(16,613,136)
Arising from acquisition of a subsidiary (Note 5(a))	**281,417**	–	**–**	–
Recognised in profit or loss (Note 20)	**(5,190,997)**	12,159,842	**(5,209,845)**	12,119,515
At 31 December	**(9,422,204)**	(4,512,624)	**(9,703,466)**	(4,493,621)

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 (Restated)	**Unutilised tax losses RM**	**Unabsorbed capital allowances RM**	**Total RM (Restated)**
At 1 January 2016	**13,662,907**	**719,589**	**18,992,743**	**33,375,239**
Arising from acquisition of a subsidiary	**15,704**	**265,713**	**–**	**281,417**
Recognised in profit or loss	**7,958,280**	**(745,172)**	**11,215,809**	**18,428,917**
At 31 December 2016	**21,636,891**	**240,130**	**30,208,552**	**52,085,573**
At 1 January 2015	1,391,085	714,250	6,023,814	8,129,149
Recognised in profit or loss	12,271,822	5,339	12,968,929	25,246,090
At 31 December 2015	13,662,907	719,589	18,992,743	33,375,239

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

13. DEFERRED TAX (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.)

Group (cont'd.)

Deferred tax liabilities:

	Property, plant and equipment RM
At 1 January 2016	**(37,887,863)**
Recognised in profit or loss	**(23,619,914)**
At 31 December 2016	**(61,507,777)**
At 1 January 2015	(24,801,615)
Recognised in profit or loss	(13,086,248)
At 31 December 2015	(37,887,863)

Company

Deferred tax assets:

	Provisions RM (Restated)	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM (Restated)
At 1 January 2016	**13,662,907**	**719,589**	**18,992,743**	**33,375,239**
Recognised in profit or loss	**7,907,113**	**(719,589)**	**11,215,809**	**18,403,333**
At 31 December 2016	**21,570,020**	**–**	**30,208,552**	**51,778,572**
At 1 January 2015	1,391,085	714,250	6,023,814	8,129,149
Recognised in profit or loss	12,271,822	5,339	12,968,929	25,246,090
At 31 December 2015	13,662,907	719,589	18,992,743	33,375,239

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

13. DEFERRED TAX (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 (cont'd.)

Deferred tax liabilities:

	Property, plant and equipment RM
At 1 January 2016	**(37,868,860)**
Recognised in profit or loss	**(23,613,178)**
At 31 December 2016	**(61,482,038)**
At 1 January 2015	(24,742,285)
Recognised in profit or loss	(13,126,575)
At 31 December 2015	(37,868,860)

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Trade				
Trade payables [(a)]	**162,036,606**	65,852,689	**156,517,030**	64,313,861
Amount due to a subsidiary [(b)]	**–**	–	**12,272,183**	2,782,270
Freight income received in advance	**4,478,394**	5,191,762	**4,478,394**	5,191,762
	166,515,000	71,044,451	**173,267,607**	72,287,893

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

14. TRADE AND OTHER PAYABLES (CONT'D.)

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Non-trade				
Amount due to				
– ultimate holding company [b]	**88,894**	104,500	**88,894**	104,500
– intermediate holding company [b]	**26,500**	–	**26,500**	–
– immediate holding company [b]	**702,716**	702,716	**702,716**	702,716
Amount due to shareholders	**62,863**	–	**62,863**	–
Other payables and accrued expenses	**7,896,202**	3,774,543	**6,530,131**	3,224,867
Provisions	**423,006**	5,986,164	**362,306**	5,732,589
	9,200,181	10,567,923	**7,773,410**	9,764,672
Total trade and other payables	**175,715,181**	81,612,374	**181,041,017**	82,052,565
Add: Loans and borrowings	**686,150,174**	581,511,839	**685,733,295**	580,958,067
Less: Freight income received in advance	**(4,478,394)**	(5,191,762)	**(4,478,394)**	(5,191,762)
Provisions	**(423,006)**	(5,986,164)	**(362,306)**	(5,732,589)
Total financial liabilities carried at amortised cost	**856,963,955**	651,946,287	**861,933,612**	652,086,281

(a) Trade payables

Credit terms of trade payables granted to the Group and the Company vary from 30 to 90 days (2015: 30 to 90 days).

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

15. REVENUE

	Group		Company	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
Freight income	**210,489,744**	194,312,932	**210,102,751**	194,312,932
EPCIC income	**381,173,726**	342,216,793	**381,173,726**	342,216,793
	591,663,470	536,529,725	**591,276,477**	536,529,725

16. COST OF SALES

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Cost of services	**143,377,842**	138,747,622	**143,853,450**	138,747,622
EPCIC cost	**348,728,267**	279,588,520	**348,728,267**	279,588,520
	492,106,109	418,336,142	**492,581,717**	418,336,142

17. FINANCE COSTS

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Interest expense incurred on:				
– Bank overdraft	**223,309**	268,131	**223,309**	268,131
– Finance leases	**40,885**	28,758	**6,238**	10,291
– Discounting of non-current other receivables	**377,554**	–	**377,554**	–
– Conventional and islamic financing	**17,682,502**	17,412,319	**17,682,502**	17,412,319
– Revolving credit	**322,244**	334,722	**322,244**	334,722
– Others	**10,596**	–	**9,950**	–
	18,657,090	18,043,930	**18,621,797**	18,025,463
Less: Interest expense capitalised in vessels under construction (Note 4 (c))	**(1,260,437)**	(2,342,330)	**(1,260,437)**	(2,342,330)
	17,396,653	15,701,600	**17,361,360**	15,683,133

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

18. PROFIT BEFORE TAX

	Group		Company	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
Profit before tax is arrived at after charging/ (crediting):				
Auditors' remuneration				
– statutory audits	**230,000**	200,000	**180,000**	150,000
– underprovision in prior year	**50,000**	–	**50,000**	–
Depreciation on property, plant and equipment	**55,562,649**	42,967,791	**56,520,368**	43,596,097
Amortisation of intangible asset	**555,660**	–	**–**	–
Allowance for impairment losses of trade receivables	**5,133,214**	21,934,806	**5,133,214**	21,934,806
Reversal of impairment losses on trade receivables	**(3,926)**	(1,641,306)	**(3,926)**	(1,641,306)
Realised foreign exchange gain	**(1,701,336)**	(1,910,587)	**(1,666,290)**	(1,992,327)
Unrealised foreign exchange loss	**38,154,543**	46,072,891	**37,835,104**	46,074,740
Rental of office equipment	**36,052**	16,860	**36,052**	16,860
Rental of staff quarters	**41,400**	48,000	**41,400**	48,000
Rental of office	**89,043**	80,613	**89,043**	80,613
Rental of shipyard	**210,000**	210,000	**–**	–
Personnel expenses (including key management personnel):				
– Wages, salaries and others	**35,432,419**	36,547,391	**34,362,291**	35,348,103
– Contributions to Employees Provident Fund	**2,919,834**	4,073,321	**2,770,097**	3,891,152
Insurance recoveries	**(1,140,076)**	(425,986)	**(1,140,076)**	(425,986)
Interest on fixed deposits	**(2,158,128)**	(1,198,768)	**(2,158,128)**	(1,198,768)
Interest on finance lease receivable	**(697,747)**	(1,123,182)	**(697,74)**	(1,123,182)
Loss on disposal of property, plant and equipment	**3,078,401**	–	**3,078,401**	–
Management fee charged to a subsidiary	**–**	–	**–**	(500,000)

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

19. DIRECTORS' REMUNERATION

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

	Group and Company	
	2016 RM	2015 RM
Executive:		
Salaries and other emoluments	**414,000**	554,000
Fees	**75,000**	50,000
Bonus	**90,000**	120,000
Defined contribution plan	**52,206**	50,400
Total executive directors' remuneration (excluding benefits-in-kind)	**631,206**	774,400
Estimated money value of benefits-in-kind	**23,474**	20,943
Total executive directors' remuneration (including benefits-in-kind)	**654,680**	795,343
Non-executive:		
Fees	**360,000**	375,000
Other emoluments	**38,800**	23,100
Total non-executive directors' remuneration	**398,800**	398,100
Total directors' remuneration	**1,053,480**	1,193,443

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

	Number of Directors	
	2016	2015
Executive Director:		
– RM 800,001 to RM 850,000	**1**	–
– RM 750,001 to RM 800,000	**–**	1
Non-executive Directors:		
– RM75,000 and below	**6**	7
– RM75,001 to RM80,000	**1**	1

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

20. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2016 and 2015 are as follows:

	Group		Company	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
Statements of comprehensive income				
Income tax:				
– Malaysian income tax	**8,976,814**	16,429,918	**8,502,590**	15,793,724
– (Over)/under provision in respect of previous financial years	**(1,405,323)**	11,154	**(1,405,324)**	–
	7,571,491	16,441,072	**7,097,266**	15,793,724
Deferred tax (Note 13):				
– Relating to origination/(reversal) of temporary differences	**8,982,927**	(8,161,125)	**9,012,425**	(8,161,242)
– Relating to effect of reduction in Malaysian income tax rate	**(30,028)**	–	**(28,793)**	–
– Over provision in respect of previous financial years	**(3,761,902)**	(3,998,717)	**(3,773,787)**	(3,958,273)
	5,190,997	(12,159,842)	**5,209,845**	(12,119,515)
Income tax expense recognised in profit or loss	**12,762,488**	4,281,230	**12,307,111**	3,674,209

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

20. INCOME TAX EXPENSE (CONT'D.)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2016 and 2015 are as follows:

	Group		Company	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
Profit before tax	**21,541,279**	15,817,324	**22,944,395**	17,929,300
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	**5,169,907**	3,954,331	**5,506,655**	4,482,325
Non-deductible expenses	**15,270,836**	4,314,462	**14,489,362**	3,150,157
Effect of reduction in Malaysian income tax rate	**(30,028)**	–	**(28,793)**	–
Tax exempt income	**(2,481,002)**	–	**(2,481,002)**	–
(Over)/under provision in respect of previous financial years				
– deferred tax	**(3,761,902)**	(3,998,717)	**(3,773,787)**	(3,958,273)
– tax expense	**(1,405,323)**	11,154	**(1,405,324)**	–
	12,762,488	4,281,230	**12,307,111**	3,674,209

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

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

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Unused tax losses	**1,000,542**	2,878,356	**-**	2,878,356
Unabsorbed capital allowances	**125,868,967**	75,970,972	**125,868,967**	75,970,972

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

21. DIVIDEND

	Dividends recognised in financial year Group and Company	
	2016 **RM**	2015 RM
Dividends on ordinary shares:		
In respect of the financial year ended 31 December 2015		
A final dividend of 1.00 sen per ordinary share on 504,000,000 ordinary shares declared on 15 June 2016 and paid on 30 June 2016	**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 declared on 23 November 2015 and paid on 31 December 2015	**–**	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 declared on 4 June 2015 paid on 30 June 2015	**–**	5,040,000
	5,040,000	11,340,000

22. 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	
	2016	2015 (Restated)
Profit for the financial year attributable to owners of the parent (RM)	**8,778,791**	11,536,094
Weighted average number of ordinary shares in issue	**504,000,000**	504,000,000
Basic earnings per share (sen)	**1.74**	2.29

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Carrying amount				
Finance lease receivable (non-current) (Note 7)	**–**	2,370,057	**–**	2,370,057
Fixed rate loans and borrowings (non-current)	**(33,628,322)**	(37,345,796)	**(33,350,275)**	(37,345,796)
Fair value				
Finance lease receivable (non-current)	**–**	3,023,000	**–**	3,023,000
Fixed rate loans and borrowings (non-current)	**(37,816,890)**	(44,401,388)	**(37,816,890)**	(44,401,388)

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

23. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

(ii) The following table provides the fair value measurement hierarchy of the Group's assets and liabilities for which fair value is disclosed. (cont'd.)

	Level 1 RM	Level 2 RM	Level 3 RM
31 December 2016			
Finance lease receivable	**–**	**–**	**–**
Fixed rate loans and borrowings	**–**	**(37,816,890)**	**–**
31 December 2015			
Finance lease receivable	–	3,023,000	–
Fixed rate loans and borrowings	–	(44,401,388)	–

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

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

	Group		Company	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
Carrying amount				
Trade and other receivables (current)				
– Trade receivables	**65,493,783**	76,880,944	**59,392,547**	76,880,944
– Other receivables	**2,626,933**	3,082,591	**1,877,137**	2,339,716
– Deposits	**555,058**	1,357,340	**511,768**	1,325,711
– Finance lease receivables	**–**	1,027,786	**–**	1,027,786
– Amount due from subsidiary	**–**	–	**10,412,903**	–
Cash, bank balances and deposits	**25,334,221**	33,029,711	**20,533,010**	27,611,723
Short term deposits	**189,473,614**	52,405,320	**189,473,614**	52,405,320
Fixed rate loans and borrowings (current)	**(13,342,196)**	(5,889,284)	**(13,203,364)**	(5,335,512)
Floating rate loans and borrowings (current and non-current)	**(639,179,656)**	(538,276,759)	**(639,179,656)**	(538,276,759)
Trade and other payables (current)	**(170,813,781)**	(70,434,448)	**(176,200,317)**	(71,128,214)

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis in view of reducing the Group's exposure to bad debts.

Management has 30 days (2015: 30 days) credit term policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

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 portion of these receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Exposure to credit risk (cont'd.)

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

	Gross RM	Individual impairment RM	Total RM
Group			
2016			
Not past due	**37,974,156**	**–**	**37,974,156**
Past due 30 – 59 days	**3,358,230**	**–**	**3,358,230**
Past due 60 – 90 days	**679,460**	**(112,394)**	**567,066**
Past due more than 90 days	**51,932,226**	**(28,337,895)**	**23,594,331**
	93,944,072	**(28,450,289)**	**65,493,783**

	Gross RM	Individual impairment RM	Total RM
Company			
2016			
Not past due	**31,872,920**	**–**	**31,872,920**
Past due 30 – 59 days	**3,358,230**	**–**	**3,358,230**
Past due 60 – 90 days	**679,460**	**(112,394)**	**567,066**
Past due more than 90 days	**51,932,226**	**(28,337,895)**	**23,594,331**
	87,842,836	**(28,450,289)**	**59,392,547**

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Exposure to credit risk (cont'd.)

	Gross RM	Individual impairment RM	Total RM
Group			
2015			
Not past due	42,550,054	–	42,550,054
Past due 30 – 59 days	19,620,825	–	19,620,825
Past due 60 – 90 days	7,425,470	–	7,425,470
Past due more than 90 days	30,605,566	(23,320,971)	7,284,595
	100,201,915	(23,320,971)	76,880,944
Company			
2015			
Not past due	42,550,054	–	42,550,054
Past due 30 – 59 days	19,620,825	–	19,620,825
Past due 60 – 90 days	7,425,470	–	7,425,470
Past due more than 90 days	30,605,566	(23,320,971)	7,284,595
	100,201,915	(23,320,971)	76,880,944

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 movements in the allowance accounts used to record the impairment are as follows:

	Group/Company	
	2016 RM	2015 RM
Trade receivables – nominal amounts	**52,676,266**	36,514,483
Less: Allowance for impairment	**(28,450,289)**	(23,320,971)
	24,225,977	13,193,512

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any colleteral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. 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/Company	
	2016 RM	2015 RM
At 1 January	**23,320,971**	3,027,471
Reversal of impairment loss (Note 18)	**(3,926)**	(1,641,306)
Charge for the financial year (Note 18)	**5,133,244**	21,934,806
At 31 December	**28,450,289**	23,320,971

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 RM27,519,627 (2015: RM34,330,890) and RM27,519,627 (2015: RM34,330,890) 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 far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

24. 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							
2016							
Islamic financing facilities							
Bai Bithaman Ajil Financing	44,287,357	5.11%-6.75%	50,937,830	11,353,727	11,240,735	28,343,368	–
Commodity Murabahah*	247,304,288	COF+2.5%	257,479,130	176,481,961	28,139,866	52,857,303	–
Musharakah Mutanaqisah	19,157,116	5.09%-5.39%	21,058,937	6,048,660	6,048,660	8,961,617	–
Conventional financing facilities							
Conventional term loan	217,464,919	5.09%-5.39%	249,401,603	52,374,556	43,836,641	116,107,944	37,082,462
Others							
Revolving credit*	6,400,000	COF+1.5%	6,428,798	6,428,798	–	–	–
Revolving credit – EPCIC*	145,678,000	COF+2.5%	147,276,068	147,276,068	–	–	–
Finance lease liabilities	514,454	2.40%-3.90%	566,318	215,108	195,212	155,998	–
Bank overdraft	5,344,040	6.45%	5,372,764	5,372,764	–	–	–
Trade and other payables	170,813,781	–	170,813,781	170,813,781	–	–	–
	856,963,955		909,335,229	576,365,423	89,461,114	206,426,230	37,082,462

* Floating rates vary based on cost of funds ("COF")

24. 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							
2016							
Islamic financing facilities							
Bai Bithaman Ajil Financing	44,287,357	5.11%-6.75%	50,937,830	11,353,727	11,240,735	28,343,368	–
Commodity Murabahah*	247,304,288	COF+2.5%	257,479,130	176,481,961	28,139,866	52,857,303	–
Musharakah Mutanaqisah	19,157,116	5.09%-5.39%	21,058,937	6,048,660	6,048,660	8,961,617	–
Conventional financing facilities							
Conventional term loan	217,464,919	5.09%-5.39%	249,401,603	52,374,556	43,836,641	116,107,944	37,082,462
Others							
Revolving credit*	6,400,000	COF+1.5%	6,428,798	6,428,798	–	–	–
Revolving credit – EPCIC*	145,678,000	COF+2.5%	147,276,068	147,276,068	–	–	–
Finance lease liabilities	97,575	2.40%-3.90%	102,097	51,931	43,676	6,490	–
Bank overdraft	5,344,040	6.45%	5,372,764	5,372,764	–	–	–
Trade and other payables	176,200,317	–	176,200,317	176,200,317	–	–	–
	861,933,612		914,257,544	581,588,782	89,309,578	206,276,722	37,082,462

* Floating rates vary based on cost of funds ("COF")

24. 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							
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	6,429,427	–	–	–
Revolving credit – EPCIC*	107,773,694	COF+2.5%	110,155,875	–	110,155,875	–	–
Finance lease liabilities	722,893	2.40%-3.90%	815,751	248,788	212,497	354,466	–
Bank overdraft	3,217,673	6.45%	3,217,673	3,234,968	–	–	–
Trade and other payables	70,434,448	–	70,434,448	70,434,448	–	–	–
	651,946,287		703,749,973	272,420,531	196,700,640	187,111,762	47,563,763

* Floating rates vary based on cost of funds ("COF")

24. 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	6,429,427	–	–	–
Revolving credit – EPCIC*	107,773,694	COF+2.5%	110,155,875	–	110,155,875	–	–
Finance lease liabilities	169,121	2.40%-3.90%	179,990	77,248	49,320	53,422	–
Bank overdraft	3,217,673	6.45%	3,217,673	3,234,968	–	–	–
Trade and other payables	71,128,214	–	71,128,214	71,128,214	–	–	–
	652,086,281		710,207,978	279,342,757	196,537,463	186,810,718	47,563,763

* Floating rates vary based on cost of funds ("COF")

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. 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 the Group entities. The currencies giving rise to this risk is primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EURO"), Japanese Yen ("JPY") and Great British Pound ("GBP"). The Group maintains a natural hedge, whenever possible, by borrowing currency that matches the future revenue streams to be generated from its operations.

Exposure to foreign currency risk

	Denominated in				
	USD RM	SGD RM	EURO RM	JPY RM	GBP RM
2016					
Group					
Trade and other receivables	206,864,588	–	–	–	–
Short term deposits	189,473,614	–	–	–	–
Cash, bank balances and deposits	7,566,896	–	–	–	–
Trade and other payables	(129,276,502)	(4,492,064)	(821,247)	(3,655,517)	(91,451)
Loans and borrowings	(395,020,227)	–	–	–	–
Net exposure	(120,391,631)	(4,492,064)	(821,247)	(3,655,517)	(91,451)
Company					
Trade and other receivables	200,618,912	–	–	–	–
Short term deposits	189,473,614	–	–	–	–
Cash, bank balances and deposits	7,566,896	–	–	–	–
Trade and other payables	(128,775,145)	(4,482,860)	(821,247)	(3,655,517)	(91,451)
Loans and borrowings	(395,020,227)	–	–	–	–
Net exposure	(126,135,950)	(4,482,860)	(821,247)	(3,655,517)	(91,451)

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk (cont'd.)

Exposure to foreign currency risk (cont'd.)

	Denominated in			
	USD RM (Restated)	**SGD RM**	**EURO RM**	**JPY RM**
2015				
Group				
Trade and other receivables	190,816,073	129,317	–	–
Short term deposits	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	(100,628,324)	(3,132,425)	(447,930)	(3,488,316)
Company				
Trade and other receivables	190,816,073	–	–	–
Short term deposits	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	(100,628,324)	(2,808,973)	(447,930)	(3,488,316)

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, JPY and GBP exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk (cont'd.)

Currency risk sensitivity analysis (cont'd.)

	Profit net of tax	
	2016 RM	2015 RM (Restated)
Group		
USD/RM		
– strengthened 10% (2015: 10%)	**(9,149,764)**	(7,547,124)
– weakened 10% (2015: 10%)	**9,149,764**	7,547,124
SGD/RM		
– strengthened 10% (2015: 10%)	**(341,397)**	(234,932)
– weakened 10% (2015: 10%)	**341,397**	234,932
EURO/RM		
– strengthened 10% (2015: 10%)	**(62,415)**	(33,595)
– weakened 10% (2015: 10%)	**62,415**	33,595
JPY/RM		
– strengthened 10% (2015: 10%)	**(277,819)**	(261,624)
– weakened 10% (2015: 10%)	**277,819**	261,624
GBP/RM		
– strengthened 10% (2015: 10%)	**(9,145)**	–
– weakened 10% (2015: 10%)	**9,145**	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk (cont'd.)

Currency risk sensitivity analysis (cont'd.)

	Profit net of tax	
	2016 RM	2015 RM (Restated)
Company		
USD/RM		
– strengthened 10% (2015: 10%)	**(9,586,332)**	(7,547,124)
– weakened 10% (2015: 10%)	**9,586,332**	7,547,124
SGD/RM		
– strengthened 10% (2015: 10%)	**(340,697)**	(210,673)
– weakened 10% (2015: 10%)	**340,697**	210,673
EURO/RM		
– strengthened 10% (2015: 10%)	**(62,415)**	(33,595)
– weakened 10% (2015: 10%)	**62,415**	33,595
JPY/RM		
– strengthened 10% (2015: 10%)	**(277,819)**	(261,624)
– weakened 10% (2015: 10%)	**277,819**	261,624
GBP/RM		
– strengthened 10% (2015: 10%)	**(6,950)**	–
– weakened 10% (2015: 10%)	**6,950**	–

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Interest rate risk (cont'd.)

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	
	2016 RM	2015 RM
Fixed rate instruments		
Financial assets	**199,315,093**	65,488,102
Financial liabilities	**(46,970,518)**	(43,235,080)
Floating rate instruments		
Financial liabilities	**(639,179,656)**	(538,276,759)

	Company	
	2016 RM	2015 RM
Fixed rate instruments		
Financial assets	**198,745,278**	65,393,102
Financial liabilities	**(46,553,639)**	(42,681,308)
Floating rate instruments		
Financial liabilities	**(639,179,656)**	(538,276,759)

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Interest rate risk (cont'd.)

Interest rate risk sensitivity analysis

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		
2016		
Floating rate instruments	**4,857,765**	**(4,857,765)**
Group and Company		
2015		
Floating rate instruments	4,037,076	(4,037,076)

25. 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 2016 and 31 December 2015.

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 of not more than 70%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances and short term deposits. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve, if any.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

25. CAPITAL MANAGEMENT (CONT'D.)

	Group		Company	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
Loans and borrowings	**686,150,174**	581,511,839	**685,733,295**	580,958,067
Trade and other payables	**175,715,181**	81,612,374	**181,041,017**	82,052,565
Less: Cash, bank balances and deposits	**(25,334,221)**	(33,029,711)	**(20,533,010)**	(27,611,723)
Short term deposits	**(189,473,614)**	(52,405,320)	**(189,473,614)**	(52,405,320)
Net debt	**647,057,520**	577,689,182	**656,767,688**	582,993,589
Equity attributable to the owners of the parent	**273,801,312**	270,062,521	**285,901,123**	280,303,839
Capital and net debt	**920,858,832**	847,751,703	**942,668,811**	863,297,428
Gearing ratio	**70%**	68%	**70%**	68%

26. 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	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Holding companies				
Kulim (Malaysia) Berhad				
– Internal audit services fee	**106,371**	104,500	**106,371**	104,500
Sindora Berhad				
– Guarantee fee	**–**	848,464	**–**	848,464
– Travelling expenses	**–**	501	**–**	501

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

26. RELATED PARTIES DISCLOSURES (CONT'D.)

	Group		Company	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Subsidiaries				
Johor Shipyard and Engineering Sdn. Bhd				
– Construction of vessels	**–**	–	**14,045,000**	48,440,000
– Management fee	**–**	–	**–**	(500,000)
Libra Perfex Precision Sdn. Bhd				
– Charter hire of vessels	**–**	–	**(9,779,072)**	–
Shareholders				
Datin Hamidah binti Omar				
– Rental paid	**38,000**	81,000	**38,000**	81,000
Other related parties				
Pro Corporate Management Services Sdn Bhd*				
– Secretarial costs	**27,123**	89,437	**27,123**	82,747
– Initial public offering costs	**–**	153,524	**–**	153,524
Tiram Travel Sdn. Bhd.*				
– Travelling expenses	**6,590**	105,357	**6,590**	105,357
Puteri Hotels Sdn. Bhd.*				
– Accomodation fees	**78,636**	–	**78,636**	–
Berkat Global Sdn. Bhd.**				
– Survey fees and material supply	**505,246**	42,507	**505,246**	42,507
EPASA Shipping AgencySdn. Bhd. ***				
– Shipping agency fee and supply of spare parts	**228,479**	52,274	**228,479**	52,274

* The companies are controlled by the ultimate holding company.
** The company is controlled by a Director of the Company.
*** The company is controlled by the immediate holding company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

26. RELATED PARTIES DISCLOSURES (CONT'D.)

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 7 and 14.

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 19.

27. COMMITMENTS

	Group/Company	
	2016 RM	2015 RM
(a) Vessels under construction		
Contracted but not provided for	**7,200,000**	52,447,641

(b) Shipyard under construction		
Approved but not contracted for	**7,538,700**	52,447,641

28. SIGNIFICANT EVENTS

Transaction pending completion

On 14 December 2015, the Company 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.

On 22 November 2016, the Company announced that it has mutually agreed with MTCE to have the Agreement terminated and to proceed with a different arrangement to enable an outright transfer of asset belonging to MTCE being effected. The parties further agree that the Agreement shall be deemed to be null and void and neither party shall have any claim against the Proposed Joint Venture.

On the same date, the Company entered into a conditional Sale and Purchase Agreement ("SPA") with MTCE in relation to the proposed acquisition of topside equipment currently attached to the Company's vessel known as M.T. Nautica Muar, comprising amongst others, extended well test system, flare tower system, metering skid, cargo pump, quick release hook and helideck (collectively known as the "Topside Equipment") for a total purchase consideration of USD24.0 million ("Proposed Acquisition").

The Proposed Acquisition had been duly approved on 25 January 2017 by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Independent Advice Letter ("IAL") had been submitted to Bursa Malaysia for approval to effect the issuance of the IAL to the non-shareholders of the Company in respect of the Proposed Acquisition. The IAL is pending approval from Bursa Malaysia.

The Company will issue a Notice of Extraordinary General Meeting upon receiving the approval of the IAL by Bursa Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

29. 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 2016			
Revenue:			
External customers	**210,489,744**	**381,173,726**	**591,663,470**
Results:			
Segment profit	**24,239,749**	**11,842,308**	**36,082,057**
Finance income			**2,855,875**
Finance costs			**(17,396,653)**
Profit before tax			**21,541,279**
Total assets	**757,528,655**	**398,449,817**	**1,155,978,472**
Total liabilities	**449,968,550**	**432,208,610**	**882,177,160**
Capital expenditure	**123,564,859**	**–**	**123,564,859**

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

29. SEGMENT INFORMATION (CONT'D.)

The Group's segmental information is as follows: (cont'd.)

	Freight RM (Restated)	EPCIC RM (Restated)	Total RM (Restated)
31 December 2015			
Revenue:			
External customers	194,312,932	342,216,793	536,529,725
Results:			
Segment profit	20,413,514	8,783,460	29,196,974
Finance income			2,321,950
Finance costs			(15,701,600)
Profit before tax			15,817,324
Total assets	785,619,756	163,152,131	948,771,887
Total liabilities	451,866,176	226,843,190	678,709,366
Capital expenditure	150,236,035	–	150,236,035

There are four external customers (2015: four) who contribute 86% (2015: 82%) or more on total revenues of the Group.

	Group	
	2016 RM	2015 RM (Restated)
Freight:		
Customer A	**79,793,409**	47,871,832
Customer B	**27,734,623**	28,706,234
Customer C	**17,806,321**	20,990,159
	125,334,353	97,568,225
EPCIC:		
Customer D	**381,173,726**	342,216,793
	506,508,079	439,785,018

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

30. PRIOR YEAR ADJUSTMENTS

During the financial year, the Group made prior year adjustments in relation to the following:

(a) Over-recognition of revenue from construction contract due to understatement of total estimated budgeted costs used to calculate percentage of completion; and

(b) Unrealised foreign exchange losses on Amount Due from Customer Contract not recognised at reporting date using closing rate; and

(c) Tax effects of the (a) and (b).

The effects arising from the above prior year adjustments are as follows:

	As previously stated RM	Adjustment (a) RM	Adjustment (b) RM	Adjustment (c) RM	As restated RM
Consolidated statement of financial position as at 31 December 2015					
Trade and other receivables (current)	251,940,375	(12,521,360)	(22,418,520)	–	217,000,495
Retained earnings	127,167,431	(12,521,360)	(22,418,520)	8,734,970	100,962,521
Deferred tax liabilities	9,397,664	–	–	(4,885,040)	4,512,624
Tax payable	14,922,459	–	–	(3,849,930)	11,072,529
Statement of financial position as at 31 December 2015					
Trade and other receivables (current)	251,145,871	(12,521,360)	(22,418,520)	–	216,205,991
Retained earnings	137,408,749	(12,521,360)	(22,418,520)	8,734,970	111,203,839
Deferred tax liabilities	9,378,661	–	–	(4,885,040)	4,493,621
Tax payable	14,286,265	–	–	(3,849,930)	10,436,335
Consolidated statement of comprehensive income for the financial year ended 31 December 2015					
Revenue	549,051,085	(12,521,360)	–	–	536,529,725
Administrative expenses	(70,884,921)	–	(22,418,520)	–	(93,303,441)
Income tax expense	(13,016,200)	–	–	8,734,970	(4,281,230)

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

30. PRIOR YEAR ADJUSTMENTS (CONT'D.)

The effects arising from the above prior year adjustments are as follows: (cont'd.)

	As previously stated RM	Adjustment (a) RM	Adjustment (b) RM	Adjustment (c) RM	As restated RM
Statement of comprehensive income for the financial year ended 31 December 2015					
Revenue	549,051,085	(12,521,360)	–	–	536,529,725
Administrative expenses	(69,289,563)	–	(22,418,520)	–	(91,708,083)
Income tax expense	(12,409,179)	–	–	8,734,970	(3,674,209)
Consolidated statement of cash flows for the financial year ended 31 December 2015					
Profit before tax	50,757,204	(12,521,360)	(22,418,520)	–	15,817,324
Unrealised foreign exchange loss	23,654,371	–	22,418,520	–	46,072,891
Increase in trade and other receivables	(203,230,672)	12,521,360	–	–	(190,709,312)
Statement of cash flows for the financial year ended 31 December 2015					
Profit before tax	52,869,180	(12,521,360)	(22,418,520)	–	17,929,300
Unrealised foreign exchange loss	23,656,220	–	22,418,520	–	46,074,740
Increase in trade and other receivables	(202,463,436)	12,521,360	–	–	(189,942,076)

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31. SUPPLEMENTARY INFORMATION

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2016 and 31 December 2015 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	
	2016 RM	2015 RM (Restated)	**2016 RM**	2015 RM (Restated)
Total retained earnings				
– realised	**175,052,489**	157,534,200	**187,114,123**	167,504,789
– unrealised	**(70,351,177)**	(56,571,679)	**(70,313,000)**	(56,300,950)
	104,701,312	100,962,521	**116,801,123**	111,203,839

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 2016 (RM '000)
E.A. Technique	Setiawangsa Business Suite, Unit C-3A-3A, No. 2, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Freehold	Commercial unit at fourth (4th) floor of a five (5) - storey office block held for our head office	8-Feb-07	10	Built-up: 6,560 Land area: not applicable	1,006
E.A. Technique	No. C-15-1, No 2, Jalan 13/21D, Medan Idaman, Gombak, Kuala Lumpur	Freehold	Apartment for seafarers in-transit	6-Jul-04	12	Built-up: 845 Land area: not applicable	153

LIST OF PROPERTIES (cont'd.)

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 Trengganu	Two (2) years tenancy commencing from 1 September 2016 and expiring on 31 August 2018	Parcel of office / business premises	Built-up: 331
E.A Technique	Zainal Bin Abdul Wahab	Unit C-5-3, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur.	Five (5) years tenancy commencing from 16 January 2014 and expiring on 15 January 2019	Commercial unit at fifth (5th) floor of a six (6)- storey office block for our training facilities	Built-up: 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 contruction, repairs and all such shipyard activities and other related activities	Built-up: 13,000 Land area: 435,600
Libra Perfex Precision	Fatimah binti Mahmood	E-G-5 & E-1-5, Pusat Komersil Parklane, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.	Month to month basis. Expiring 31 March 2017	Commercial unit at ground (G) and first (1) floor of a three (3) storey office block.	Built-up: 2,153 Land area: not applicable
Libra Perfex Precision	AT Dunia (Miri) Sdn Bhd	Lot 746, Jalan Piassau, 98008, Miri, Sarawak.	One (1) year tenancy commencing from 1 April 2016 and expiring on 31 March 2017.	1 unit Standard 20 foot GP container converted into an office.	Built-up: 20 foot container Land area: not applicable

SHAREHOLDINGS STATISTICS

AS AT 10 APRIL 2017

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

The total number of issued shares of the Company stands at 504,000,000 ordinary shares, with voting right of one vote per ordinary share.

BREAK DOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	11	0.64	200	-
100 – 1000	149	8.73	97,200	0.02
1,001 – 10,000	827	48.45	5,059,200	1.00
10,001 – 100,000	562	32.92	18,819,600	3.73
100,001 to less than 5 of Issued Capital	155	9.08	133,032,100	26.40
5 and above of Issued Capital	3	0.18	346,991,700	68.85
TOTAL	1,707	100.00	504,000,000	100.00

TOP THIRTY SECURITIES ACCOUNT HOLDERS

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

	Name	No. of Shares	%
1	Sindora Berhad	255,000,000	50.60
2	Maybank Secs Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	66,350,000	13.16
3	Maybank Secs Noms (T) Sdn Bhd - A/C For Hamidah binti Omar	25,641,700	5.09
4	CIMSec Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	18,000,000	3.57
5	Citigroup Noms (A) Sdn Bhd - A/C Exempt An for Citibank New York (Norges Bank 14)	9,240,800	1.83
6	Citigroup Noms (T) Sdn Bhd - A/C Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund	8,906,800	1.77
7	Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board (PHEIM)	5,950,400	1.18
8	Citigroup Noms (T) Sdn Bhd - A/C Universal Trustee (Malaysia) Berhad for CIMB Islamic Dali Equity Fund	5,079,700	1.01
9	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	4,451,900	0.88
10	Citigroup Noms (T) Sdn Bhd - A/C Kumpulan Wang Persaraan (Diperbadankan) (AFFIN HWNG SM CF)	4,017,800	0.80
11	AMSec Noms (T) Sdn Bhd - A/C MTrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	3,745,700	0.74
12	Citigroup Noms (T) Sdn Bhd - A/C Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)	3,312,700	0.66
13	HSBC Noms (T) Sdn Bhd - A/C HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (NOMURA 6939-401)	2,910,000	0.58
14	AMSec Noms (T) Sdn Bhd - A/C Nomura Asset Management Malaysia Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund	2,511,600	0.50
15	HSBC Noms (A) Sdn Bhd - A/C BBH and Co Boston for PHEIM Asean Equity Fund (TCSB)	2,241,300	0.44
16	AMSec Noms (T) Sdn Bhd - A/C MTrustee Berhad for Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	2,148,100	0.43
17	Maybank Noms (T) Sdn Bhd - A/C ICLIF Trust Fund (IFM NOMURA-I)	2,001,700	0.40

SHAREHOLDINGS STATISTICS (cont'd.)

TOP THIRTY SECURITIES ACCOUNT HOLDERS (CONT'D.)

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

	Name	No. of Shares	%
18	PFM Capital Sdn Bhd	1,948,000	0.39
19	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for CIMB Islamic Balanced Growth Fund (230122)	1,675,600	0.33
20	Maybank Noms (T) Sdn Bhd - A/C Exempt An for Maybank Asset Management Sdn Bhd (RESIDENT)	1,575,000	0.31
21	Citigroup Noms (T) Sdn Bhd - A/C Kumpulan Wang Persaraan (Diperbadankan) (AIIMAN IS EQ)	1,501,400	0.30
22	CIMB Islamic Noms (T) Sdn Bhd - A/C CIMB Islamic Trustee Bhd for BIMB I Dividend Fund	1,394,100	0.28
23	Chin Hooi Nan	1,300,000	0.26
24	Citigroup Noms (T) Sdn Bhd - A/C Kumpulan Wang Persaraan (Diperbadankan) (MYBK AM SC E)	1,281,000	0.25
25	Universal Trustee (M) Berhad - A/C AMB Balanced Trust Fund	1,169,700	0.23
26	AMSec Noms (T) Sdn Bhd - A/C MTrustee Berhad for Koperasi Angkatan Tentera Malaysia Berhad (Account 2)	1,095,200	0.22
27	Zalaraz Sdn Bhd	1,000,000	0.20
28	Affin Hwang Noms (T) Sdn. Bhd. - A/C For Teh Bee Suan (TEH1101C)	1,000,000	0.20
29	Cimb Group Noms (T) Sdn Bhd - A/C CIMB Islamic Trustee Berhad For Pacific Dana Aman (3717TRO1)	966,100	0.19
30	Nur Sheila binti Abdullah	960,000	0.19

SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
Name		No. of Shares	%	No. of Shares	%
Sindora Berhad		255,000,000	50.60	-	-
Dato' Ir. Abdul Hak bin Md. Amin - Maybank Secs Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin - CIMSec Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	 66,350,000 18,000,000	84,350,000	16.74	26,221,200	5.20
Maybank Secs Noms (T) Sdn Bhd - A/C For Hamidah binti Omar		25,641,700	5.09	-	-

ANALYSIS OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Malaysian - Bumiputra	693	40.60	431,492,200	85.61
- Others	991	58.05	60,363,900	11.98
Foreigners	23	1.35	12,143,900	2.41
TOTAL	1,707	100.00	504,000,000	100.00

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Third (23rd) Annual General Meeting of E.A. Technique (M) Berhad (the "Company") will be held at Tanjung Puteri 302, Persada Johor International Convention Centre, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, Malaysia on Wednesday, 17 May 2017 at 11:00 a.m., for the following purposes:-

ORDINARY BUSINESS

1. To receive the Directors' and Auditors' Reports and Audited Financial Statements in respect of the financial year ended 31 December 2016. **Please refer to Note f.**

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

   (i) Ahamad Mohamad **Resolution 1**
   (ii) Datuk Mohd Nasir Ali **Resolution 2**
   (iii) Abdul Azmin Abdul Halim **Resolution 3**

3. To approve the following payment to Directors:-

   (i) Fees of RM360,000 paid in the financial year ended 31 December 2016 and proposed fees of RM360,000 for the financial year ending 31 December 2017. **Resolution 4**
   (ii) Remuneration (excluding Directors' fees) of RM28,500 for the financial year ended 31 December 2016 and up to an amount of RM37,200 from January 2017 until the conclusion of the next AGM of the Company ("Relevant Period"). (See Note i) **Resolution 5**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

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

5. **Ordinary Resolution**
   Authority to Issue and Allot Shares Pursuant To Section 75 of the Companies Act, 2016 **Resolution 7**

   "**THAT** pursuant to Section 75 of the Companies Act, 2016 ("Act"), and approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in 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 issued pursuant to this resolution does not exceed 10 percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities and that such authority shall continue in force until the conclusion of the next AGM of the Company. (See Note g)

NOTICE OF ANNUAL GENERAL MEETING (cont'd.)

6. **Ordinary Resolution**
Proposed Share Buy-Back Renewal **Resolution 8**

"**THAT**, subject to Section 127 of the Act, the provisions of the Listing Requirements of Bursa Securities and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following:-

(a) The maximum aggregate number of shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time;

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company;

AND THAT the Directors be and are hereby authorised to deal with the shares so bought-back at their absolute discretion in any of the following manner:-

(i) cancel the shares so purchased; or
(ii) retain the shares so purchased as treasury shares; or
(iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
(iv) distribute the treasury shares as share dividends to shareholders and/or resell on Bursa Securities in accordance with the relevant rules of Bursa Securities; or
(v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or
(vi) cancel the treasury shares or any of the said shares; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the authority conferred by this resolution shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company; or

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities.

AND THAT the Directors of the Company be and are authorised to take all such steps to implement, finalise and give full effect to the purchase by the Company of its own shares with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the Listing Requirements and the guidelines issued by Bursa Securities and any other relevant authorities." (See Note h)

NOTICE OF ANNUAL GENERAL MEETING (cont'd.)

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 23rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 10 May 2017. Depositors whose names appear on the ROD as at 10 May 2017 are entitled to attend, speak and vote at the said meeting.

BY ORDER OF THE BOARD

NURALIZA A. RAHMAN.ACIS (MAICSA 7067934)
SABARUDIN BIN HARUN (MIA 30423)
Company Secretaries

Johor Bahru, Johor
25 April 2017

NOTES:

Proxy

a. A member entitled to attend and vote at this meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at this AGM.

b. If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorize a person or persons to act as its representative or representatives at this AGM.

c. A certificate of authorization by the corporation shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative under Section 333(5) of the Act.

d. Where a member of the Company is an Authorised Nominee as defined under the Central Depositories Act 1991, he may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

e. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, shall be deposited at the registered office of the Company at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Abstention from Voting

Any Director referred to in Resolutions 1, 2 and 3 who is a shareholder of the Company shall abstain from voting on the resolution in respect his election or re-appointment as Director of the Company at the 23rd AGM.

EXPLANATORY NOTES ON SPECIAL BUSINESS

f. Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require the Company to obtain shareholders' approval for its Audited Financial Statements. Henceforth, this Agenda is not put forward for voting.

g. The Ordinary Resolution 7, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company. The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

h. The Proposed Ordinary Resolution 8, if passed, will enable the Company to renew the authority granted by the shareholders at the last AGM. The renewed authority will enable the Company to purchase its own shares through Bursa Securities of up to 10% of the total number of issued shares of the Company at any point in time. 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 Renewal are set out in the Statement dated 25 April 2017, which is despatched together with the Company's Annual Report for the year ended 2016.

i. Pursuant to Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017, the fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders at a general meeting.

In determining the estimated total amount of remuneration (excluding Directors' fees) for the Non-Executive Directors ("NEDs"), the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of NEDs involved in these meetings.

The actual Directors' fees for NEDs during the financial year 2016 was RM360,000. The Directors' fees proposed for the financial year ending 31 December 2017 are the same as 2016 and assuming that all the NEDs will hold office until the end of the financial year. The proposed Resolution 4, if passed, is to facilitate payment of Directors' fees on current financial year basis.

The proposed Resolution 5, if passed, will allow the payment of the Directors' Remuneration (excluding Directors' fees) to the NEDs of the Company on a monthly basis and/or as and when incurred within the Relevant Period.

The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' Remuneration on a monthly/quarterly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

In the event that the Directors' Remuneration (excluding Directors' fees) proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the additional remuneration to meet the shortfall. The estimated amount of RM37,200 for the Relevant Period is derived from a total of RM24,800 for FY2017 and a total of RM12,400 for the period from 1 January 2018 until the next AGM in 2018.

Details of the estimated Directors' Remuneration for NEDs for the Relevant Period are as below :-

i) Directors' Fees

	2016	2017
Non-Executive Chairman	RM72,000 per annum	RM72,000 per annum
NEDs	RM48,000 per annum	RM48,000 per annum

ii) Directors' Remuneration (excluding Directors' fees)

Meeting Allowance (per meeting)	Chairman	NEDs
Board of EAT	RM700	RM600
Audit Committee	RM700	RM600

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA

1. Directors who are standing for re-election/re-appointment at the 23rd Annual General Meeting are as follows:-

   (i) Ahamad Mohamad
   (ii) Datuk Mohd Nasir Ali
   (iii) Abdul Azmin Abdul Halim

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

	Resolution 1
Name :	**AHAMAD MOHAMAD**
Nationality/Age :	Malaysian/63
Academic/Professional Qualification(s) :	• Bachelor of Economics (Honours) Degree, University of Malaya
Present Directorship(s) :	• E.A. Technique (M) Berhad • KPJ Healthcare Berhad • Waqaf An-Nur Corporation Berhad • Kulim (Malaysia) Berhad • Yayasan Ansar
Present Appointment(s) :	Non-Independent Non-Executive Chairman
Appointed to the Board of the Company :	12 October 2009
	Resolution 2
Name :	**DATUK MOHD NASIR ALI**
Nationality/Age :	Malaysian/58
Academic/Professional Qualification(s) :	• Bachelor of Economics (Honours) Degree, University of Malaya Master of Science (Finance), University of Strathclyde
Present Directorship(s) :	• E.A. Technique (M) Berhad • Plenitude Berhad • Amanah Raya Berhad • ICB Islamic Bank Limited
Present Appointment(s) :	Independent Non-Executive Director
Appointed to the Board of the Company :	17 October 2014
	Resolution 3
Name :	**ABDUL AZMIN ABDUL HALIM**
Nationality/Age :	Malaysian/63
Academic/Professional Qualification(s) :	• Diploma in Banking Studies, Mara Institute of Technology • Bachelor of Science Degree, Syracuse University • Master of Business Administration, Central Michigan University
Present Directorship(s) :	• E.A. Technique (M) Berhad
Present Appointment(s) :	Independent Non-Executive Director
Appointed to the Board of the Company :	15 April 2014

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA (cont'd.)

2. The 22nd Annual General Meeting of the Company was 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.

3. A total of five (5) Board meetings were held during the financial year ended 31 December 2016. Details of attendance of Directors at Board meetings held during the financial year ended 31 December 2016 are as follows:-

	33rd BOD 23.02.2016	**Special BOD 30.03.2016**	**34th BOD 18.05.2016**	**35th BOD 30.08.2016**	**36th BOD 16.11.2016**	**% Based on Attendance in Meetings for year 2016**
Ahamad Mohamad	√	√	√	√	√	100.0
Dato' Ir. Abdul Hak Md Amin	√	√	√	√	√	100.0
Datuk Anuar Ahmad	√	√	√	√	√	100.0
Datuk Mohd Nasir Ali	√	√	√	√	√	100.0
Rozan Mohd Sa'at	×	√	√	√	√	80.0
Md Tamyes Hj A.Rahim	√	√	√	√	√	100.0
Abdul Azmin Abdul Halim	√	√	√	√	√	100.0
Azli Mohamed	√	√	√	√	√	100.0

Meeting	**Date of Board Meeting**	**Venue**
33rd BOD	23 February 2016	Office of Johor Corporation (Kuala Lumpur) Meeting Room, Level 11, Menara JCorp No. 249, Jalan Tun Razak, 50400 Kuala Lumpur
Special BOD	30 March 2016	Office of Johor Corporation (Kuala Lumpur) Meeting Room, Level 11, Menara JCorp No. 249, Jalan Tun Razak, 50400 Kuala Lumpur
34th BOD	18 May 2016	Office of Johor Corporation (Kuala Lumpur) Meeting Room, Level 11, Menara JCorp No. 249, Jalan Tun Razak, 50400 Kuala Lumpur
35th BOD	30 August 2016	Office of Johor Corporation (Kuala Lumpur) Meeting Room, Level 11, Menara JCorp No. 249, Jalan Tun Razak, 50400 Kuala Lumpur
36th BOD	16 November 2016	Office of Johor Corporation (Kuala Lumpur) Meeting Room, Level 11, Menara JCorp No. 249, Jalan Tun Razak, 50400 Kuala Lumpur

E.A. Technique
"the shipping people"

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 letters)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us* on my/our* behalf at the 23rd Annual General Meeting of the Company to be held at Tanjung Puteri 302, Persada Johor International Convention Centre, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, Malaysia on Wednesday, 17 May 2017 at 11:00 a.m. and at any adjournment thereof in respect of my/our holdings of shares in the manner indicated below:

Resolution	Description	For	Against
1	To re-elect Director – Ahamad Mohamad		
2	To re-elect Director – Datuk Mohd Nasir Ali		
3	To re-elect Director – Abdul Azmin Abdul Halim		
4	To approve payment of Directors' fees		
5	To approve payment of Directors' remuneration		
6	To re-appoint Messrs. Ernst & Young as auditors		
7	Authority to allot & issue shares		
8	Proposed Share Buy-Back Renewal		

(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 ____________ 2017

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

NOTE:

i. A member of the Company entitled to be present and vote at the Meeting may appoint a proxy to vote instead of him. A proxy may but need not be a member of the Company.

ii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the hand of its common seal or under the hand of an officer or attorney duly authorised.

iii. The instrument appointing the proxy shall be deemed to confer authority to demand or join in demanding a poll.

iv. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, he may appoint at least one (1) proxy in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account.

v. Any alteration made in this form should be initialled by the person who signs it.

vi. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy.

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STAMP

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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