E.A. Technique
"the shipping people"

SUSTAINING PROGRESS

FOCUSED & RESILIENT

The theme for Year 2017 titled "Sustainable Progress. Focused & Resilient." communicates the organisations commitment and resolute in maintaining our focus on the journey ahead whilst remaining unwavered by the challenges faced.

We will continuously seize new opportunities and realise new potentials by implementing sound business strategies that enhances operational excellence. We are inspired to strengthen our core competencies, enhance our asset base, forge new and strategic alliances, constantly delivering innovative solutions and stellar value resulting in a progressive and sustainable future.

ANNUAL REPORT 2017

ENHANCING COMPETENCIES AND DELIVERING RESULTS WHILST BEING FOCUSED ON EXPERTISE AND EFFICIENCIES.

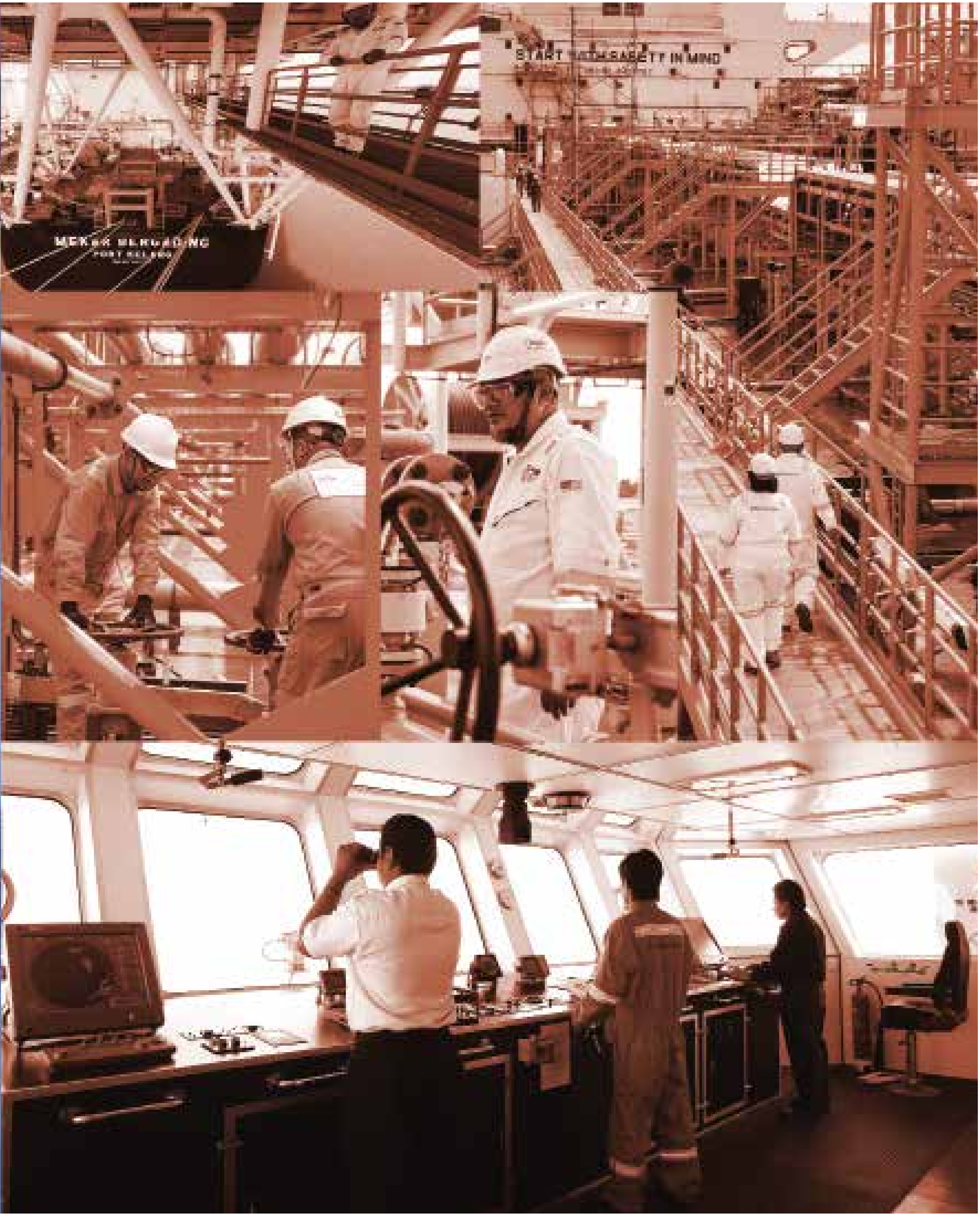
We are guided by principles of professionalism and integrity while ensuring exceptional performance in everything we do. We take pride in forging valuable synergies to create a formidable business presence and implement sound strategies to achieve optimum results.

FORGING AHEAD CONFIDENTLY WITH DIVERSE STRATEGIC ASSETS AND TECHNOLOGICAL ADVANCEMENTS.

Our investments in diverse and strategic assets have enabled us to expand our business offerings and provide better solutions. We also possess stronger capabilities to continue our momentum forward while enhancing our value and revenue stream.

STRONG AND FIRMLY ANCHORED ON GREATER PROFITABILITY AND SUSTAINABLE GROWTH.

We will ensure that our business potential and opportunities are realised in both the local and regional market landscapes. We will develop and enhance our business acumen to create new and profitable ventures that will set us on course towards the next level of long term growth and future sustainability.



key highlights

CHARTER HIRE

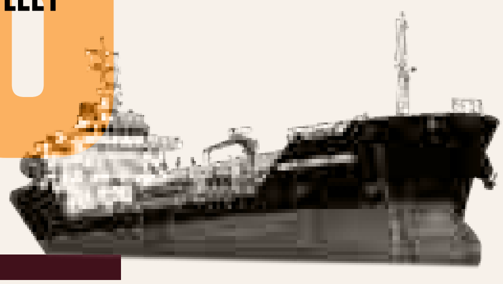
+6.29%

REVENUE GREW TO RM223.67 MILLION

EPCIC

-62.41%

REVENUE REDUCED TO RM143.30 MILLION



CONTENTS

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.

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

VISION

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

The Company is involved in the charter of various types of tankers for the transportation and offshore storage of oil & gas, charter of marine tug 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 2017, the Company operates a total fleet of 43 marine vessels in their portfolio. Of the total 43 marine vessels that we operate, E.A. Technique owns 40 of these marine vessels which comprises nine (9) oil & gas tankers (inclusive of two (2) Floating Storage & Offloading Unit ("FSU/FSO"), three (3) OSVs and 28 marine vessels. The remaining 3 marine vessels are chartered from external parties.

Our wholly owned subsidiaries, Johor Shipyard and Engineering Sdn Bhd ("JSE") and Libra Perfex Precision Sdn Bhd ("Libra") have been consolidated as a subsidiary of E.A. Technique for financial year ended 31 December 2017.

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.

Where as, Libra has been awarded with the contract for provision of tugboats for the operations of Petronas Floating LNG1 (L) Ltd ("PFLNG1").

MISSION

A local shipping company focuses and exemplifies attributes of:

- Safety
- Quality
- Security Culture

Core business

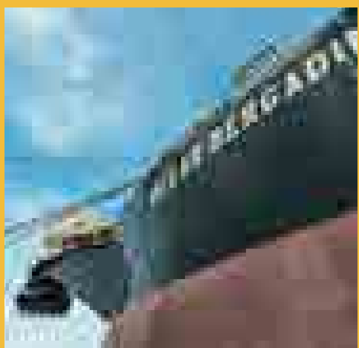
Marine Transportation And Offshore Storage Of Oil & Gas

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.

expertise



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 maneuvering 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, flare stack, skids and piping systems.

Our Fleet

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

Floating Storage Unit/ Offloading (FSU / FSO)

FSU Nautica Muar
M.T. Fois Nautica Tembikai

Charter In Vessels

Kejora 59
Kejora 57
M.T. Summer Coral

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 of in 2000)
Successfully registered us 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).

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.

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 tented 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) of the 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 pressurized LPG tanker. For the contract, we chartered a 3.728 DWT LPG tanker from an external party.

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

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

2014

Secured a three (3) year contract for time charter of two (2) pressurized 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 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 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.

2017

Awarded with three (3) contract agreements in 2017, which these contracts were signed with Bintulu Port Sdn Bhd and ExxonMobil Exploration & Production Malaysia Inc. ("EMEPMI")

- Hire of one (1) unit 60 tonnes bollard pull tugboat complete with crew for Bintulu Port Sdn Bhd on a call out basis – MSD/MOB/002/2017
- Hire of one (1) unit 60 tonnes bollard pull tugboat complete with crew for Bintulu Port Sdn Bhd on a call out basis – BHB-5/2/2017
- Provision of one (1) 25 knots FCB to support EMEPMI crew change operations

MEDIA
HIGHLIGHTS

BISNES

Anak syarikat JCorp dapat kontrak RM233.28j

EA Technique turut peroleh kontrak operasi empat kapal selama 7 tahun

Fakta nombor

RM1.78 BILION nilai tempahan diterima

RM536.5 JUTA pertumbuhan dicatat EA Technique tahun lalu

EA Technique terima kontrak baharu perkapalan

JCORP

Anak syarikat dapat kontrak RM233.28 juta

Ms.B4

E.A Technique raih hampir RM600 juta

JOHOR BAHRU 17 Mei – Anak syarikat Johor Corporation, E.A Technique (M) Berhad mengekalkan trajektori pertumbuhan dengan merekodkan pendapatan RM591.7 juta pada tahun kewangan berakhir 31 Disember 2016.

Pengerusinya, Ahamad Mohamad berkata, pendapatan tersebut mencatatkan peningkatan 10.3 peratus daripada RM536.5 juta yang diraih pada tahun kewangan sebelumnya.

Beliau berkata, syarikat turut merekodkan keuntungan sebelum cukai sejumlah RM21.5 juta pada 2016, peningkatan sebanyak 36 peratus berbanding RM15.8 juta pada 2015.

"Peningkatan pendapatan yang diraih syarikat kebanyakannya disumbangkan oleh sektor kejuruteraan, perolehan, pembinaan, pemasangan dan pengoperasian (EPCIC) selain daripada pengangkutan marin dan operasi ...

EPCIC menyumbang sejumlah RM381.2 juta, iaitu 64.4 peratus daripada pendapatan syarikat, manakala sektor marin dan operasi pelabuhan menyumbang sebanyak ...

AHAMAD MOHAMAD (tengah) bersama Abdul Hak Md. Amin (kiri) dan Ketua Pegawai Operasi E.A. Technique, Rozaini Mohd Sani menunjukkan buku laporan tahunan 2016 sempena Mesyuarat Agung Tahunan syarikat itu di Johor Bahru, semalam. – UTUSAN/RAJA JAAFAR ALI

Technique di sini hari ini.

Sementara itu, Pengarah Urusan E.A Te... Hak berka... meneroka...

卡马鲁查曼任 EA 科技主席

（吉隆坡 6 日讯）EA 科技（EATECH，5259，主板贸服股）宣布，委任柔佛机构总裁兼总执行长拿督卡马鲁查曼为新任主席。

柔佛机构是 EA 科技的大股东，根据彭博社，柔佛机构共持有 EA 科技 2 亿 5500 万股，相等于 50.6% 股权。

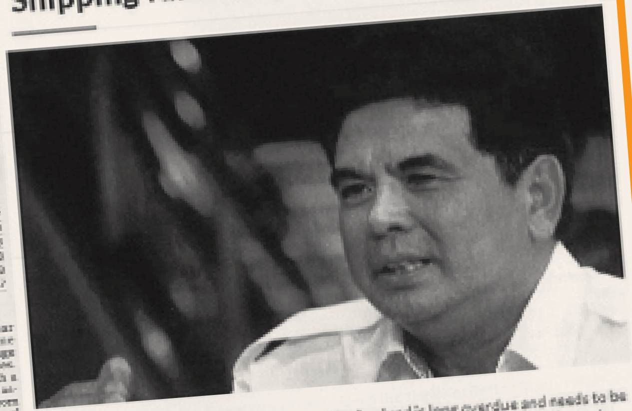
阿哈马调任副主席

EA 科技日前向交易所报备，今年 53 岁的卡马鲁查曼，

EA Technique appoints JCorp chairman Kamaruzzaman as its new chairman

Challenging outlook for EA Technique

Shipping fund long overdue, says MASA



KUALA LUMPUR: The establishment of a shipping fund is long overdue and needs to be looked into with urgency to help local players survive and for the shipping industry to flourish at the same pace as other industries in Malaysia.

Malaysia Shipowners' Association (MASA) chairman Datuk Hak Md Amin (pic) said discussion on setting up the fund has been on-going between the association, Bank Pembangunan Malaysia Bhd and the Ministry of Finance (MOF).

However, there is no final say on the criteria of eligible recipient as well as the act of disbursement.

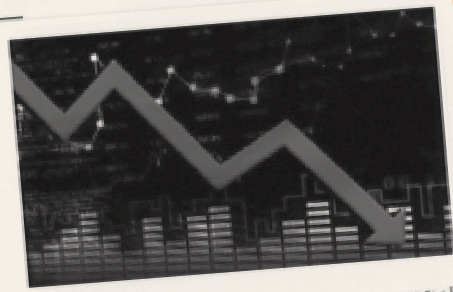
"To make it worse, local ship owners and other players in the industry are facing difficulties in getting financing for activities in the shipping industry, including the purchase of new vessels and so on.

"This was due to the relatively high interest rate of between 7% and 8% imposed by banks compared to overseas' banks which charged between 1% and 2%," he told Bernama in an interview.

Hak said that discussions on the establishment of the shipping fund stalled temporarily in Bank Pembangunan's top management.

E.A Technique لونچق
ڤنداڤتن همڤير RM600 جوتا

Renewed buying interest emerges in EA Technique

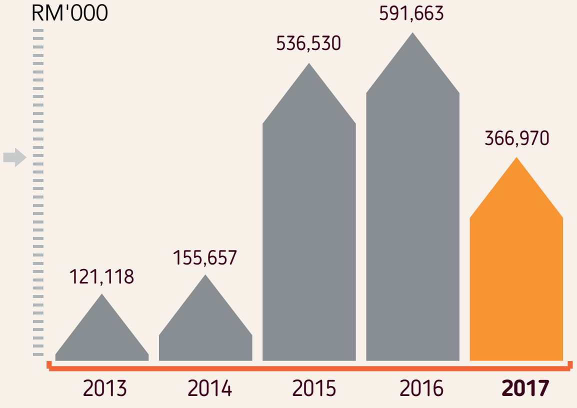


5-YEARS
FINANCIAL HIGHLIGHTS

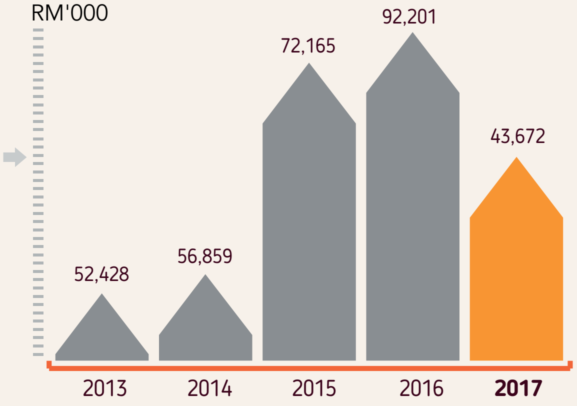
Financial Year Ended 31 December No. Of Months		2013 12	2014 12	2015^ 12	2016 12	2017 12
Revenue	RM'000	121,118	155,657	536,530	591,663	**366,970**
Gross Profit/(Loss)	RM'000	40,569	46,048	118,194	99,557	**(125,332)**
Gross Profil/(Loss) Margin	%	33.49	29.58	22.03	16.83	**(34.15)**
Earnings/(Loss) Before Interest, Tax, Depreciation & Amortisation EBITDA (LBITDA)	RM'000	52,428	56,859	72,165	92,201	**(43,672)**
EBITDA/(LBITDA) Margin	%	43.29	36.53	13.45	15.58	**(11.90)**
Profit/(Loss) Before Taxation	RM'000	21,913 [(1)]	19,687	15,818	21,541	**(131,903)**
PBT/(LBT) Margin	%	18.09 [(1)]	12.65	2.95	3.64	**(35.94)**
Profit/(Loss) After Taxation	RM'000	19,448 [(1)]	14,234	11,536	8,778	**(121,149)**
Net Earnings Per Share (Net EPS)	sen	5.00 [(1)(2)]	2.82	2.29	1.74	**(24.04)**
Current Ratio	times	0.69	1.38	1.12	0.77	**0.20**
Gearing Ratio [(3)]	times	1.31	0.99	1.84	1.72	**2.58**

NOTES :

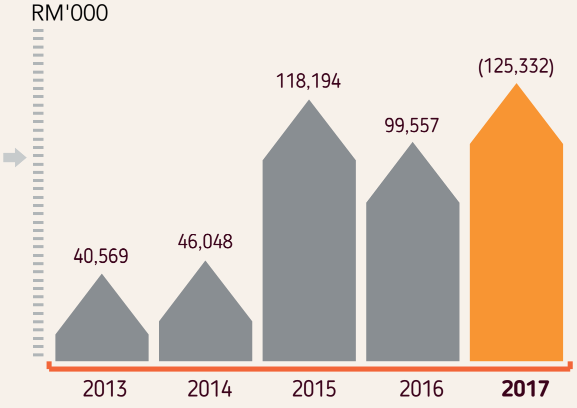
^ FYE 31 December 2015 figures have been restated.
(1) Gain on the disposal of an associate amounting to approximately RM37.5 million was excluded in FYE 31 December 2013.
(2) Based on the issued and paid-up share capital prior to the Listing.
(3) Calculated based on the total borrowings minus the corresponding cash and bank balances and short term deposits divided by the total shareholders' equity.



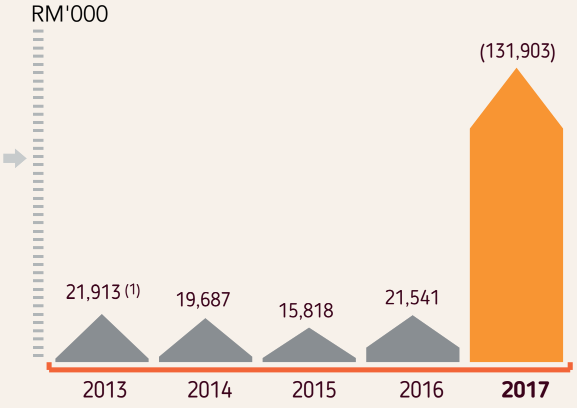
revenue



EBITDA

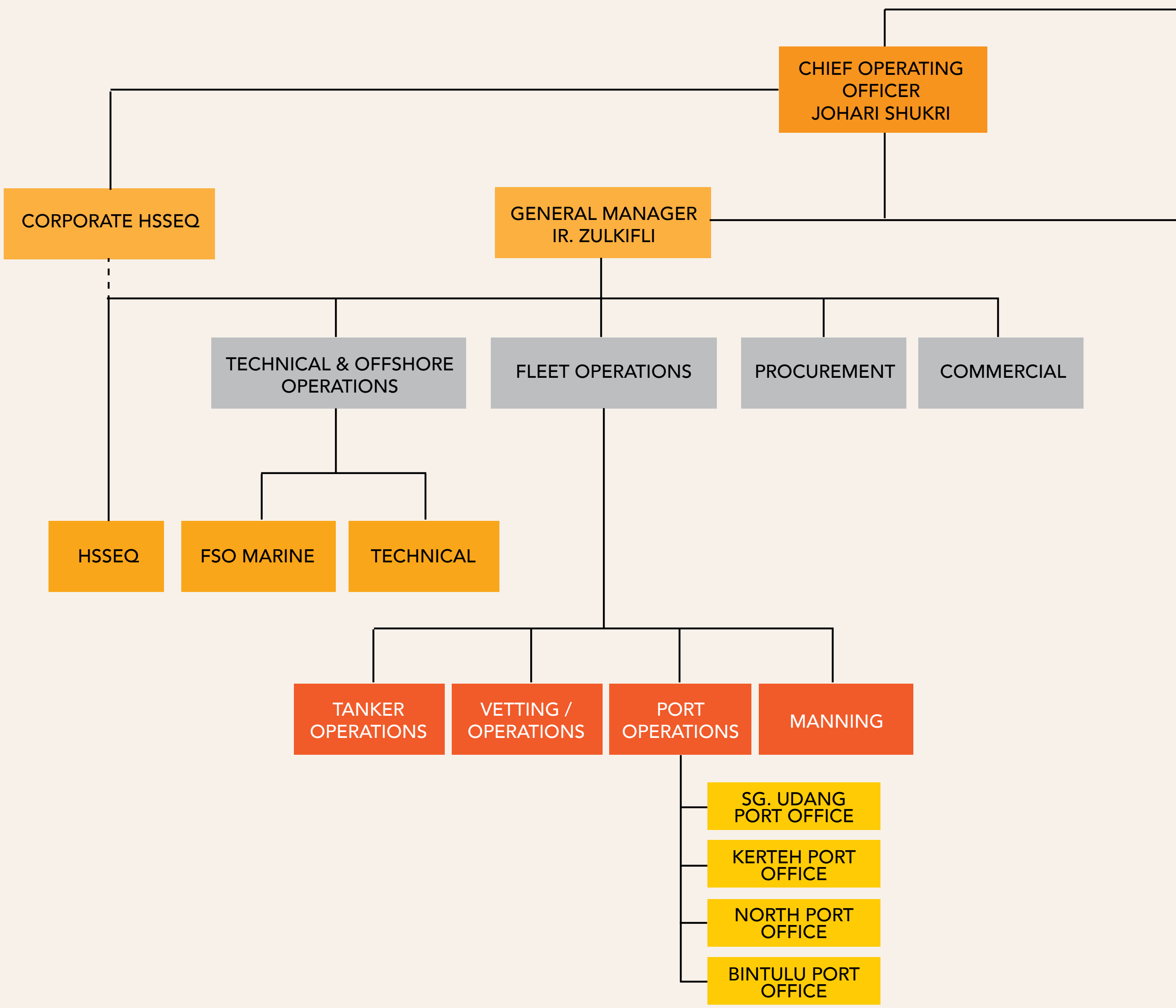


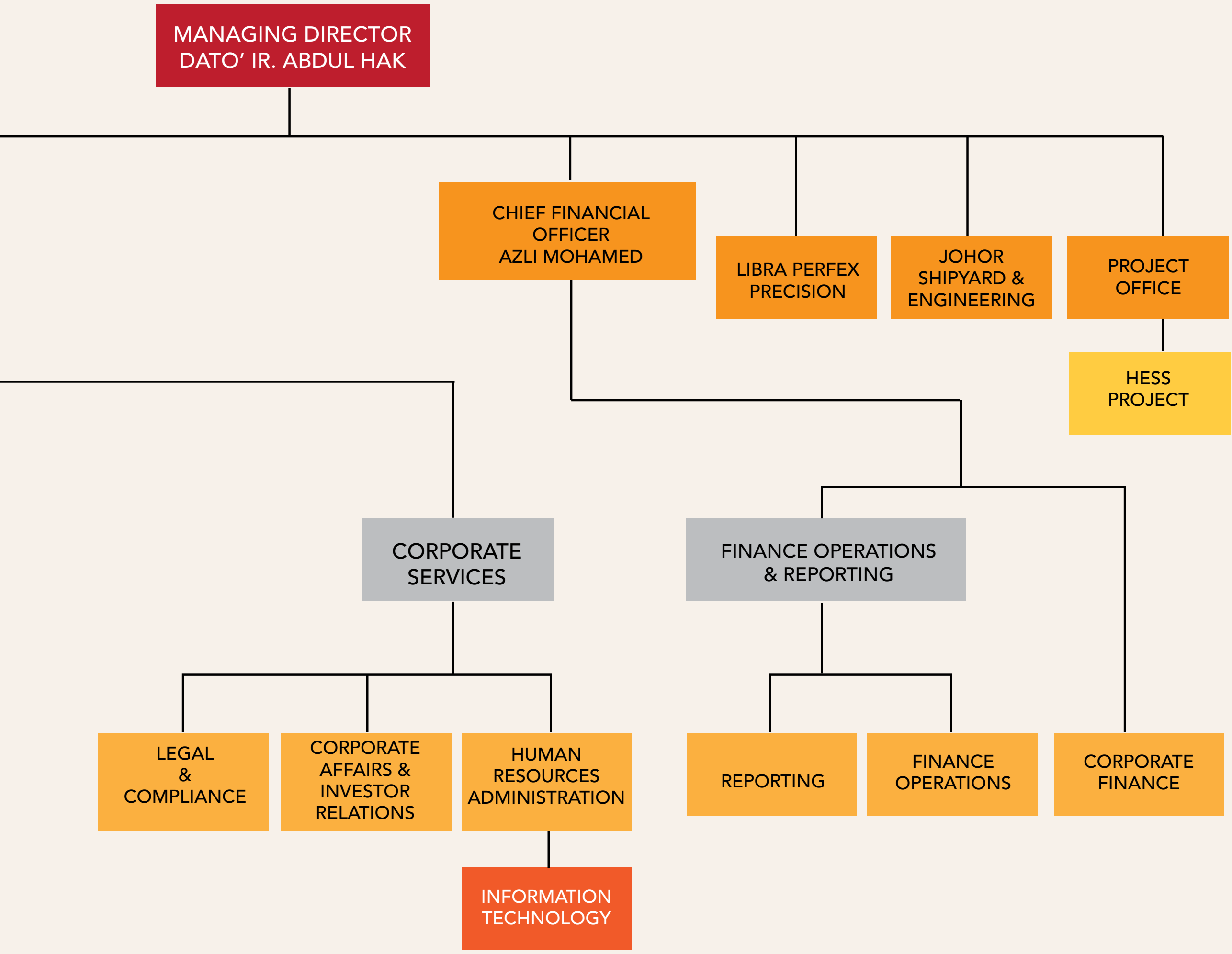
gross profit



profit before taxation

ORGANISATION STRUCTURE




MANAGING DIRECTOR
DATO' IR. ABDUL HAK
CHIEF FINANCIAL OFFICER
AZLI MOHAMED
LIBRA PERFEX PRECISION
JOHOR SHIPYARD & ENGINEERING
PROJECT OFFICE
HESS PROJECT
CORPORATE SERVICES
FINANCE OPERATIONS & REPORTING
LEGAL & COMPLIANCE
CORPORATE AFFAIRS & INVESTOR RELATIONS
HUMAN RESOURCES ADMINISTRATION
INFORMATION TECHNOLOGY
REPORTING
FINANCE OPERATIONS
CORPORATE FINANCE

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' KAMARUZZAMAN BIN ABU KASSIM
Non-Independent Non-Executive Chairman

AHAMAD MOHAMAD
Non-Independent Non-Executive Deputy 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
Independent Non-Executive Director

ABDUL AZMIN ABDUL HALIM
Independent Non-Executive Director

AZIAH AHMAD
Non-Independent Non-Executive Director

SECRETARIES
NURALIZA A. RAHMAN
(MAICSA 7067934)

SABARUDIN HARUN
(MIA 30423)

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54200 Kuala Lumpur, Malaysia
Telephone : 603-4252 5422
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Level 16, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru, Johor
Telephone : 607-219 5064
Facsimile : 607-223 3175

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
(Main Market)
Listed since: 11 December 2014
Sector: Trading/Services
Stock name: EATECH
Stock code: 5259

PRINCIPAL BANKERS
RHB Bank Berhad
Malayan Banking Berhad
Bank Pembangunan Malaysia Berhad
Export-Import Bank of Malaysia Berhad
AmBank (M) Berhad
Affin Bank Berhad

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

AUDIT COMMITTEE
Chairman
DATUK ANUAR AHMAD
Senior Independent Non-Executive Director

Members
ABDUL AZMIN ABDUL HALIM
Independent Non-Executive Director
AZIAH AHMAD
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE
Chairman
DATO' KAMARUZZAMAN ABU KASSIM
Non-Independent Non-Executive Chairman

Members
DATUK ANUAR AHMAD
Senior Independent Non-Executive Director
ROZAN MOHD SA'AT
Independent Non-Executive Director

NOMINATION COMMITTEE
Chairman
DATO' KAMARUZZAMAN ABU KASSIM
Non-Independent Non-Executive Chairman

Members
ABDUL AZMIN ABDUL HALIM
Independent Non-Executive Director
ROZAN MOHD SA'AT
Independent Non-Executive Director

WEBSITE
www.eatechnique.com.my

PROJECT OFFICE
Setiawangsa Business Suites
Unit B-1-1
No. 2 Jalan Setiawangsa 11
Taman Setiawangsa
54200 Kuala Lumpur, Malaysia
Telephone : 603-4252 5422
Facsimile : 603-4266 0487

SITE PROJECT OFFICE
Client Office 4
Malaysia Marine & Heavy Engineering
Sdn Bhd
PLO 3, Jalan Pekeliling
81700 Pasir Gudang, Johor
Telephone : 607-2681672

NORTHPORT, PELABUHAN KLANG OFFICE
No. 37, Lintang Sultan Mohamad 1B
Pusat Perdagangan Bandar Sultan Suleiman
42000 Port Klang, Selangor Darul Ehsan
Telephone : 012-502 9224
Email : nurhayat@eatechnique.com.my

SG. UDANG, MELAKA PORT OFFICE
Bangunan Pentadbiran
Persiaran Penapisan
76300 Sungai Udang, Melaka
Telephone : 012-730 5224
Email : khairulnizam@eatechnique.com.my

KERTIH PORT, TRENGGANU OFFICE
Bangunan Pentadbiran Kertih Port Sdn Bhd
Lot 3633 Kawasan Tengah KM105
Jalan Kuantan – Kuala Trengganu
24300 Kertih, Kemaman
Telephone : 012-385 2224
Email : azim@eatechnique.com.my

BINTULU PORT, SARAWAK OFFICE
Bintulu Port Sdn Bhd
Marine Services
12th Miles, Tg. Kidurong Road
P.O Box 996, 97008 Bintulu, Sarawak
Telephone : 012-390 7224
Email : azaman@eatechnique.com.my

SUBSIDIARY OFFICE
Johor Shipyard And Engineering Sdn Bhd
Lot PT8436-A, Mukim Hutan Melintang
36400 Daerah Hilir Perak
Perak Darul Ridzuan
Telephone : 605-641 2514
Facsimile : 605-641 3679

BOARD OF DIRECTORS

DATO' KAMARUZZAMAN ABU KASSIM
Non-Independent
Non-Executive Chairman

left to right

DATO' IR ABDUL HAK MD AMIN
Managing Director

DATUK MOHD NASIR ALI
Independent
Non-Executive Director

ABDUL AZMIN ABDUL HALIM
Independent
Non-Executive Director

left to right

AHAMAD MOHAMAD
Non-Independent Non-Executive Deputy Chairman

DATUK ANUAR AHMAD
Senior Independent Non-Executive Director

left to right

ROZAN MOHD SA'AT
Independent Non-Executive Director

AZIAH AHMAD
Non-Independent Non-Executive Director

BOARD OF DIRECTORS PROFILE

DATO' KAMARUZZAMAN ABU KASSIM
Non-Independent
Non-Executive Chairman

Age	:	54
Gender	:	Male
Nationality	:	Malaysian

Qualification:
Bachelor Of Commerce (Accountancy), University Of Wollongong, New South Wales, Australia (1987)

Working Experience And Occupation:
1. Audit Assistant, K.E. Chan & Associates (1988)
2. Audit Assistant, Coopers & Lybrand
3. Deputy Manager, Corporate Finance, Johor Corporation (1992)
4. General Manager, Corporate Finance, Johor Corporation (1999-2000)
5. Executive Director, Damansara Realty Berhad (2000-2006)
6. Chief Operating Officer, Johor Corporation (August 2006)
7. Senior Vice President, Corporate Services & International Business And Finance, Johor Corporation (January 2009)
8. Senior Vice President, Corporate Services & Finance, Johor Corporation (January 2010)
9. Acting President And Chief Executive Officer, Johor Corporation (July 2010)
10. President And Chief Executive Officer, Johor Corporation (1 December 2010)

Date Appointed To Board:
2 October 2017

Details Of Any Board Committee Involved:
1. Chairman Of Nomination Committee
2. Chairman Of Remuneration Committee

Other Directorship In Public Companies And Listed Issuers:
<u>Listed Entity:</u>
1. KPJ Healthcare Berhad
2. Damansara Reit Managers Sdn Bhd., The Manager For 2 Listed Funds : Al-'Aqar Healthcare Reit And As-Salam Real Estate Investment Trust

<u>Non Listed Public Companies:</u>
1. Kulim (Malaysia) Berhad
2. Johor Land Berhad
3. Waqaf An-Nur Corporation Berhad
4. Bistari Johor Berhad
5. QSR Brands (M) Holdings Bhd

Any Family Relationship With Any Director And/Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interest With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

Number Of Board Meetings Attended In The Financial Year:
1/8

AHAMAD MOHAMAD

Non-Independent
Non-Executive Deputy Chairman

Age	:	64
Gender	:	Male
Nationality	:	Malaysian

Qualification:
Bachelor Of Economics, University Of Malaya (1976)

Working Experience And Occupation:
1. Johor Corporation (June 1979)
2. Managing Director, Kulim (Malaysia) Berhad (30 June 1994)
3. Corporate Advisor (1 January 2017)

Date Appointed To Board:
12 October 2009

Details Of Any Board Committee Involved:
No

Other Directorship In Public Companies And Listed Issuers:
Non Listed Public Companies:
1. Kulim (Malaysia) Berhad
2. QSR Brands (M) Holdings Bhd
3. Waqaf An-Nur Corporation Berhad
4. Yayasan Ansar

Any Family Relationship With Any Director And/ Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interest With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

Number Of Board Meetings Attended In The Financial Year:
8/8

DATO' IR. ABDUL HAK MD AMIN

Managing Director

Age : 63
Gender : Male
Nationality : Malaysian

Qualification:

1. Bachelor Of Science In Marine Engineering, Merchant Marine Academy, Jakarta (1976)
2. Master Of Science In Project Engineering, The University Of Lancaster, United Kingdom
3. Diploma In Ship Survey, Det Norske Veritas, Oslo, Norway
4. Certificate Of Competency As A Foreign Going Marine Engineer
5. Professional Engineer With The Board Of Engineers, Malaysia

Working Experience And Occupation:

1. Marine Engineer Onboard Ocean Going Vessel By Malaysian International Shipping Corporation Sdn Bhd (1976)
2. Project Manager, Malaysian Fisheries Development Authority (1981)
3. Mill Engineer, Sime Darby Plantation Berhad (Mid 1981)
4. Project Engineer, Bank Pembangunan Malaysia Berhad (Mid 1983 – End 1983)
5. Ship And Engineering Surveyor, Det Norske Veritas (Singapore) Pte Ltd
6. Principal Surveyor, Det Norske Veritas (Singapore) Pte Ltd (1990)
7. Managing Director, Det Norske Veritas Sdn Bhd (1990 – 2002)
8. Managing Director, E.A. Technique (M) Berhad (1 February 2002)
9. Chairman, Malaysian Shipowners Association (MASA)
10. Chairman, Class NK Malaysia Committee
11. Member, Bureau Veritas Australia Asia Committee
12. Chancellor, Ranaco Education and Training Institute

Date Appointed To Board:
1 February 2002

Details Of Any Board Committee Involved:
No

Other Directorship In Public Companies And Listed Issuers:
No

Any Family Relationship With Any Director And/ Or Major Shareholder Of The Listed Issuer:
Datin Hamidah Binti Omar - Spouse

Any Conflict Of Interest With The Listed Issuer:
Berkat Global Sdn Bhd provides advisory services to the company such as marine consultancy and ship design. The company 90% owned by Dato' Ir. Abdul Hak Md Amin and 10% owned by Ir. Zulkifli Mohd Amin. Ir. Zulkifli Mohd Amin is the General Manager of E.A. Technique (M) Berhad.

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

Number Of Board Meetings Attended In The Financial Year:
8/8

DATUK ANUAR AHMAD

Senior Independent Non-Executive Director

Age	:	64
Gender	:	Male
Nationality	:	Malaysian

Qualification:

1. Bachelor Of Science Degree (Econs), The London School Of Economics & Political Science, University Of London, United Kingdom (1977)
2. Harvard Business School's Advanced Management Programme (AMP), United States Of America (1997)

Working Experience And Occupation:

1. Joined Petronas And Has Held Various Senior Managerial Positions In The International Marketing Division And Corporate Planning Unit, Petronas Trading Corporation Sdn Bhd And Petronas Dagangan Berhad. (1977)
2. Vice President Of Oil Business, Vice President Of Human Resource Management, Executive Vice President (Evp), Gas And Power Business, Petronas.
3. Managing Director/Chief Executive Officer, Petronas Dagangan Berhad. (1995 - 2002)
4. Chairman, Petronas Dagangan Berhad. (2005 – 2010)
5. Chairman, Petronas Gas Berhad. (2010 – 2017)
6. Member Of The Petronas Executive Committee And Petronas Management Committee.

Date Appointed To Board:
15 April 2014

Details Of Any Board Committee Involved:

1. Chairman Of Audit Committee
2. Member Of Remuneration Committee

Other Directorship In Public Companies And Listed Issuers:
Listed Entity:

1. Petronas Dagangan Bhd

Any Family Relationship With Any Director And/ Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interest With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

Number Of Board Meetings Attended In The Financial Year:
7/8

DATUK MOHD NASIR ALI

Independent Non-Executive Director

Age : 60
Gender : Male
Nationality : Malaysian

Qualification:

1. Bachelor Of Economics (Honours) Degree, The University Of Malaya (1980)
2. Master Of Science (Finance), The University Of Strathclyde, United Kingdom (1988)

Working Experience And Occupation:

1. Senior Financial And Marketing Analyst (1982)
2. Investment Manager, BBMB Unit Trust Management Berhad (1988)
3. General Manager Of Dealing & Research Department, Mayban Securities Sdn Bhd (1991 - 1995)
4. Chief Executive Officer, Kuala Lumpur City Securities Sdn Bhd (1996 – 2000)
5. Group Executive Director, Utusan Melayu (Malaysia) Berhad (2000 – 5 June 2014)

Date Appointed To Board:
17 October 2014

Details Of Any Board Committee Involved:
No

Other Directorship In Public Companies And Listed Issuers:

Listed Entity:

1. Plenitude Berhad
2. IGB Islamic Bank Limited – Listed In Dhaka, Bangladesh

Other Public Companies:

1. Amanah Raya Berhad
2. Goodyear Malaysia Berhad

Any Family Relationship With Any Director And/Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interest With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

Number Of Board Meetings Attended In The Financial Year:
8/8

ROZAN MOHD SA'AT

Independent Non-Executive Director

Age	:	58
Gender	:	Male
Nationality	:	Malaysian

Qualification:
Bachelor Of Economics (Honours) Majoring In Statistics, Universiti Kebangsaan Malaysia (1982)

Working Experience And Occupation:

1. Administrative Officer In Corporate Planning & Research Department, Johor Corporation (1983)
2. Operations Manager, Sergam Berhad (1986)
3. Administrative Officer In Corporate Communications Department, Johor Corporation (1987 – 1988)
4. Executive Director Of Several Subsidiaries, Johor Corporation Group (1988 – 1993)
5. General Manager In Tourism Division, Johor Corporation (1994)
6. Chief Executive In Tourism Division, Johor Corporation (15 June 1996)
7. General Manager In Business Development, Johor Corporation (January 1999)
8. Senior General Manager In Business Development, Johor Corporation (2000 - August 2002)
9. Managing Director, Sindora Berhad (1 September 2002)
10. Managing Director, PIJ Holdings Sdn Bhd (March 2014)

Date Appointed To Board:
1 January 2007

Details Of Any Board Committee Involved:

1. Member Of Nomination Committee
2. Member Of Remuneration Committee

Other Directorship In Public Companies And Listed Issuers:
No

Any Family Relationship With Any Director And/ Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interest With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

Number Of Board Meetings Attended In The Financial Year:
8/8

ABDUL AZMIN ABDUL HALIM
Independent Non-Executive Director

Age : 64
Gender : Male
Nationality : Malaysian

Qualification:
1. Diploma In Banking Studies, MARA Institute Of Technology (1974)
2. Bachelor Of Science Degree, Syracuse University, United States (1976)
3. Master Of Business Administration, Central Michigan University (1978)

Working Experience And Occupation:
1. Management Executive In Accounts Department, Esso Production Malaysia Inc. (1978 – 1981)
2. Cost Accountant, Motorola Malaysia (1981)
3. Management Executive, Petronas (1981 – 1989)
4. Manager In Commercial Department, Petronas Gas Sdn Bhd (1989 – 1994)
5. Senior Manager In Contracts And Procurement Department, Petronas Carigali (1994 – 2002)
6. Senior Manager In Tenders And Contracts Division, Petronas (2002 – 2008)

Date Appointed To Board:
15 April 2014

Details Of Any Board Committee Involved:
1. Member Of Audit Committee
2. Member Of Nomination Committee

Other Directorship In Public Companies And Listed Issuers:
No

Any Family Relationship With Any Director And/Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interest With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

Number Of Board Meetings Attended In The Financial Year:
7/8

AZIAH AHMAD
Non-Independent Non-Executive Director

Age	:	51
Gender	:	Female
Nationality	:	Malaysian

Qualification:
Bachelor Of Commerce, Majoring In Accountancy, University Of Wollongong, New South Wales, Australia (1989)

Working Experience And Occupation:
1. Audit Assistant, Coopers & Lybrand (1989)
2. Senior Manager, Pelangi Berhad (2006)
3. Deputy General Manager, PNB Commercial Sdn Bhd (2009)
4. Acting Chief Financial Officer, PNB Commercial Sdn Bhd (2011)
5. General Manager, Johor Corporation (2014)
6. Chief Financial Officer, Damansara Assets Sdn Bhd (2015)
7. General Manager, Johor Corporation (October 2016)

Date Appointed To Board:
2 October 2017

Details Of Any Board Committee Involved:
Member Of Audit Committee

Other Directorship In Public Companies And Listed Issuers:
Non Listed Public Companies:
1. Larkin Sentral Property Berhad

Any Family Relationship With Any Director And/ Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interest With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

Number Of Board Meetings Attended In The Financial Year:
1/8

COMPANY SECRETARIES

SABARUDIN HARUN
Company Secretary

NURALIZA A. RAHMAN
Company Secretary

MANAGEMENT
TEAM

From left to right

DATO' IR. ABDUL HAK MD AMIN
JOHARI SHUKRI JAMIL
AZLI MOHAMED
IR. ZULKIFLI MOHD AMIN

From left to right

ALI NOOR RAZAK MOHD NOOR SIDEK
KASINATHAN MATHIVANAN
MOHD YUSNI RAZALI
SYED KHALIL UR REHMAN
ROSLAN NORDIN
NEW KOK HO
TAJUL ASIKIN SALLEHUDIN

From left to right

AZIRUL FAKARUDIN ISMAIL
CHE ZAL AZILAH CHE OMAR
NORWAHIDA JAAFAR
AHMAD FAREZ SUHAIMI
MOHD FAIZUL ABDUL HAK
DR. MAHATHIR MALIM NORDIN MALIM
FARRAH RADZIAH ABDUL HAK

KEY MANAGEMENT PROFILE

JOHARI SHUKRI JAMIL
Chief Operating Officer

Age : 46
Gender : Male
Nationality : Malaysian

Qualification:
- BSc in Chemical Engineering (Polymer Engineering), Universiti Teknologi Malaysia
- Advanced Leadership Program (ALP), Judge Business School, Cambridge University

Working Experience And Occupation:
- Process Engineer, Titan Polyethlene (M) Sdn Bhd. (1995 – 1997)
- Project Engineer, Titan Polyethylene (M) Sdn Bhd. (1997 – 2000)
- Project Engineer, Foster Wheeler (M) Sdn Bhd. (2000 – 2002)
- Business Development Manager (Asia Pacific) for AMEC (M) Sdn Bhd. (2002 – 2003)
- Business Development Manager, Chiyoda Malaysia Sdn Bhd. (2003 – 2004)
- Vice President, Business Development, Sumatec Resources Berhad. (2004 – 2005)
- Senior General Manager, Inai Kiara Sdn Bhd. (2005 – 2006)
- Chief Executive Officer & Director, Difense Konsult Sdn Bhd (Entrepreneur). (2006 – 2011)
- Johor Corporation and Its Group of Companies. (2011 to present)
- General Manager, Business Development, Johor Corporation. (2011)
- Chief Executive Office, Tanjung Langsat Port Sdn Bhd. (2011 – 2012)
- Project Development, Johor Corporation. (2012 – 2013)
- Executive Director, Tanjung Langsat Port Sdn Bhd. (2013)
- Vice President, Business Relationship & Marketing, Industrial Development Division, Johor Corporation. (2015)
- Vice President, Business Relationship & Marketing, Industrial Development Division, Johor Corporation & TPM Technopark Sdn Bhd And Executive Director of Tanjung Langsat Port Sdn Bhd. (2016 – Jan 2018)
- Chief Operating Officer, E.A. Technique (M) Berhad. (2018 – present)

Date Appointed To Position:
1 February 2018

Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:
No

Any Family Relationship With Any Director And/Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interests With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

AZLI MOHAMED
Chief Financial Officer

Age : 50
Gender : Male
Nationality : Malaysian

Qualification:
- Graduate of the Association of Chartered Certified Accountants, United Kingdom
- Members of The Malaysian Institute of Accountants

Working Experience And Occupation:
- Audit Assistant and last position as Manager, PricewaterhouseCoopers. (1992 – 2001)
- Group Accountant, KPJ Healthcare Berhad. (2001 – 2006)
- Chief Financial Officer, New Jeddah Clinic Hospital, Jeddah. (2006 – 2007)
- General Manager, Finance Division, Johor Corporation. (2007 – 2011)
- Chief Financial Officer, Kulim (Malaysia) Berhad. (2011 – 2017)
- Chief Financial Officer, E.A. Technique (M) Berhad. (2017 – present)

Date Appointed To Position:
1 October 2017

Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:
No

Any Family Relationship With Any Director And/ Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interests With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

IR. ZULKIFLI MOHD AMIN

General Manager

Age : 50
Gender : Male
Nationality : Malaysian

Qualification:

- BSc in Naval Architecture and Marine Engineering, University of New Orleans, Louisiana USA
- Registered as a Professional Engineer with Practising Certificate with Board of Engineers Malaysia (BEM)
- Members of Institute of Engineers Malaysia (IEM)
- Members of Institut Kelautan Malaysia (IKMAL)

Working Experience And Occupation:

- Naval Architect, Penang Shipbuilding Corporation. (1992 - 1993)
- Engineer / Naval Architect, GEC (Malaysia) Sdn Bhd. (1993)
- Technical Executive, E.A. Technique (M) Sdn Bhd. (1994 – 1997)
- Technical Manager, E.A. Technique (M) Sdn Bhd. (1998 – 2006)
- General Manager, E.A. Technique (M) Berhad. (2006 – Present)

Date Appointed To Position:

1 October 2006

Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:

No

Any Family Relationship With Any Director And/Or Major Shareholder Of The Listed Issuer:

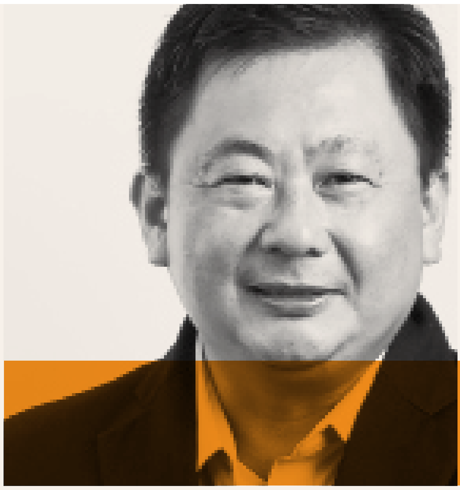
- Brother to Dato' Ir. Abdul Hak Md Amin, Managing Director of E.A. Technique (M) Berhad

Any Conflict Of Interests With The Listed Issuer:

No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:

No



NEW KOK HO

General Manager / Executive Director

Age	:	48
Gender	:	Male
Nationality	:	Malaysian

Qualification:

- Bachelor of Engineering, Marine Technology, Universiti Teknologi Malaysia
- Board of Engineers, Malaysia
- Members of The Institution of Engineers, Malaysia
- Members of Malaysian Institute of Management (MTM)

Working Experience And Occupation:

- Senior Services Engineer (Project), Syarikat Ong Yik Lin Sdn Bhd. (1994 – 2000)
- Property Manager, Metrojaya Berhad. (2000 – 2003)
- Project Manager, Sumber Samudra Sdn Bhd. (2003 – 2008)
- Project Manager, Johor Shipyard and Engineering Sdn Bhd. (2008 – 2014)
- General Manager, Johor Shipyard and Engineering Sdn Bhd. (2014 – Present)
- Executive Director, Johor Shipyard and Engineering Sdn Bhd. (2017 – Present)

Date Appointed To Position:
1 June 2017

Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:
No

Any Family Relationship With Any Director And/ Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interests With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

TAJUL ASIKIN SALLEHUDIN

Senior Manager, Technical

Age : 54
Gender : Male
Nationality : Malaysian

Qualification:

- BSc Marine Engineering, Indonesian Merchant Marine Academy, Jakarta Indonesia
- First Class Certificate of Competency – Marine Engineering (Motor and Steam), Ministry of Transport, Indonesia
- Members of Malaysian Maritime Institute

Working Experience And Occupation:

- Marine Engineer, MISC Berhad. (1984 – 1995)
- Project Engineer, Shapadu Energy and Engineering Sdn Bhd. (1996)
- Building Chief Engineer, Pan Pacific Hotel, Kuala Lumpur. (1997)
- Field Services Manager (Acting General Manager), Sapura Petroleum Services. (1998)
- Base / Business Development Manager (Acting General Manager), Sapura Maritime Engineering Sdn Bhd. (1999)
- Managing Director, Profil Budi Sdn Bhd. (1999 – 2001)
- VP Operation, Rusli Offshore Corporation Sdn Bhd. (2001 – 2002)
- Senior Superintendent Tanker, MISC Bhd. (2002 – 2006)
- Head of Fleet, Global Carriers Berhad. (2006)
- Advisor / Consultant, Profil Budi Sdn Bhd. (2007)
- Head of Fleet, Global Carriers Berhad. (2007 – 2011)
- General Manager Fleet Operations, JRI Resources Sdn Bhd. (2012)
- Technical Manager, E.A. Technique (M) Berhad (2013 – 2015)
- Technical Senior Manager, E.A. Technique (M) Berhad. (2016 – Present)

Date Appointed To Position:
1 January 2016

Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:
No

Any Family Relationship With Any Director And/Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interests With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

MOHD YUSNI RAZALI

Senior Manager Fleet Operations

Age : 55
Gender : Male
Nationality : Malaysian

Qualification:

- Certificate of Competency as Master of a Foreign Going Ships, Maritime Academy Malaysia (ALAM)

Working Experience And Occupation:

- Navigating Officer, MISC Berhad. (1984 – 1995)
- Chief Officer, MCM Sdn Bhd. (1995 – 1996)
- Ship Master, Global Carriers Sdn Bhd, E.A. Technique (M) Sdn Bhd, Jelai Marine Services. (1997 – 1999)
- Nautical Lecturer, Akademi Laut Malaysia (ALAM). (2000 – 2002)
- Maritime Training and Education Director, Pelita Akademi Sdn Bhd. (2002 – 2003)
- Director (Recruitment and Training Development / Operation), Latihan Perikanan Laut Dalam Armada Berhad. (2004 – 2005)
- Marine Project Manager, Cyclecraft Accessories (M) Sdn Bhd. (2005 – 2006)
- Technical Superintendent, Global TS Sdn Bhd. (2006 – 2008)
- HSSE Manager, Global TS Sdn Bhd. (2008 – 2009)
- Head of Marine Operation and HSSE, Global TS Sdn Bhd. (2009 – 2010)
- Head of Crew Resources and Manning, Global TS Sdn Bhd. (2010)
- Senior Manager, Fleet Management Division, Global TS Sdn Bhd. (2011 – 2013)
- Manager, Manning / Vetting, E.A. Technique (M) Berhad. (2013 – 2014)
- Manager, Fleet Operation, E.A. Technique (M) Berhad. (2014 – 2015)
- Senior Manager Fleet Operations, E.A. Technique (M) Berhad. (2016 – Present)

Date Appointed To Position:
O1 January 2016

Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:
No

Any Family Relationship With Any Director And/ Or Major Shareholder Of The Listed Issuer:
No

Any Conflict Of Interests With The Listed Issuer:
No

List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:
No

Chairman's statement

The year under review ended 31 December 2017 ("FY 2017") is a mixed bag for EA Technique. Prospects from core operations remain robust with long term contracts secured for stable and recurring revenue streams. We also successfully concluded various initiatives towards end 2017 that will deliver new income sources for the Group moving forward. Further, our strong talents, plans and sustainability agenda reflect our sound fundamentals and vision for growth. Our full year results in 2017, however, were severely impacted by one-off losses due to higher costs incurred in the Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") project against the contracted sum, and further exacerbated with higher administrative expenses.

Overall it has been a difficult year, with the EPCIC project a significant letdown in our otherwise unblemished record of on-time delivery. Hence, despite the Group's strong underlying business fundamentals and intact financial strength, we register a loss before tax of RM131.9 million, far below our expectations. It is most important that we remember and learn our lesson, and move on stronger and wiser. Taking a pragmatic and realistic view of where we stand in the industry, and into account our sustainability prospects, we are committed, focused and resilient in our goal towards long-term Sustaining Progress, the theme we have chosen for this year's report.

This annual report includes our first Sustainability Report, which is a progression from the Corporate Social Responsibility Report ("CSR") we have been producing for the past few years. Bursa Malaysia's Sustainability Framework was launched in 2015, with the aim to bring the sustainability practices of listed companies in Malaysia to the next level by focusing on materiality and stakeholder inclusiveness. Within the context of this framework, sustainability is defined as doing business in a responsible manner, taking into account the impact on the Economy, Environment and Society ("EES").

DEAR SHAREHOLDERS, IT IS MY PLEASURE TO ADDRESS YOU IN MY MAIDEN REPORT AS CHAIRMAN OF E.A. TECHNIQUE (M) BERHAD ("E.A. TECHNIQUE/ COMPANY/GROUP"). I AM, OF COURSE, NO TOTAL STRANGER TO THE COMPANY AND ITS BUSINESSES, BEING ON THE BOARDS OF JOHOR CORPORATION AND KULIM (MALAYSIA) BERHAD.

CONTINUED STRATEGIC PROGRESS

DATO' KAMARUZZAMAN ABU KASSIM
Chairman

On behalf of the Board of Directors, it is my privilege to present this annual report and audited financial statements of E.A. Technique (M) Berhad for the financial year ended 31 December 2017.

FTSE4GOOD BURSA MALAYSIA (F4GBM)

Notwithstanding the disappointing financial results, we had our share of highlights and achievements during FY 2017. Among the highlights, I am pleased to announce that in June 2017, E.A. Technique was added to the FTSE4Good Bursa Malaysia Index ("F4GBM"). Our inclusion to the Index is no mean feat, considering that the total number of constituents listed on the F4GBM is only 43. As of December 2017, there were over 900 companies listed on Bursa Malaysia. *(Source: themalaysianreserve.com/2017/07/21)*

Launched in 2014, the F4GBM Index measures the performance of public listed companies ("PLCs") demonstrating strong Environmental, Social and Governance ("ESG") practices. Its primary objective is to encourage PLCs in Malaysia to improve their ESG disclosures and practices moving towards global best practices. This is in line with global trends where investors are now allocating their investment portfolio strategically to drive sustainability in the marketplace.

Needless to say, we are very pleased with this recognition, and I congratulate all those who have contributed towards achieving this milestone. This recognition has encouraged us to raise our ambitions in enhancing our sustainable development efforts through a detailed materiality process.

DELIVERING SUSTAINABLE PROGRESS

In a rapidly evolving environment, FY 2017 was a wake-up call that we could no longer carry on as if it was business as usual. The management team and I have scrutinised structures, systems, processes, resources and strategies that were in place to see what needs to be done to produce near-term results and reinforce the foundation to deliver long-term sustainable value to all stakeholders.

We have no illusions that there is much work to be done, but we have moved with some urgency to establish clear priorities to drive growth and value in the coming years. At a town hall meeting organised on 3 October 2017, our Chief Financial Officer ("CFO") minced no words when he shared his concerns on the Group's overall financial health and operating performance. He stressed the need for the full cooperation and active participation of every employee to restore the Group back on an even financial keel.

Revenue Growth. Our immediate challenge in the coming year is to improve our revenue growth and balance sheet strength. We have a promising pipeline of contracts, many of which are long-term. By concentrating on our traditional areas of strength, together with the right strategies, will enable us to sustain a positive momentum. To reduce our dependence on the O&G sector, we will aggressively pursue plans to grow our presence in port operations.

Balance Sheet Strength. We remain committed to strengthening our balance sheet, and this means solidifying the financial strength of the Group, which is vital to maintain our competitiveness. As at year-end 2017, our gearing level stood at 2.58 times.

Fiscal Discipline. More than ever before, we will exercise fiscal discipline in making the right capital allocation decisions in our chosen markets where we have a distinct competitive advantage to grow our business sustainably. The comprehensive and critical evaluation of the Group's strategic plans will be done from different perspectives - industry and market developments, our own strengths and weaknesses and opportunities for the enhancement of shareholder value.

Operating Performance. Even as we emphasize growing our revenue base, we will focus efforts on further improving our operating performance in key areas such as managing costs, enhancing productivity and reviewing the internal structures and processes to improve efficiency. With the better utilisation of assets and human resources and capitalising on synergies within the Group, we can contain costs while increasing revenue. We will achieve these without compromising on the high quality and safety standards we have set ourselves.

The management team and I have scrutinised structures, systems, processes, resources and strategies that were in place to see what needs to be done to produce near-term results and reinforce the foundation to deliver long-term sustainable value to all stakeholders.

Reinforcing Our Brand. The Group has already built strong market positions in its core businesses, but we cannot take anything for granted. We need to look at opportunities to further reinforce the E.A. Technique brand as a force to be reckoned with. In the face of increasing competition, we cannot afford to be complacent and we need to push boundaries, benchmarking our performance against the best in class to deliver service excellence.

Our Sustainability Approach. While making a profit is the raison d'être of our existence, we will do it in a responsible and sustainable manner. Our commitment to sustainability spans our entire business, taking into account the impact of our operations on the EES pillars. The Group has always maintained a strong commitment to community programmes and to managing its environmental footprint and we will continue to do so.

People Power. Our human capital gives us an ultimate competitive advantage and is the key enablers in meeting our strategic ambitions. E.A.Technique is committed to continually attracting, developing and retaining talented people. We achieve this by providing great job opportunities, an environment marked by teamwork, meritocracy and openness, and safe working conditions. To stay ahead, we need to nurture a culture of excellence, including a customer-centric culture that will allow us to better meet the growing needs of our clients.

Stakeholder Relationship. We draw insights and metrics through our relationships with employees, customers, partners, media and communities in which we serve. Our goal is to achieve the highest standards of openness, probity and accountability in all our dealings with our respective stakeholders.

Health, Safety, Security, Environment and Quality ("HSSEQ"). No progress can be considered sustainable if it does not include our performance in the HSSEQ arena. Our businesses are exposed to a variety of risk factors that could potentially affect our operations or financial condition. We have therefore implemented a range of lead measures to promote a more proactive approach and to support a culture of safe and healthy work practices that will drive sustainable performance improvement.

Strengthening Corporate Governance. Good corporate governance goes hand-in-hand with the continued growth and sustainability of E.A.Technique. The Group seeks to maintain the highest standards of governance to ensure it is performance-driven. We have taken measures to strengthen our risk management framework, setting out the roles and responsibilities not only in identifying and assessing risks, but also in developing strategies to manage them. In executing our business plans, we will maintain the highest standards of compliance and ethics.

CAUTIOUS OPTIMISM

We move into FY 2018 with new vigour as we position ourselves for the next thrust forward. The Group has taken decisive actions to put in place a raft of measures to support top-line growth, ensure our superior value propositions, overcome headwinds and deliver earnings growth. However, actions speak louder than words and the coming year will show validation of the measures we have taken.

We target to hand over the EPCIC project in the first half of 2018. We will focus on the downstream side of the business, our outlook for the coming year is one of cautious optimism. Barring any unforeseen events, we expect revenue growth to continue at a satisfactory pace from our traditional areas of strength in the Marine Transportation and Tanker Operations, as well as our Port Marine Services. The Group has secured long-term contracts for its marine vessels that will provide a stable and recurring revenue stream. We will also be earning charter income for FSU Nautica Muar under an agreement with Vestigo Petroleum Sdn Bhd ("VPSB") concluded in the fourth quarter of 2017.

As a listed company, E.A. Technique is still a relatively young entity with many more pages and chapters to be written in its corporate history. It may not be always plain sailing, but it will be an exciting journey of possibilities and prospects as we ride the momentum we have established. Given what we have going for us, I am looking forward to the next phase of our journey as we strive to unlock the Group's fullest potential.

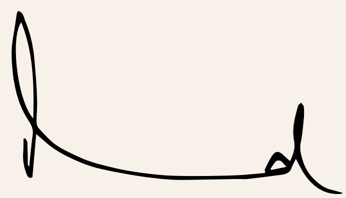
ACKNOWLEDGEMENTS

In a tough year, what struck me was the diversity of talents, camaraderie and professionalism of E.A. Technique people in meeting the challenges head-on. The contribution of our employees is vital to the Group's success. But let us be clear - at this time of revitalisation and preparing for the next thrust forward, we expect everybody to do even more to ensure the Group's sustainable progress.

I would like to thank my predecessor, Encik Ahamad bin Mohamad, who helmed E.A. Technique for the past seven (7) years. He remains on the Board as Deputy Chairman, and we are pleased to be able to benefit from his deep knowledge and experience. I consider myself fortunate in that my fellow Board members has been very supportive and generous with their advice and wise counseling. Encik Md Tamyes bin Hj A. Rahim and Encik Azli bin Mohamad resigned effective 2 October 2017 and we thank them for their services. We welcome Puan Aziah binti Ahmad, who was appointed to the Board as a Non-Independent and Non-Executive Director on 3 October 2017. She joined Johor Corporation in 2014, but prior to that, has had extensive private sector experience.

The Board and I acknowledge the importance of our support group, which comprises our business partners, associates, bankers, government authorities and of course our growing customer base and most of all, our shareholders. Thank you for your understanding and believing in all that we can accomplish together.

Forging ahead, we will rely on your active and continued support in the spirit of common enterprise and determination to bring E.A. Technique back on track. I thank all of you.



DATO' KAMARUZZAMAN ABU KASSIM
Chairman

Management discussion and analysis

THE MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) WAS INTRODUCED BY BURSA MALAYSIA IN MARCH 2016 TO RAISE THE STANDARDS OF DISCLOSURE AND CORPORATE GOVERNANCE PRACTICES. IN A DEPARTURE FROM THE TRADITIONAL METHOD OF REPORTING, THE OBJECTIVE OF THE MD&A IS TO GIVE A MEANINGFUL AND COMPREHENSIVE NARRATIVE EXPLANATION OF HOW E.A.TECHNIQUE HAS PERFORMED OVER THE PAST YEAR TO HELP STAKEHOLDERS MAKE INFORMED INVESTMENT DECISIONS. AS THIS IS ONLY OUR SECOND MD&A, THERE IS ALWAYS ROOM FOR IMPROVEMENTS AND WE WELCOME FEEDBACK FROM ALL OUR STAKEHOLDERS.

DATO' IR. ABDUL HAK MD AMIN
Managing Director

OPERATING ENVIRONMENT

After a period of stagnation, the global economy finally showed signs of strengthening in 2017. The World Bank forecasts that global growth will reach an estimated 3% in 2017, the fastest pace since the post-economic crisis of 2011. *(Source: The World Bank Press Release, 9 January 2018).*

The year under review ended 31 December 2017 was also a recovery year for the Malaysian economy. Rising above expectations, the domestic economy is expected to grow by between 5.2% and 5.7% in 2017, supported by firm domestic demand and a stronger external sector. *(Source : Ministry of Finance, Economic Report 2017/18, page 3,6)*

In an attempt to shore up prices, the Organisation of Petroleum Exporting Countries ("OPEC") reached a deal in December 2016 to cut oil production for the first time since 2008. Domestically, PETRONAS's decision in 2016 to cut a whopping RM50 billion in operating ("OPEX") and capital ("CAPEX") expenditure over the next four (4) years took its toll on almost all sectors of the oil and gas ("O&G") industry.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2017 ("FY 2017"), E.A.Technique generated revenue of RM367.0 million, which is a 38 % decline from RM591.7 million recorded the previous year. The Group posted a loss before tax of RM131.9 million, as compared to a profit before tax in FY 2016. The loss was attributed mainly to (1) higher costs incurred in the EPCIC project against the contracted sum and (2) higher administrative expenses due to discount on receivables and amortisation of intangible asset for the acquisition of Libra Perfex Precision Sdn Bhd.

The higher cost of the EPCIC project was mainly due to additional work requests from the client. Initially, the final hand-over was scheduled for the second quarter of 2017, but the completion date of the project has been pushed back to the first half of 2018. E.A.Technique is presently negotiating with the client to recoup some of the costs incurred in carrying out the variation orders. The increase in administrative expenses was due to discounts on receivables and amortisation of intangible asset for the acquisition of Libra Perfex Precision Sdn Bhd, a company principally involved in the hiring and chartering of marine vessels, as reported last year.

Our Marine and Floating Storage Unit("FSU")/Floating Storage and Offloading ("FSO") operations contributed another RM134.4 million or 37% of the Group's revenue, with Port Marine Services contributing RM87.7 million or 24% of total revenue.

In terms of sectoral contribution, EPCIC remained the main contributor, accounting for RM143.3 million or 39% of total revenue. Our marine and Floating Storage Unit("FSU")/Floating Storage and Offloading ("FSO") operations contributed another RM134.4 million or 37% of the Group's revenue, with Port Marine Services contributing RM87.7 million or 24% of total revenue.

With a net borrowing of RM415.2 million as at the end of 2017, the Group had a net gearing position of 2.58 times, compared with 1.72 times in the previous corresponding period. The higher net gearing was attributed to an additional loan of USD22 million for the acquisition of topside equipment attached to Nautica Muar. It also took into account losses incurred in the EPCIC project, which has affected shareholder's equity.

SHARE PRICE PERFORMANCE

During the year under review, the share price performance of E.A.Technique was weighed down by two (2) main factors – the continued uncertainty of global oil prices and the poor performance of our EPCIC segment, which resulted in overall losses for the Group. In 2017, the E.A.Technique counter achieved a high of RM0.74 and a low of RM0.35, with an average daily trading volume of 1.24 million shares. The stock closed the year at RM0.375, which translated to a closing market capitalisation of RM189.0 million.

Since making its debut on Bursa Malaysia, E.A.Technique has attracted its share of attention from several research houses and market analysts, although this has tapered off in 2017. From time to time, we organise analysts' briefings as well as meetings with research analysts and fund managers to keep them apprised of developments within E.A. Technique.

DIVIDENDS

The Board of Directors has decided that, in order to conserve our cash reserves, no dividends has been paid/declared by the Company during the financial year ended 31 December 2017.

PERFORMANCE HIGHLIGHTS

Notwithstanding our financial performance, there was much to be positive about the Group's performance in FY 2017. Among the Key Performance Indicators ("KPIs") that were set for the year, we accomplished the following:

- On 1 February 2017, the Group fulfilled a client order for the delivery of one (1) harbor tug, namely MV Nautica Tg Puteri XXVIII (NTP 28)
- In the second quarter of 2017, we fulfilled two (2) orders for the delivery of one (1) unit of chemical tanker (Nautica Renggam) and one (1) unit of oil tanker (Nautica Pagoh) to clients
- After conversion into a Floating Storage Unit ("FSU"), the Sail-away Ceremony of M.T. Nautica Muar was held on 1 November 2017
- The Group achieved two million man-hours with Zero Lost Time Incidents ("LTI") as at 31 December 2017
- In October 2017, our Floating, Storage Offloading ("FSO") vessel Nautica Tembikai, achieved total crude off-take of 3 million barrels with Zero LTI
- Three (3) new contracts for the charter hire of vessels were secured during the year, two with Bintulu Port Sdn Bhd (Nautica Tanjung Puteri XXVII and Nautica Tanjung Puteri XXIX) and one with ExxonMobil Exploration & Production Malaysia Inc. (Nautica Tanjung Puteri XXX)
- As at end-December 2017, the size of the Group's order book was approximately RM609.13 million (2016: RM950.0 million), with an additional RM329.28 million for potential extension.

As crude oil prices rebound, this will encourage more oil exploration, development and production activities by players in the O&G sector, which will in turn, increase the demand for FSUs and O&G tankers.

CORPORATE DEVELOPMENTS

Proposed Acquisition of Topside Equipment

As disclosed in our last annual report, E.A.Technique entered into a conditional sale and purchase agreement with MTC Engineering Sdn Bhd ("MTCE") on 22 November 2016 for the purchase of topside equipment costing USD24.0 million. The relevant information on the proposed acquisition was set out in a circular to shareholders dated 3 March 2017. Among others, the Circular contained details of the topside equipment, purchase consideration and manner of payment, risk factors as well as the rationale and prospects for the proposed acquisition.

Subsequently, at an Extraordinary General Meeting ("EGM") held on 20 March 2017, E.A. Technique obtained the unanimous approval of shareholders to proceed with the proposed acquisition. The acquisition was duly completed on 1 August.

The proposed acquisition is in line with the Group's strategy of pursuing new projects involving the provision of FSU solutions for Malaysia's marginal fields. As crude oil prices rebound, this will encourage more oil exploration, development and production activities by players in the O&G sector, which will in turn, increase the demand for FSUs and O&G tankers. The group will be able to build on almost two decades of business relationship with PETRONAS to provide FSU solutions directly to Vestigo Petroleum Sdn Bhd ("VPSB"), a wholly owned subsidiary of the national oil corporation. .

NAVIGATING FORWARD

43 VESSELS.
7 tankers,
2 FSUs/FSOs,
3 Offshore Support
Vessels ("OSVs"),
28 harbour tug boats
and 3 vessels chartered
from external parties.

REVIEW OF OPERATIONS

As the owner and operator of various types of marine vessels, our core business is the transportation and offshore storage of O&G. E.A.Technique also provides port marine services at ports mainly catering to the O&G industry. To support our marine transportation operations, the Group is growing its shipbuilding, ship repair and minor activities to be another line of business and future revenue stream. During 2017, the Group was also involved in providing the EPCIC of a FSO in the North Malay Basin. All our operations are located within Malaysia serving primarily local companies.

Marine Transportation Services

E.A.Technique operates a total of 43 vessels, comprising 7 tankers, 2 FSUs/FSOs, 3 Offshore Support Vessels ("OSVs"), 28 harbour tug boats and 3 vessels chartered from external parties. The average age of the Group's tanker fleet is 9.3 years, with the exception of the Princess Sofea, which has been in service for 26 years and is due for replacement. All our vessels undergo regular and periodic maintenance, including scheduled dry-docking at the Group's shipyard in Hutan Melintang.

Last year, we reported that the Group acquired one chemical tanker and one oil tanker in 2016. The refurbishment of the two tankers was completed and delivered in the second quarter of 2017. Our FSU, M.T. Nautica Muar was refurbished and completed on 13 October 2017 and is currently being deployed by VPSB at the Bentara SK315 field offshore Bintulu (Sarawak).

To diversify our customer base and reduce an over-dependence on the O&G sector, we have been actively pursuing new business opportunities in providing port marine services. Three new contracts for the charter hire of vessels were secured during the year, two with Bintulu Port Sdn Bhd (Nautica Tanjung Puteri XXVII and Nautica Tanjung Puteri XXIX) and one with ExxonMobil Exploration & Production Malaysia Inc. (Nautica Tanjung Puteri XXX).

Ship Repair and Minor Fabrication

To complement its marine transportation operations, E.A.Technique has its own ship repair and minor fabrication capabilities vested in our 100%-owned subsidiary, Johor Shipyard and Engineering Sdn Bhd ("JSE"). Since 2008, JSE has successfully built six (6) vessels at its former shipyard in Teluk Intan. In 2013, JSE moved to its present shipyard at Hutan Melintang in Perak, where it has the capabilities to construct one vessel of up to 10,000 dead weight tonnes ("DWT") and eight (8) harbor tugboats were built. Upgrading works, including the construction of a new slipway, are at the planning stages.

Apart from servicing the vessels belong to E.A.Technique, our other main customer is VPSB. During the year, the division secured RM10 million worth of contracts for Bentara's modification works undertaken for FSU Muar from VPSB. We also have the capability to carry out a float repair, where the repair works are undertaken whilst the vessel is afloat. In FY 2017, we were deployed to undertake afloat repairs for vessels at Sungai Udang Port, Kertih Port and Northport.

We are hopeful of growing this business segment with the completion of the new slipway and full commissioning of the Hutan Melintang shipyard. As the economy continues to pick up, the coming year will see us aggressively bidding for new tankers on order.

Engineering, Procurement, Construction, Installation and Commissioning

E.A.Technique was awarded a USD191.8 million contract in February 2015 for the provision of EPCIC of a FSO for a Full Field Development project undertaken by Hess Exploration and Production Malaysia B.V. ("HESSQ") in the North Malay Basin. The facility was originally scheduled for delivery 20 months after the letter of award.

However, in the course of the project, the client requested for additional work, resulting in higher costs against the contracted sum and a delay in the completion of the project. As a result of the variation order, the completion date of the EPCIC project has now been pushed back to the first half of 2018. The Group has provided for a foreseeable loss of RM129.7 million due to increased EPCIC project costs against its contracted sum recognised to date. The Group has submitted the letters of proposal on contractual costs settlement for the EPCIC project in November 2017 and January 2018 and expecting favourable outcome from the proposal.

HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY ("HSSEQ")

We are proud of our Group's HSSEQ performance. A lot of effort and resources have been invested in this area, earning the Group a well-deserved reputation for the safety and reliability of its fleet. We recognise that our people are the most important factor in significantly improving our HSSEQ performance. The FY 2017 training calendar therefore included a number of programmes related to monsoon safety, behavioral safety, fatigue management, communication hazards, workplace complacency and proper waste management, to cite a few examples.

Our investment in HSSEQ has paid off as indicated in our HSSEQ performance for FY 2017. For the fourth successive year, there were no fatal accidents recorded. We also achieved a clean record of Zero Accidents With Lost Workdays and Zero Total Workdays Lost for five consecutive years. Our last Accident Without Lost Workdays was recorded in 2014.

INTERNATIONAL ACCREDITATION

The Group is continually looking at ways to implement more efficient working practices in line with the business objectives of the organisation. To nurture a quality culture at the workplace, we also practice the 5S programme emphasizing Sort, Set in Order, Shine, Standardise and Sustain. Our vessels have already earned certification to internationally recognised quality management systems such as ISO 9001, 1800 and 14001 (Class Body BSi). This is in addition to certification to the International Safety Management ("ISM") Code, the International Ship Security Certificate ("ISSC") and Marine Facility Security Officer ("MFSO"). We have initiated the process to migrate towards an Integrated Management System ("IMS") for our tankers, FSU and FSO operations. As its name implies, the IMS aims to integrate all our quality systems and processes into one complete framework.

We have also set our sights to be affiliated with the Offshore Vessel Inspection Database ("OVID"). OVID is being developed over a number of years to provide integrated information and strengthen the assurance data available for risk assessment. This will be underpinned with professional, trained and accredited OVID inspectors. The purpose of OVID is to allow members of the voluntary system to submit inspection reports and gain access to reports from the database that will serve as a common resource to achieve the following:

- Reduce the overall number of inspections undertaken on offshore vessels
- Eliminate company specific supplements to inspection documents
- Facilitate rapid assurance decisions on vessels
- Provide a vehicle for proactive vessel owners to demonstrate the quality of their operations
- Build a long-term view of offshore vessel safety and environmental performance

STRENGTHENING CORPORATE GOVERNANCE

The Board embraces good governance as a driver of performance over the long-term term. In April and December 2017, Bursa Malaysia released the new Malaysian Code on Corporate Governance ("MCCG 2017"). A key feature of the new Code is the introduction of the Comprehend, Apply and Report ("CARE") approach and the introduction of "Step Up" practices to encourage companies to go further in achieving good corporate governance.

We subscribe to and fully support the MCCG 2017 as a basis for practices to enhance corporate governance. The Group is committed to apply all the 36 practices and 4 Step Up practices as recommended in the MCCG 2017. With a few exceptions, which are being addressed, we have to date conformed to all the MCCG 2017 recommendations.

In the interest of good corporate governance, E.A.Technique has introduced Code of Ethics ("the Code"), which clarifies the Group's mission, values and principles, linking them with the highest standards of professional conduct. The Code serves as an integrity framework, governing the decisions and actions of employees to ensure they are consistent with the Group's Mission and Values and to protect the interests of stakeholders. Any breach of ethics or violation of the Code may result in appropriate disciplinary action.

SWOT ANALYSIS OF E.A.TECHNIQUE

Our management team organises a brainstorming session to identify the Strengths, Weaknesses, Opportunities and Threats ("SWOT") that will affect the Company's future performance. The SWOT analysis is part of our strategic planning and decision-making process to arrive at a deeper level of insight and help us achieve our objectives. By recognising and understanding internal factors (strengths and weaknesses) and external factors (opportunities and threats) we are able to build on our strengths, take advantage of emerging opportunities, while minimising weaknesses and come up with a plan to mitigate threats.

Strengths

- E.A. Technique has firmly positioned itself as an established owner and operator of marine vessels, firmly backed by a good track record.
- As a public listed company, E.A.Technique can tap the capital market for funds to finance its expansion programmes.
- The Group enjoys a solid reputation established with oil and gas contractors operating in Malaysia.
- High utilisation rates and long-term contracts ensure a recurring revenue stream
- The Group provides a range of solutions targeted to meet the specific requirements of our customers in the O&G and port industries. Our direct distribution channel strategy enables us to work closely with our customers to attain a better understanding of their requirements.
- We are ably supported by our shipbuilding capabilities and facilities, which enable us to effectively maintain our vessels to a high standard of operation, undertake prompt repairs with fast turnaround to minimise downtime.
- The asset-intensive nature of the marine transportation business is a barrier to new entrants.

Weaknesses

- One of the Group's oil tankers is now 26 years old and does not comply with International Maritime Organisation's requirements. Typically, the newer tankers are operationally more cost effective and are technologically more advanced to increase efficiency and safety.
- There is high reliance on the O&G sector and the PETRONAS Group in particular. The PETRONAS Activity Outlook, 2018-2020 has indicated there is an over-supply of marine vessels serving the O&G sector. E.A.Technique has aggressively pursued opportunities to diversify and to broaden its customer base by providing port marine services at Northport, Lumut Port and Johor Port.
- Many of the high-ranking seafarers and experienced staff comprise foreign nationals who may not stay long with the Company. This has been addressed with 85% of seafarers now composed of Malaysians.
- The Group's gearing ratio currently stands at 2.58 times, which may pose difficulties for the Company if it needs to secure financing to realise its long-term expansion plans.

Opportunities

- The prospects and outlook of the marine transportation and support services business are expected to be favourable in line with improving global and domestic economic condition.
- Strengthening crude oil prices has resulted in a more positive outlook for the O&G sector, driving oil exploration, development and production activities, and this is expected to create demand for marine transportation and support services.
- With the acquisition of topside equipment now completed, the Group is in a good position to pursue new projects involving the provision of FSU solutions for Malaysia's marginal fields.
- Opportunities for marine support services also present themselves with the development of an O&G hub in Southern Johor. This includes the USD27 billion Pengerang Integrated Complex ("PIC"), which is PETRONAS' largest downstream investment to date and one of the largest O&G developments in the region.
- With PETRONAS Chemical Group Berhad's rapid expansion, its fleet requirements are likely to increase in the medium to long-term. E.A.Technique has been invited to provide chemical tankers in a strategic alliance with other parties.
- Certain E.A.Technique's vessels are exempted from corporate tax under Section 54A of the Income Tax Act, this will assist the Company with additional funds to reinvest in the business

Threats

- Our business is subject to inherent risks, including fire, explosions, equipment defects, pollution and oil spills. Although we are heavily regulated by laws and policies, we need to be constantly vigilant. Even though we have a good record, we are continually beefing up our Operational and Health, Safety, Security, Environment and Quality ("HSSEQ") team to ensure compliance with the relevant laws, regulations and policies.
- Our tankers transport high-value petroleum products and are exposed to acts of piracy. Counter-piracy measures include the installation of a press alert button and a global positioning system ("GPS"). We are also backed by adequate insurance coverage.
- We face keen competition from other local companies providing similar services. Our main competitive strengths include our availability of suitable vessels, capabilities and experience, established track record and financial strength.
- OPEC and its allies reached agreement to extend production cuts until the end of 2018 to eliminate a global glut. However, US production of shale oil is expected to increase, with the US rig count at the end of 2017 already up 40% from a year ago.

2018 OPERATING ENVIRONMENT

The World Bank projects global economic growth will edge up to 3.1% in 2018 as the recovery in investment, manufacturing and trade continues. *(Source: The World Bank, Global Economic Prospects, January 2018)* Growth in the advanced economies is expected to moderate slightly to 2.2% in 2018, while growth in emerging economies as a whole is projected to strengthen, as headwinds to commodity exporters dissipate.

The Malaysian economy is projected to continue its strong growth momentum, with real Gross Domestic Product ("GDP") expanding between 5% and 5.5% in 2018. Growth will be mainly driven by resilient domestic demand amid a favourable external sector. Nevertheless, as an open economy, Malaysia is not immune to external headwinds, which include rising protectionism, policy uncertainties and volatility in the financial markets.

Malaysia is keeping a watchful eye on developments in the global O&G industry. At an OPEC and Non-OPEC ministerial meeting held on 30 November, which was also attended by Malaysia, a 'Declaration of Cooperation" was signed to extend oil output cuts till the end of 2018. In the PETRONAS Activity Outlook 2018-2020, PETRONAS has painted a somber picture of the domestic O&G industry, calling for further consolidation. The marine vessel segment is also faced with a critical oversupply, pointing to a market self-correction.

OUTLOOK AND PROSPECTS

Moving forward, E.A.Technique is a financially sound company with track record of success and a brand that resonates in the marketplace. As a dynamic entity, we have the momentum to grow our businesses, exploiting opportunities where we have a distinct competitive advantage. Looking ahead, the Group has the capabilities and scale to offer potential investors an attractive value proposition:

- We remain upbeat about our long-term earnings visibility, given that 76.19 % of our fleets are on long-term charters, with tenures stretching until the year 2027. Our revenue base will be expanded with the successful delivery of one chemical tanker and one oil tanker to clients in the fourth quarter of 2017. Additionally, from the fourth quarter of 2017, the Group will also be earning charter income for FSU Nautica Muar under an agreement with VPSB.
- The utilisation rate of our vessels is above 90%, which is above the industry average. We remain focused on ensuring a consistent high utilisation rate to maximise earnings
- As at 31 December 2017, our order book stood at around RM609.13 million, with an additional RM329.28 million potential for extension.
- The E.A.Technique brand continues to resonate in the marketplace. With a track record going back to 1995, the Group is among the top four operators of product tankers in Malaysia. We are also one of two major players engaged directly by port operators to provide towing services.
- The Group's customer base comprises O&G trading companies, refineries, O&G exploration and production companies, marine vessel operators and ports throughout the country. We have also established long-term relationships with PETRONAS, Sungai Udang Port Sdn Bhd and PETRONAS Dagangan Berhad, which provide the basis of a recurring and sustainable revenue stream.
- Our certification to internationally recognised safety management systems such as ISO 9001, 18001 and 14001 (Class Body Bsi) is a distinct competitive edge. We are raising the quality bar through certification to an IMS and registration to OVID.
- In a high-risk business such as ours, the Group has a good safety and performance record, assuring us of repeat businesses and new customers.

If we look at the overall picture, we clearly have a lot going for us. The fundamentals of the Group remain strong, underpinned by our substantial order book. The Group remains upbeat on its operating performance from its respective business segments in the coming year. An immediate challenge in the coming year is to focus all our resources and energy to translate into tangible results, the well-defined plans and strategies we have crafted, based on clear priorities. I believe we are well positioned to continue delivering shareholder value and achieve sustainable progress.

ACKNOWLEDGEMENTS

E.A.Technique considers among its greatest assets, an exceptional pool of human capital. Our people are highly professional, knowledgeable and motivated and are the enablers of our strategies in moving forward. There is no doubt that plenty of work lies ahead, but we believe our destiny is in our own hands. We have the right team to deliver the kind of performance our shareholders expect of us and deserve.

We have a busy year ahead so let us roll up our sleeves and get down to work!

Thank you.

DATO' IR.ABDUL HAK MD AMIN

Sustainability Report

E.A. TECHNIQUE'S INAUGURAL SUSTAINABILITY STATEMENT AIMS TO PROVIDE INSIGHTS INTO OUR COMMITMENT TOWARDS INSTILLING SUSTAINABILITY INTO OUR DAY-TO-DAY OPERATIONS. IT COVERS THE THREE PILLARS OF SUSTAINABILITY, NAMELY ECONOMIC PERFORMANCE, ENVIRONMENTAL MANAGEMENT AND SOCIAL ENDEAVORS.


SMOKING
SAFETY FIRST

Key Highlights in Sustainability Performance

APPROXIMATELY
2
TRAINING
hours per employee

Total Man Hours without Fatality
5,840,366

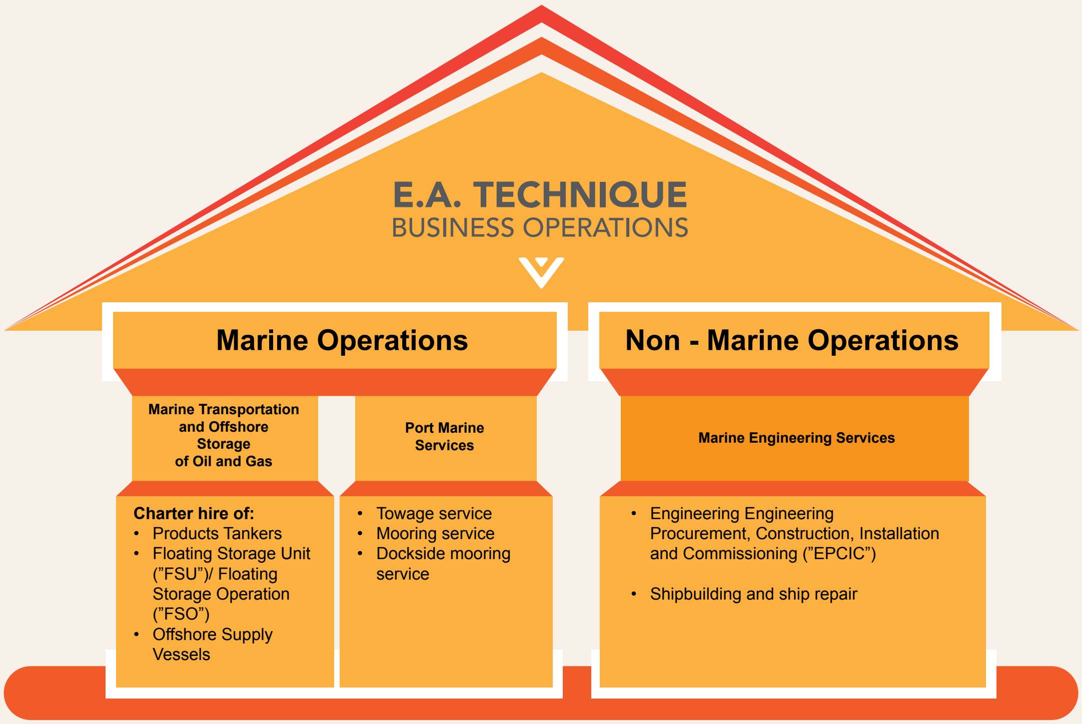
ZERO WORK related Fatalities 2017

ZERO Oil spills

About this Statement

E.A. Technique's inaugural Sustainability Statement aims to provide insights into our commitment towards instilling sustainability into our day-to-day operations. It covers the three pillars of sustainability, namely economic performance, environmental management and social endeavours.

Our statement covers our sustainability initiatives carried out from 1 January 2017 to 31 December 2017, which corresponds to our financial year ended 31 December 2017. The reporting scope covers all business operations in Malaysia, unless otherwise specified. For the purpose of this statement, our business operations are categories into Marine Operations and Non-marine Operations as presented in the diagram below. Details of respective business operations are available in the Core Business section of this Annual Report.



This Statement is prepared in conformance with Bursa Malaysia Securities Berhad's Sustainability Reporting Guidelines and Main Market Listing Requirements. We have not sought external assurance for this sustainability statement. .

Sustainability Governance

Our Board of Directors and top management recognise that good corporate governance is important to manage our sustainability risk and opportunities and emphasise the need to drive transparency, probity and accountability. This year, the Board has reviewed and validated our material sustainability matters that form the foundation of this statement.

Sustainability governance is fundamental as we progress in our journey to embed sustainability into our operations holistically. We will develop a suitable governance structure that reciprocates with our Company's vision and organisational strategy in the near future. Notwithstanding this, our representatives from core business functions were actively involved in identifying the material sustainability matters of E.A. Technique through a materiality assessment workshop.

Stakeholder Engagement

Understanding our stakeholders' expectations and concerns is imperative in managing our Economic, Environmental and Social ("EES") matters. Our stakeholders play a vital role in helping us to make informed decisions and shaping our sustainability commitments. The table provides an overview of our key stakeholders, engagement platforms and topics discussed with them over the past year.

Stakeholder Group	Engagement Platforms	Frequency	Topics discussed
Board of Directors	• Board of Director's Meeting	• Quarterly	• Financials • Operations • Strategic Planning • Corporate Governance
Investors / Media	• Quarterly and Annual Report • Annual General Meeting/ Extraordinary General Meeting • Investors briefing • Website	• Quarterly and Annually • Yearly • Quarterly • As and when necessary	• Company Performance • Financials and dividend
Employees	• Townhall • Human Resource Briefings	• Yearly • Monthly	• Company Performance • Occupational Health and Safety ("OHS") matters • Company policies & procedures
Customers	• Direct meeting • Customer Satisfaction Survey	• Weekly and monthly • Semi-annually	• OHS matters • Vessels' Performance • Vessels' Vetting, Audit and Survey • Commercial matters
Suppliers	• Direct Meetings and Discussion	• Frequently	• Product information • Vendors' performance
Regulators	• Direct Meetings • Onsite Inspection • Written Communication	• As and when necessary	• Corporate Governance • Compliance and Regulations
Community	• Corporate Social Responsibility ("CSR") Events • Internship Programme	• As and when necessary	• Community initiatives • Career opportunity

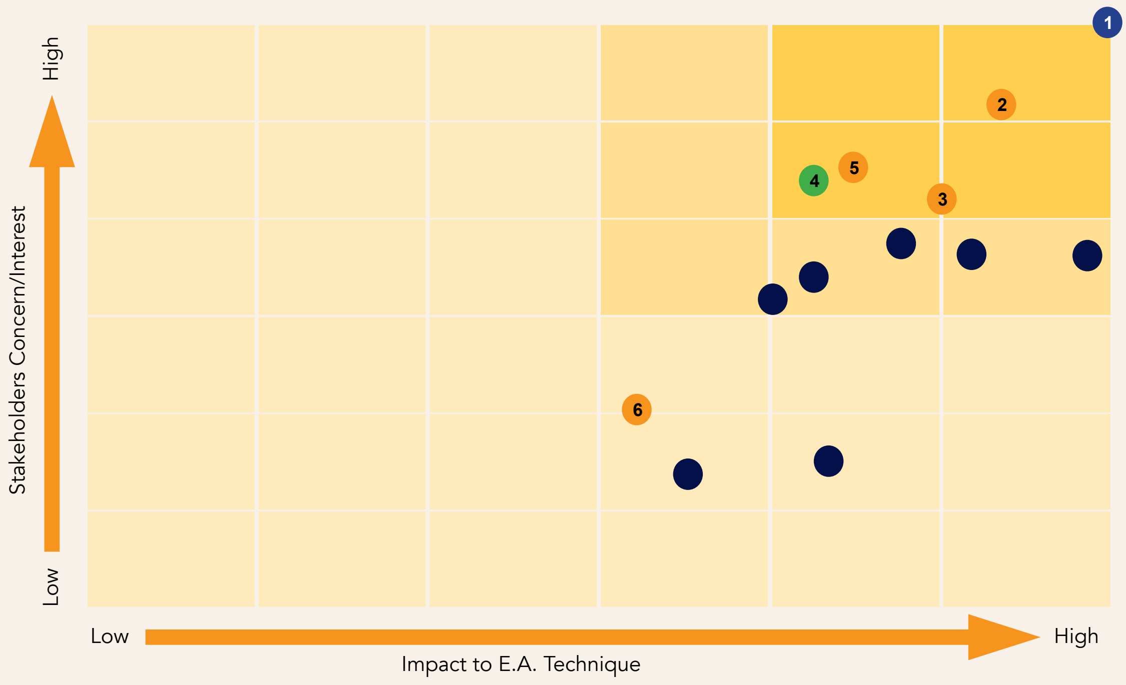
Material Sustainability Matters

Our definition of material sustainability matters is consistent with that of Bursa Malaysia's Sustainability Reporting Guide. Material matters are matters that reflect our significant EES impacts and substantively influence the assessment and decisions of our stakeholders.

The materiality assessment workshop conducted to identify E.A. Technique's material sustainability matters involved Managers and Heads of Departments from various business functions. The aim was to discuss and prioritise material sustainability matters that are relevant to E.A. Technique.

Details of the materiality assessment process is as follows:

The output is a materiality matrix as presented below:



E.A Technique's Materal Matters

1 Economic Performance
2 Occupational Safety and Health
3 Capability Building
4 Environmental Management
5 Good Governance
6 Contribution and Volunteering

Legend

- Economic
- Environment
- Social

Based on the output, we have identified the following six high priority sustainability matters which shaped the focus of our statement this year. They represent the three main categories of sustainability, as shown below. We strive to enhance the coverage of our statement to incorporate additional sustainability matters moving forward.

ECONOMIC 1

Economic Performance
Covers economic value generated and distributed for employee, community and government.

ENVIRONMENT 2

Environmental Management
Covers compliance to environment laws and regulations including the management of emissions, waste and spills prevention.

SOCIAL 3

Occupational Health and Safety
Refers to health and safety performance, trainings and programmes. Includes the safety and health of contractors and customers.

SOCIAL 4

Good Governance
Describes good business conduct including code of ethics, whistle-blowing, conflict of interest and customer satisfaction.

SOCIAL 5

Capability Building
Covers competency development, performance reviews to manage and upskill our employees.

SOCIAL 6

Contribution and Volunteering
Highlights programmes conducted to give back to the community.

ECONOMIC

ECONOMIC PERFORMANCE

Since incorporation on 18 January 1993, E.A. Technique has been an owner and operator of marine vessels. Our financial results are driven by our charter hire and EPCIC operating segments as detailed in *Note 29 Segment Information* of the audited financial statements.

Our charter hire operations have gained significant momentum and generated a total revenue of RM223.7 million in FY 2017, registering an increase of 6% from FY 2016 while segmental profits have more than doubled from RM24.2 million in 2016 to RM54.4 million in 2017. This indicates strong customer confidence in our services despite challenging times in the oil and gas industry. On the EPCIC front, our financial performance has scaled-down as we approach completion of the floating storage and offloading facility, recording a segmental loss of RM165.6 million. Paving the way forward, we aim to focus and further strengthen our charter hire operations.

As the market shows signs of recovery, we continue providing quality services with particular attention to our Marine operations.

For further insights into our financials and analysis of our key operating risks and mitigation controls, please refer to the following sections in the Annual Report:

- 5 Year Financial Highlights
- Management Discussion and Analysis
- Financial Statements

ENVIRONMENT

ENVIRONMENTAL MANAGEMENT

E.A. Technique's "Quality, Health, Safety and Environment Protection" policy ("the Policy") governs our efforts to minimise environmental impacts arising from our business operations. We do this by maintaining a pollution-free operation that complies with national and international requirements.

Our commitment is further demonstrated through accreditation of our Environment Management System ("EMS") to the ISO 14001:2004 Standard. The certification ensures that there is a process in place to manage, measure and improve our environmental practices. We are in the midst of transitioning to the ISO 14001:2015 Standard.

Management of pollution from our Marine Operations is guided by the International Convention for the Prevention of Pollution from Ships ("MARPOL") developed by the International Maritime Organisation ("IMO").

Environmental management for our Non-Marine Operations are governed by regulations set by the Department of Environment Malaysia ("DOE").

Our environmental responsibilities are fulfilled through established measures to reduce emission, managing waste and prevents spills.

CARBON EMISSION

Our Marine Operations

We monitor direct carbon (CO_2) emissions from our marine operations which are mainly generated from the fuel utilised to operate our fleet of tankers. Our CO_2 emission for 2017 was recorded at 10,519.07 gCO2/tonne-mile>. Our emission data represents CO_2 emission from 6 tankers where E.A. Technique has management control. These tankers have in place a Ship Energy Efficiency Management Plan ("SEEMP") aimed at increasing energy efficiency and thereby reducing carbon emission. The energy efficiency of our tankers are driven by fuel efficient operations and optimise ship handling.

Additionally ,our tankers adheres to the EEDI specifications which sets a minimum energy efficiency level per capacity mile for different vessels and is applicable to vessels of 400 gross tonnage and above.

As we progress, we will expand our emission disclosure to include indirect emission and Non-Marine Operation.

WASTE MANAGEMENT

Our Marine Operation

Waste management of our Marine Operations is carried out according to our Environmental Management Manual ("EMM"). The EMM guides the management of waste oil, bilge, sewage and garbage. Our vessels which are above 100 gross tonnage have a Garbage Management Plan ("GMP") to guide the management of waste generated on board according to MARPOL regulations. The GMP stipulates the procedures for collecting, storing, processing and disposing of waste on-board. Training on waste handling, packaging and disposal is provided to crew members responsible to manage waste.

Non-hazardous waste generated from our vessels mainly comprise food, paper and plastic waste. Food waste is disposed at sea, an allowable practice by MARPOL, while paper and plastic waste are sent to approved onshore disposal facilities. Hazardous waste generated from vessels consist of residue oil, lubricant oil or sludge generated during equipment servicing. This waste is disposed at approved licensed facilities as required by the law.

Data on hazardous and non-hazardous waste generated in 2017 covers the 6 tankers and 1 Floating Storage Unit ("FSU").

Our Non-Marine Operation

General waste from our Non-Marine Operations is handled according to local regulations and disposed at approved disposal facilities. In 2017, the amount of waste generated was negligible due to low operational activities.

WASTE GENERATION FOR MARINE OPERATIONS

Hazardous waste	27.08	kg
Non Hazardous waste	925.49	kg

SPILL MANAGEMENT

Our operations are conscientiously managed to avoid the risk of spills and pollution at sea. Shipboard Oil Pollution Emergency Plan ("SOPEP") sets preventive measures to controls spills and prescribes actions to be taken during an incident.

In 2017, we conducted 12 oil spill drills as part of our emergency drill plan. The Group recorded zero incidence of spill from our operations in 2017.

SOCIAL

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

We place great importance on the lives of the people we work with. As such, OHS is one of the key priorities in our daily operations as we strive to provide a healthy and safe working environment for our employees, customers and contractors.

Our health and safety practices are guided by our Policy and the Safety Management Manual ("the Manual") which are subjected to an annual review by the Managing Director. Our OHS matters are managed by our Health, Safety, Security and Environment ("HSSE") Department at Group level, and supported by Health and Safety Committees that are established on every Ship.

The Committees meet on a monthly basis to discuss the following:

- Results of internal and external audits;
- Personnel accident reports;
- Health and hygiene issues;
- Review of incidents or near miss occurrences;
- Status of safety performances and results; and
- Analysis of inspections and drills.

The Policy details our commitment to provide healthy and safe working conditions for all our employees, customers and contractors and aims to achieve the following:

- Achieving zero defect, accident and downtime;
- Achieving zero injury and fatality;
- Creating a safe and healthy environment;
- Continuously implementing and improving management system; and
- Meeting client requirements and enhancing client satisfaction.

The Manual outlines the following to support the Policy.

- Health and safety responsibilities;
- Emergency preparedness;
- Reporting of non-conformities, accidents and hazardous occurrences; and
- Maintenance of ship and equipment.

We continuously work towards improving our OHS performance through the implementation of OHS management systems such as the International Safety Management ("ISM") and International Ship and Port Facility Security Code ("ISPS"). We have obtained the following certifications:

Certification	Description
Document of Compliance^	Issued by Marine Department of Malaysia on complying to the ISM Code for safety management system
OHSAS 18001:2017	Issued by British Standard as a framework for occupational health and safety in sites and workplace

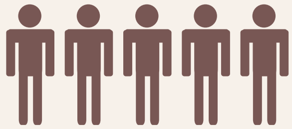
^ Applies to oil tanker, chemical tanker and other cargo ship.

Our Safety Performance

We have recorded zero fatalities in the last six years. With this, we strive to continuously enhance our safety performance year on year.

Our performance indicators for the year, covering all employees, customers and contractors are shown below:

Total Man Hours without Fatality



5,840,366

Health and Safety Programmes

OHS management and compliance are embedded in our work processes. Our commitment and efforts towards creating a safe working environment is reflected through our safety performance record. This was successfully achieved through the implementation of a structured and robust health and safety plan.

A series of audits, inspections and programmes were planned and executed by our HSSE team throughout the year, some of which are highlighted below:

Programmes	Frequency	Description
• Health and Safety Audits • Safety Inspections • Management Walkabout	Yearly/Quarterly	Drive compliance to IMO, ISO and OHSAS standards
• Health, Safety and Environment ("HSE") Toolbox Talks • HSE Bulletins • HSE Alerts and Memo	Monthly/Weekly	Communicate updates on latest internal and external OHS related news through online platforms
• Campaigns and Awareness Programmes	Yearly/Monthly	Provide awareness related to enhancement of OHS practices. For instance: • ISM and ISPS Awareness Program • Behavioural Safety, and Complacency at our Vessel • Fatigue and Rest Work Hours • Communication Hazards • Safety and security drills

We regularly conduct health and safety trainings for our employees to equip them with relevant knowledge and skills to carry out their duties under safe working conditions. Trainings conducted in 2017 include:

- Understanding OHSAS 18001:2007
- ISM/ISPS Awareness Training
- ISM/ISPS Internal Auditor Course
- Risk Assessment training
- Ship Safety Officer training
- Conducting HSE audits

Emergency Preparedness

It is essential to be prepared and ready for any emergency situations in order to protect our people and manage our operating risks. To achieve this, E.A. Technique has in place an Emergency Response Manual ("ERM") that specifies the procedures and roles of personnel, both onshore and on-board to respond to emergencies. The ERM covers responses for potential emergency situations such as collisions, fire and explosion, ship abandonment and hull damage, amongst others.

Regular drills are carried out in accordance to our Safety and Emergency Drill Schedule, which includes building evacuation (fire drills) at the Head Office. Table top drills are conducted on selected vessels once every year based on ISM and ISPS requirements. Other types of drills covering every potential emergency situation such as collisions, main engine failure and toxic vapour release are carried out twice a year, at a minimum. These drills aim to improve awareness of potential hazards and improve response time in emergency situations.

GOOD GOVERNANCE

We believe that good governance is the foundation towards sustainable growth and enhancing our stakeholders' trust in the Group.

E.A. Technique's good governance is guided by the following policies and is consistent with the Principles and Recommendations set out in the Malaysian Code of Corporate Governance 2017:

- Code of Ethics
- Whistleblowing Policy
- Conflict of Interest Policy

Code of Ethics

Our Code of Ethics ("the Code") acts as our guide to conduct business in a responsible manner. It is intended to guide us towards sound decision making and to deliver value added services that are aligned with our mission. Every employee within the Group, both under permanent and contract arrangements are expected to understand and comply with the Code. Any non-compliance to the Code shall be reported to the Head of Human Resource, who will then investigate accordingly. Employees who are non-compliant will be held accountable for their actions.

Our Human Resource Department ensures that all new hires are provided with a copy of the Code upon employment and acknowledges it within a stipulated time.

The Code covers the following items:

- Conflict of Interest
- External Directorship
- Reward and Gifts
- Entertainment of Customers
- Political, Social or Professional Bodies or External Bodies
- Insider Trading
- Confidentiality
- Working Environment
- Sexual Harassment

Whistleblowing Policy

Our Whistleblowing Policy is developed to provide an avenue for employees to raise concerns without fear of reprisals and to protect a whistle blower's identity.

The policy covers possible improprieties which include, but are not limited to the following:

- Financial reporting;
- Corruption, bribery and fraud;
- Criminal offences;
- Failure to comply with a legal or regulatory obligation;
- Miscarriage of justice;
- Endangerment of an individual's health and safety; and
- Concealment of any, or a combination, of the above.

Employees may choose to report directly to the line manager for improprieties believed to exist at the workplace. Alternatively, the employees may report to the appointed person or the Audit Committee Chairman. Under special circumstances, an employee may contact the Senior Independent Director to convey their concerns. The identity and personal information of the whistle blower is protected and kept confidential unless required by law.

Conflict of Interest Policy

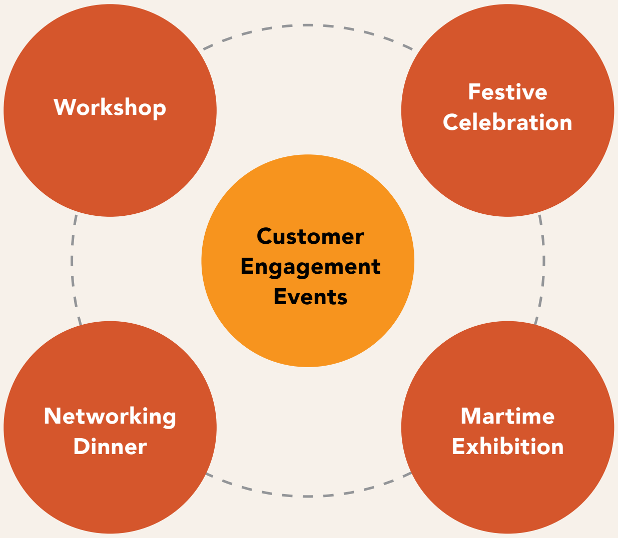
A conflict of interest situation arises when an employee's ability to perform his or her duties in the best interest of the Group is impaired or likely to be impaired by an external appointment, relationship, activity or personal interest.

This policy is available to reinforce and provide guidelines on Corporate Business Principles by establishing certain non-negotiable minimum standards of behaviours in the following key areas:

- Personal workplace relationship
- Outside engagement, including employment, directorship and other outside activities
- Personal financial interest relationships with business partners and competitors
- Gifts, meals, travel and entertainment

Customer Satisfaction

In line with our vision to be the locally preferred service provider of marine services, we aim to deliver excellent services that go beyond compliance.

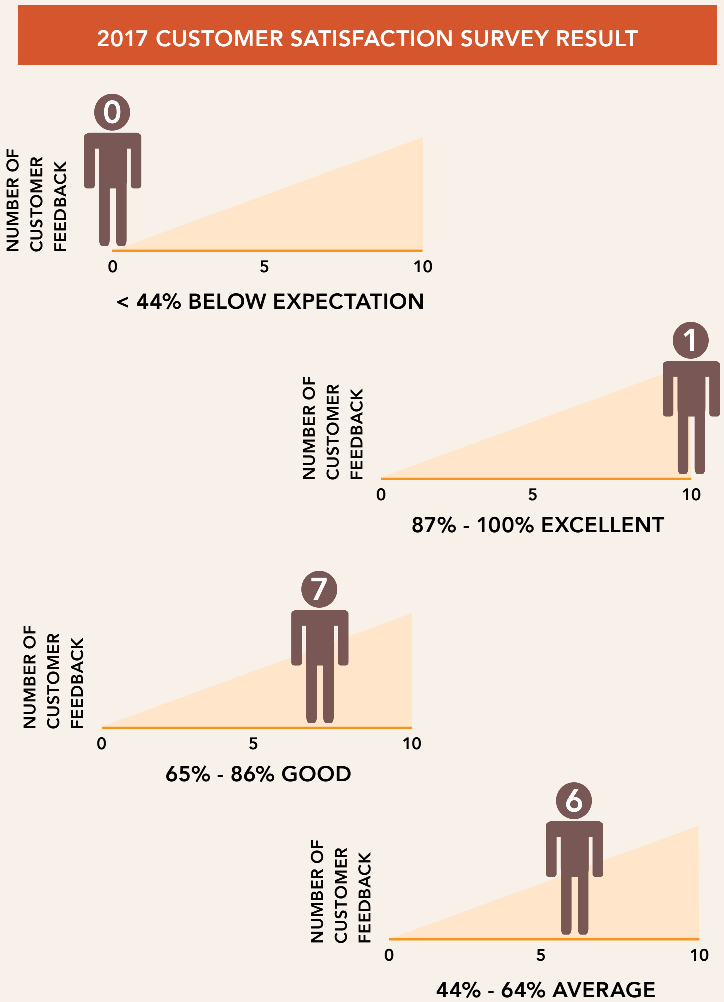


Regular engagement with customers not only addresses their concerns but also fosters trust and strengthens relationships. We engage with our customers through direct meetings, events and feedback surveys.

We have mechanisms in place to attend to all feedbacks and enquiries from our customers. To improve our service delivery, we measure customer satisfaction through formalised surveys. The surveys are aimed at evaluating our service quality, charter rates, communication, responsiveness, timelines and reliability of delivery.

These surveys are conducted either bi-annually or during hand-over of product delivery. Investigation and improvement activities are carried out by the relevant departments depending on the nature of the feedback. We target to respond to customers' complaints within 7 working days or at a period agreeable to both parties.

During the year in review, we received 14 Customer Satisfaction Feedbacks.



CAPABILITY BUILDING

Our employees are the building blocks of our business as they help us to stay competitive. We recognise that our employees are key in delivering successful results and contributing to the growth of the Group.

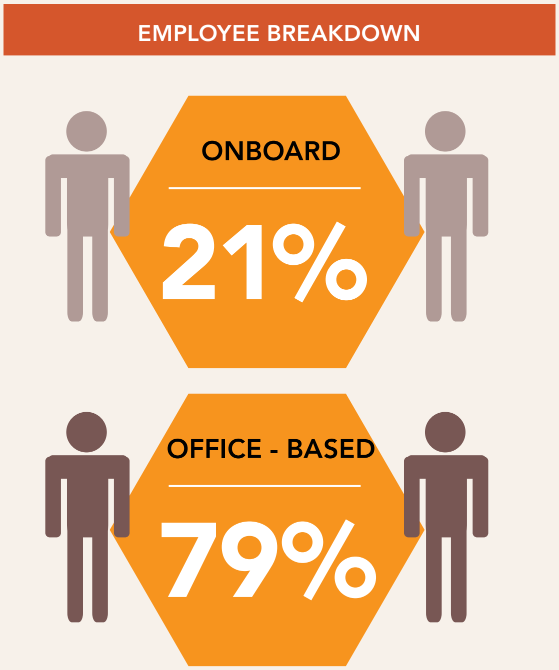
To us, having the right person at the right position is imperative in achieving our vision. With the aspiration to become an "Employer of Choice", we offer competitive remuneration and provide capability building initiatives to retain our talents to allow them to grow with us.

At E.A. Technique, capability building is led by our Human Resource department and guided by our Employee Handbook. Employees receive periodical performance reviews that enables the HR department to identify training needs in order to promote personal and professional growth.

Our Employee Profile

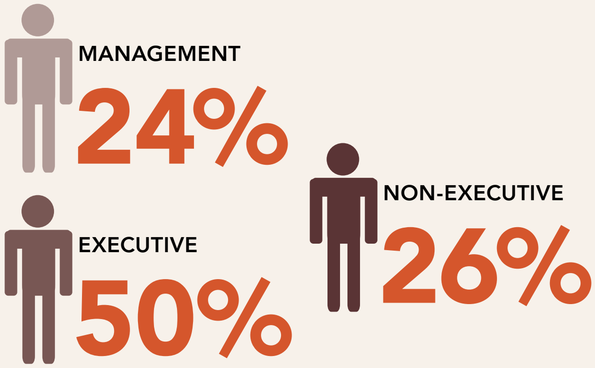
We recognise that a wider range of viewpoints make for better decisions. Thus, the importance of having diversity in our workforce, irrespective of gender, age or ethnicity. We also strive for gender equality and fair treatment of all our employees. We practice this by providing equal opportunities based on assessed competencies and personalities during our recruitment process. We do not discriminate our people and value the individuality and uniqueness that they bring to our team.

We have a strong workforce of 709 employees comprising office-based staffs and on-board crews. As at 31 December 2017, women make up 32% of our office-based employees and only 1% of on-board crews due to the nature and environment of our operations. In an effort to encourage more women workforce in the industry, we are committed to appoint more women to senior positions in the near future. Diversity at E.A. Technique is also evident through a good mix of different age group of employees throughout the Group.

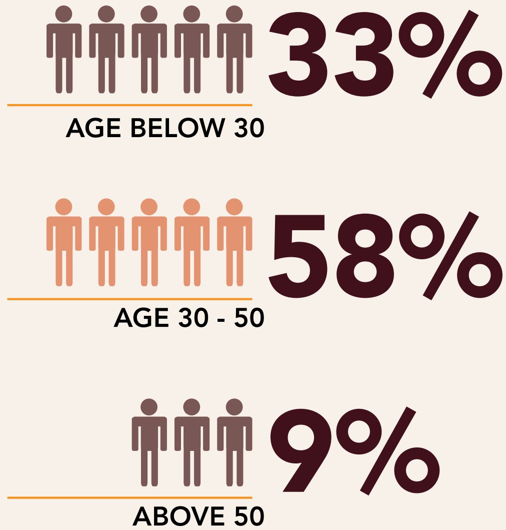


Office-Based Employees

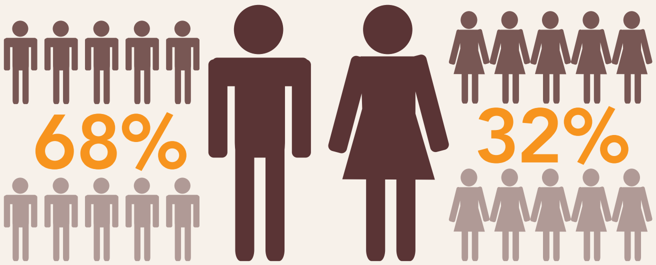
EMPLOYEE BY CATEGORY



EMPLOYEE BY AGE GROUP

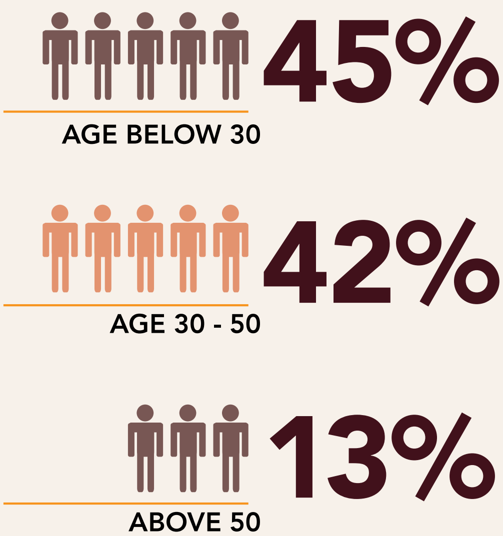


GENDER PROFILE

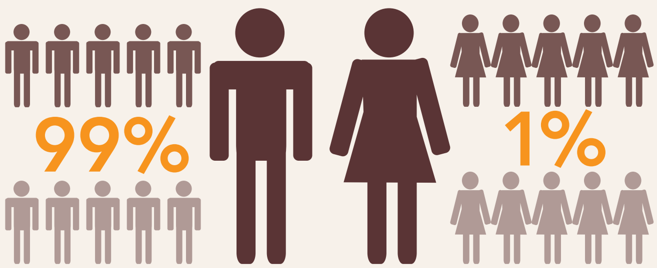


On-Board Crew

EMPLOYEE BY AGE GROUP



GENDER PROFILE



Performance Review

Competency development plays a vital part of the Group's talent management strategy. All our employees are subjected to performance review to appraise their performance against attributes set by the Group. Performance reviews serve as an avenue to identify areas of improvement in terms of training needs, adjustment of salaries and promotions which aim to motivate employees to improve their performance. Reviews for office-based employees are performed annually while on-board crewmembers receive appraisals when they sign-off from the vessel they are stationed on.

Training

Our human capital development programmes are designed to support the training needs of our employees to encourage improved performance, job satisfaction and career growth. The programmes are developed based on performance gaps identified and key competency requirements.

1,757 TOTAL training hours in 2017

APPROXIMATELY 2 TRAINING hours per employee[1]

In 2017, a total of 1,757 hours were invested in training. Key trainings programmes conducted include the following:

- Ship Safety Officer Training
- Anatomy of Shipping and Ship's Chartering
- Maritime Shipping Training Course
- Payroll Training
- ISM Internal Audit Course
- ISO 9001 & 14001:2015 Conversion Audit Preparation for Senior Management
- Conducting HSE Audit Course
- Akta Kerja 1955 dan Peraturan

1 Average training hours per employee is calculated based on total training hours over total employees

COMMUNITY CONTRIBUTION

We believe in giving back and contributing to local communities and are committed in doing so through our internship programmes and charitable contributions.

We offer internship opportunities to qualified candidates from tertiary education institutions as part of our contribution to develop future talents in the maritime industry. In 2017, a total of 10 interns were accepted and placed in strategic departments within the Group such as in Operations, Technical, HSSE and Procurement divisions according to their field of study. The period of internships ranged from 3 to 7 months. At the end of their internship period, outstanding candidates would be given preference to be absorbed should there be any vacancy.

In terms of our charitable contributions, we donated to 3 surau in Northport, Port Klang, Selangor in conjunction with "Majlis Berbuka Puasa". The beneficiaries of the donation included ship crew in Northport and local surrounding communities.

EVENT Highlights 2017

JANUARY
13/1/17

BOWLING FRIENDLY MATCH WITH HEMAT MARINE
WANGSA WALK MALL, WANGSA MAJU
On 13th January 2017, E.A Technique (M) Berhad was invited to participate in a friendly bowling match with Hemat Marine Sdn Bhd. The bowling match was held at Wangsa Walk Mall, Wangsa Maju. This event is held annually and its objective is to forge a stronger working relationship between the two companies.

JANUARY
24/1/17

RISK AWARENESS PROGRAM
E.A. TECHNIQUE (M) BERHAD, SETIAWANGSA
On 24th January 2017, Tricor-Roots Consulting were invited to organize a Risk Awareness session for all staff at E.A Technique (M) Berhad to better understand matters relating to governance risk compliance.

MARCH
20/3/17

EXTRAORDINARY GENERAL MEETING (EGM) OF E.A. TECHNIQUE (M) BERHAD
PERMATA BALLROOM, PUTERI PACIFIC HOTEL, JOHOR BAHRU
On the 20th of March 2017, E.A Technique (M) Berhad held its Extraordinary General Meeting ("EGM") at Permata Ballroom, The Puteri Pacific Johor Bahru, Jalan Abdullah Ibrahim, 80730 Johor Bahru, Johor, Malaysia.

APRIL
18 &19/4/17

UNIT PENERAJU AGENDA BUMIPUTERA (TERAJU) EXHIBITION; "MEMACU AGENDA BUMIPUTERA".

HALL 1 & 2, LEVEL 1, KUALA LUMPUR CONVENTION CENTRE

E. A. Technique (M) Berhad participated in "Pameran Memacu Agenda Bumiputera 2017" exhibition organised by Unit Peneraju Agenda Bumiputera (TERAJU) on 18th and 19th April 2017 at Hall 1 & 2, Level 1, Kuala Lumpur Convention Centre, Kuala Lumpur, Malaysia. "Pameran Memacu Agenda Bumiputera 2017" is an event held under one roof with other ministries, government agencies, Bumiputera entrepreneurs and companies which focuses on instilling the "Bumiputera Agenda" as a "National Agenda".

MAY
17/5/17

THE TWENTY THIRD (23RD) ANNUAL GENERAL MEETING (AGM) OF E. A. TECHNIQUE (M) BERHAD.

TANJUNG PUTERI 302, PERSADA JOHOR INTERNATIONAL CONVENTION CENTRE, JOHOR BAHRU

The Twenty-Third (23rd) Annual General meeting ("AGM") of the E.A. Technique (M) Berhad was held on Wednesday, 17th May 2017 at Tanjung Puteri 302, Persada Johor International Convention Centre, Jalan Abdullah Ibrahim, P.O Box 293, 80730 Johor Bahru, Johor, Malaysia. Attending members are entitled to vote at the AGM.

MAY
29/5/17

CONTRIBUTION FOR MAJLIS BERBUKA PUASA SURAU-SURAU NORTHPORT

NORTHPORT MALAYSIA

On 29th May 2017, E.A. Technique contributed a disclosed amount to Surau Al Hidayah, Surau Nurul Iman, Surau Al Amin at Northport for Majlis Berbuka Puasa Ramadhan 1438H.

JULY
11-13/7/17

INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN) CONFERENCE 2017

SHANGRI-LA HOTEL, KUALA LUMPUR

E. A. Technique (M) Berhad participated in International Corporate Governance Network Conference on 11th till 13th July 2017. This three day event was hosted by Kumpulan Wang Persaraan KWAP (the Kuala Lumpur Retirement Fund) in Premier Partnership with MSWG (Minority Shareholder Watchdog Group). EAT, together with Johor Corporation and KPJ set up a booth. En Rozaini Mohd Sani, EAT Chief Operating Officer delivered a presentation on E.A Technique to potential investors.

SEPTEMBER
5-7/9/17

MALAYSIA WORLD MARITIME WEEK 2017: "CONNECTING SHIPS, PORTS AND PEOPLE"

CONFERENCE HALL 2 & 3, LEVEL 3, KUALA LUMPUR CONVENTION CENTRE

On the 5th till 7th of September 2017, E. A. Technique (M) Berhad participated in Malaysia World Maritime Week 2017 exhibition hosted by Malaysia Shipowners' Association (MASA) and Ikhtisas Kelautan Malaysia (IKMAL), and organized by the Ministry of Transport and the Marine Department, Malaysia (MARDEPT). Dato' Ir. Abdul Hak Md Amin, Managing Director of E.A Technique and Chairman for MASA, was the moderator for this event. This three day event was also attended by EAT Senior Management Team which includes Encik Rozaini Mohd Sani; Chief Operating Officer, Encik Zulkifli Mohd Amin; General Manager, and Puan Farrah Radziah Abdul Hak; Commercial Manager.

SEPTEMBER
8/9/17

MALAYSIA SHIPOWNERS' ASSOCIATION (MASA) ANNUAL DINNER 2017

FELDA GRAND BALLROOM, FELDA JALAN SEMARAK, KUALA LUMPUR

E.A. Technique (M) Berhad was invited to buy a table at the MASA Annual Dinner 2017. Dato' Ir. Abdul Hak Md Amin as EAT Managing DIrector and MASA Chairman gave a speech to end the Malaysia World Martitime Week 2017.

SEPTEMBER
15/9/17

TALK ON FARAID & PUSAKA BY MYPUSAKA.INFO

E.A. TECHNIQUE (M) BERHAD OFFICE, SETIAWANGSA

On 15th September 2017, E.A. Technique invited MyPusaka.info team for a talk session regarding inheritance and Faraid. Speaker Mr Zulhaizal A. Pazir and team provided a lot of information about inheritance, how to divide it evenly, and the best way to manage it accordingly.

OCTOBER
5&6/10/17

ISO 9001 & 14001 IN-HOUSE TRAINING

GEOMATIKA UNIVERSITY COLLEGE TRAINING ROOM, SETIAWANGSA

E. A. Technique (M) Berhad held its ISO 9001 & 14001 training on 5th & 6th October 2017. This training session was attended by representatives from each department as well as a subsidiary company, Johor Shipyard and Engineering Sdn Bhd. Adopting this quality management and environmental management systems training will help us sustainability and give us competitive advantage.

OCTOBER
10/10/17

INVESTOR RELATIONS AWARDS 2017 CEREMONY

LEVEL 1, BALLROOM 1&2, SIME DARBY CONVENTION CENTRE, KUALA LUMPUR.

E.A. Technique (M) Berhad was invited to attend Investor Relation Awards 2017 Ceremony hosted by MIRA (Malaysia Investors Relations Association) held at Sime Darby Convention Centre 10th October 2017. We were nominated in three categories; Best Company for Investor Relations- Small Cap, Best Chief Executive Officer for Investor Relations- Small Cap and Best Investor Relations Website- Small Cap. Further to that, we were also shortlisted for Best CEO for Investor Relations, and Best Investor Relations Website.

NOVEMBER
1/11/17

SAILAWAY CEREMONY OF FSU NAUTICA MUAR

WHARF 9A, JOHOR PORT BERHAD, PASIR GUDANG, JOHOR.

On November 1st 2017, E. A. Technique (M) Berhad held Sailaway Ceremony of FSU Nautica Muar at Wharf 9A, Johor Port Berhad, located in Pasir Gudang, Johor. The event was officiated by Mr Keith Collins, the CEO of Vestigo Petroleum Sdn Bhd and Encik Rozaini Mohd Sani, COO of E.A. Technique (M) Berhad.

NOVEMBER
24/11/17

PROGRAM CERAMAH PUSAT PUNGUTAN ZAKAT (PPZ – MAIWP)

BOARD ROOM, LEVEL 4, SETIAWANGSA BUSINESS SUITE.

E.A Technique (M) Berhad together with Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ-MAIWP) hosted an in-house talk for all EAT staff. The talk titled "Mudahnya Menjemput Rezeki", was presented by Ustaz Sharizan Daud Al-Turabi, a freelance preacher and religious motivational speaker.

NOVEMBER
28/11/17

MAKNA CANCER AWARENESS TALK

E.A. TECHNIQUE (M) BERHAD, SETIAWANGSA

On 28th November 2017, E.A Technique has invited Majlis Kanser Negara (MAKNA) to do a presentation to our staffs on Cancer Awareness.

DECEMBER
5&6/12/17

MASTERING & MANAGING KPI FOR GROWTH (IN-HOUSE TRAINING)

GEOMATIKA UNIVERSITY COLLEGE TRAINING ROOM

Innovative Training Expert Sdn Bhd (I-Tex Training) organised an in-house training for EAT senior and junior management staff. The purpose of the training is to facilitate measuring, monitoring, and managing of KPIs to drive business strategy.

STATEMENT OF
CORPORATE GOVERNANCE

OUR COMPANY BELIEVES THAT CORPORATE GOVERNANCE IS THE FOUNDATION FOR ROBUST FINANCIAL PERFORMANCE AND LONG TERM SUSTAINABILITY. AS SUCH, WE ARE COMMITTED TO CONTINUOUS ENHANCEMENTS TO OUR STANDARD OF CORPORATE GOVERNANCE TO SAFEGUARD THE INTERESTS OF INVESTORS AND THE WIDER PUBLIC.

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

E.A. Technique adheres to the principles and best practices of corporate governance. This is a fundamental to how we discharge our duties and responsibilities towards protecting and enhancing shareholders' value and long term financial sustainability. The Company's strong culture and values, nurtured since inception, are reinforced with every successive year, especially more so recent times given the challenging business environment.

The Board and Management are fully committed to maintaining professionalism and integrity at all levels, underpinned by robust procedures and risk management system.

BOARD OF DIRECTORS

The Board is accountable to 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 shareholders, and spare no effort 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 disciplines. They are vigilant in upholding the interests of our Company and shareholders by maintaining their autonomy in their review of our Company's connected transactions and significant events, and providing professional advice for operational stability and long-term development of our Company.

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 exercises corporate powers and conducts and manages 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 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 fulfillment 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.

Size and Composition

The Chairman is the bridge between the Board, Management and shareholders, and ensures that the Board discharges its fiduciary duties, including duty of care, loyalty and integrity.

The Board comprises eight members. Its size and composition provides for a diversity of views to facilitate effective decision making and appropriate balance between executive, independent and non-independent directors. The Directors come from diverse backgrounds with expertise and skills in economics, accounting, business and banking.

The Company recognises board diversity as key to the achievement of its strategic goals and sustainability. In designing the composition of the Board, the Company takes account of a number of factors, including but not limited to age, cultural and educational background, professional experience, skills, knowledge and length of service. The appointment of Board members is based on meritocracy, with a set of criteria that includes Board diversity as a key consideration

The profile of each of Member is as presented on pages 20 to 27 of this annual report.

SUMMARY OF THE BOARD 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.

Board Balance and Independence of Directors

The Board comprises a Non-Executive Chairman and six Non-Executive Directors, of whom half are Independent Non-Executive Directors.

The appointment of six Non-Executive Directors is to ensure the effectiveness of the Board in its oversight of the duties of the Management. They are not employees and they do not participate in day-to-day management and operations of E.A. Technique. They bring an external perspective, to 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 performance.

The Board and the Nomination Committee concluded that Independent Non-Executive Directors must continue to be independent, and demonstrate conduct and behaviour indicative of their independence, and that each of them continues to comply with the requirements of Independent Directors 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 nine (9) years and none of the Independent Director exceeds the tenure of nine (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.

Director's Code of Ethics

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.

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 acknowledge 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 and free from discrimination.

Details of the Sustainability Reporting are presented on page 54 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 Board meetings. Sufficient notice is given to the Directors to review the said documents.

Generally, Board papers include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, minutes of Board Committee meetings, acquisition and disposal proposals, updates from Bursa Malaysia, 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 four (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 submission 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, either in 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 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 Key Management and 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 meets every quarter, with additional meetings convened when necessary. The meeting dates are planned ahead of schedule to ensure that each Board member can commit to attend, when the time arises. During the financial year ended 31 December 2017, the Board met eight (8) times and the record of attendance of each Director is set out below:-

Directors	Directorship	No. of Meetings Attended
Dato' Kamaruzzaman Abu Kassim[1]	Non-Independent Non-Executive Chairman	1/1*
Ahamad Mohamad[2]	Non-Independent Non-Executive Deputy Chairman	8/8
Dato' Ir. Abdul Hak Md Amin	Managing Director	8/8
Datuk Anuar Ahmad	Senior Independent Non-Executive Director	7/8
Datuk Mohd Nasir Ali	Independent Non-Executive Director	8/8
Rozan Mohd Sa'at[3]	Independent Non-Executive Director	8/8
Abdul Azmin Abdul Halim	Independent Non-Executive Director	7/8
Aziah Ahmad[4]	Non-Independent Non-Executive Director	1/1*
Md Tamyes Hj A.Rahim[5]	Independent Non-Executive Director	4/7*
Azli Mohamed[5]	Non-Independent Non-Executive Director	7/7*

[1] Dato' Kamaruzzaman Abu Kassim was appointed Non-Independent Non-Executive Chairman of the Company on 2 October 2017.
[2] Ahamad Mohamad was redesignated as Non-Independent Non-Executive Deputy Chairman of the Company on 2 October 2017.
[3] Rozan Mohd Sa'at was redesignated as Independent Non-Executive Director of the Company on 15 November 2017.
[4] Aziah Ahmad was appointed as Non-Independent Non-Executive Director of the Company on 2 October 2017.
[5] Md Tamyes Hj A.Rahim and Azli Mohamed resigned as Directors of the Company on 2 October 2017.
** Reflects the attendance and the number of meetings held during the financial year since appointment/resignation date.*

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 by the Company Secretaries who are very experienced, competent and knowledgeable on new statutes and directives issued by the regulatory authorities. The Secretaries give 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 updates on statutory and regulatory requirements from time to time for the Directors' reference and brief them with updates every 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 Key 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 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.

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, Board members 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 abreast with market developments and related issues through Board discussion meetings with the Managing Director, Chief Operating Officer, Chief Financial Officer and other Key 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. Training sessions attended by the Directors during the year are as follows:-

No.	Name of Director	Training Attended
1.	**Dato' Kamaruzzaman Abu Kassim**	• CIO Circle's Hi Tea on 24 January 2017 • Brown Bag Session – NDT – The Technology for Safer, Smarter & Healthier Future on 3 April 2017 • KFC AFBU Partners' Council on 25-29 April 2017 • EXCO Awayday on 2 May 2017 • CIO Circle KPJ Healthcare on 16 August 2017 • Kongres Tahunan Kelab Bolasepak Johor Darul Ta'zim on 4 October 2017 • ADFIM's International CEO Forum 2017 on 25 October 2017 • KPJ Medical Workshop & Exhibition 2017 on 11 November 2017 • QSR's CIO Circle on 17 November 2017 • Hari Misi Kesinambungan Bisnis 2017 – Luncheon Talk on 13 December 2017
2.	**Ahamad Mohamad**	• Directors Conference 2017 on 29 November 2017
3.	**Dato' Ir. Abdul Hak Md. Amin**	• Corporate Governance Breakfast Series: Leading In A Volatile, Uncertain, Complex, Ambiguous (VUCA) World on 13 October 2017
4.	**Datuk Anuar Ahmad**	• Being Financial Literate: An Introduction To Understanding Financial Statements on 29 March 2017 • Briefing on Impact of Mandatory Adoption of MFRS to Financial Reporting on 15 August 2017 • MCCG 2017 vs. MCCG 2012 on 15 August 2017 • Appreciating the PETRONAS Cultural Beliefs on 13 December 2017
5.	**Datuk Mohd Nasir Ali**	• The Global Transformation Forum 2017: Driving Transformation on 22 & 23 March 2017 • Companies Act 2016: Recent Developments & Implications on 29 March 2017 • AMLATFPUAA 2001 for Directors – Risk, Challenges & Vulnerabilities Towards Regulatory Compliance on 17 August 2017 • Corporate Governance Breakfast Series: Leading In A Volatile, Uncertain, Complex, Ambiguous (VUCA) World on 13 October 2017 • Cyber Risk Management – A Primer for Directors on 20 November 2017 • Directors Conference 2017 on 29 November 2017
6.	**Rozan Mohd Sa'at**	• Corporate Directors Training Programme Essential on 24 & 25 May 2017 • Program Kesedaran Integriti on 9 October 2017 • Directors Conference 2017 on 29 November 2017
7.	**Abdul Azmin Abdul Halim**	• Being Financial Literate: An Introduction To Understanding Financial Statements on 29 March 2017
8.	**Aziah Ahmad**	• Companies Act 2016: Mastering the Impact on Accounting Matters and Preparation of Financial Statements on 25 & 26 September 2017 • GST Preparatory Course for GST Consultants and Accountants on 6-8 October 2017 & 13-15 October 2017 • Interpreting & Analysing Financial Statement on 19 & 20 November 2017 • Lean Management System for Management on 26 November 2017 • Directors Conference 2017 on 29 November 2017

COMMITTEES ESTABLISHED BY THE BOARD

The Board has established three (3) Committees whose composition and terms of reference are in accordance with the recommendations of 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.

Board Committees, each with different functions, assist Board members in discharging their fiduciary duties. They do not make decisions on behalf of the Board and the Company. It is each committee's duty to review matters under its purview and make the necessary recommendations to the Board for its consideration and decision-making.

A. AUDIT COMMITTEE

The Audit Committee consists of the following members appointed by the Board:

Name	Designation	Directorship
Datuk Anuar Ahmad	Chairman	Senior Independent Non-Executive Director
Abdul Azmin Abdul Halim	Member	Independent Non-Executive Director
Aziah Ahmad	Member	Non-Independent Non-Executive Director

The Audit Committee's objectives are, among others, to provide an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, and establishing and maintaining internal controls.

The Terms of Reference of the Audit Committee and a summary of activities carried out during the financial year ended 31 December 2017 are set forth in the Audit Committee Report on pages 102 to 107 of this Annual Report.

B. 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.

Membership

The Nomination Committee shall have at least three (3) members, all of whom shall be non-executive directors with the majority being independent directors. The quorum for the Committee shall be two (2) members, of whom one should be an independent director. 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 a tie in votes, the Chairperson of the Committee shall have a casting vote (except when two (2) directors from the quorum). In the absence of the Chairperson of the Committee, members present shall elect one of their numbers to chair the meeting.

The Nomination Committee shall have no executive powers.

The Nomination Committee members are:

Name	Designation	Directorship
Dato' Kamaruzzaman Abu Kassim	Chairman	Non-Independent Non-Executive Director
Abdul Azmin Abdul Halim	Member	Independent Non-Executive Director
Rozan Mohd Sa'at	Member	Independent Non-Executive Director

Terms of Reference

The Nomination Committee is entrusted 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.

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

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

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

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

7. To evaluate annually 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;
   - Committee of the Board; and
   - the Board as a whole.

8. To recommend to the Board:

   - the re-election of directors who are retiring by rotation;
   - the termination of membership of individual directors in accordance with policy, for cause or other appropriate reasons.

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

10. To provide adequate training for 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 contributions to the Board and Company.

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

New Appointment and Re-Appointment of Directors

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 the 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 Directors, including the Managing Director, shall be subject to retirement by rotation once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the year are required to retire and seek for re-election by the shareholders at the next annual general meeting ("AGM") to be held following their appointments.

Following the enforcement of the Companies Act 2016 ("the Act") effective 31 January 2017 that repealed the Companies Act, 1965, there is no longer an age limit for a Director. Therefore, a Director of a public company of or over age of seventy (70) is no longer subject to retirement at the AGM.

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 be eligible for re-election. All Directors shall retire from office once in three (3) years, and are eligible for re-election. The performance of Directors subject to re-appointment and re-election at the annual general meeting will be assessed by the Nomination Committee, and its recommendations are submitted to the Board for decision-making prior to being tabled for shareholders' approval at the next annual general meeting.

C. REMUNERATION COMMITTEE

The Remuneration Committee is responsible for reviewing the remuneration policies; evaluating, deliberating and recommending to the Board compensation and benefits based on market norm and best industry practices. The Remuneration Committee is also responsible for evaluating the Executive Directors' remuneration that is linked to the performance of the Executive Director and the Group. Executive Directors shall abstain from deliberation and voting on decisions with respect to their own remuneration packages.

Membership

The Remuneration Committee shall have at least three (3) members and the quorum for the Committee shall be two (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 numbers to chair the meeting.

Committee members shall have:

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

The Remuneration Committee members are:

Name	Designation	Directorship
Dato' Kamaruzzaman Abu Kassim	Chairman	Non-Independent Non-Executive Director
Datuk Anuar Ahmad	Member	Senior Independent Non-Executive Director
Rozan Mohd Sa'at	Member	Independent Non-Executive Director

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.

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 2017.

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 changes to the policy, if and when 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 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; benefits, 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, the Company has established several systems to determine the remuneration policies of staff, taking into account staff performance, Company's requirements, taking account of external benchmarks. The ultimate goal is to attract, retain and motivate staff to be committed in the success of the Company while realizing personal and professional growth and increasing corporate and shareholder value.

Directors' Remuneration

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration package for the Executive Directors. Approval of the Committee's recommendations ultimately rests with the Board.

The remuneration of Non-Executive Directors, which is made up of Director's Fee, meeting allowance and other benefits, if any, is determined by the Board. The Director's fee is determined and recommended by the Board, and subject to the approval of shareholders at the annual general meeting.

Director's remuneration paid or payable for the financial year ended 31 December 2017 is as follows: -

COMPANY LEVEL	NAME	POSITION	FEES (RM)	SALARIES AND OTHER EMOLUMENTS (RM)	BONUS (RM)	BENEFIT-IN-KIND (RM)	TOTAL (RM)
Non Executive Directors	Dato' Kamaruzzaman Abu Kassim *(Appointed as Chairman w.e.f 1 October 2017)*	Chairman	18,000.00	1,400.00	-	-	19,400.00
	Ahamad Mohamad	Director	66,000.00	4,700.00	-	-	70,700.00
	Datuk Anuar Ahmad	Director	48,000.00	8,500.00	-	-	56,500.00
	Datuk Mohd Nasir Ali	Director	48,000.00	4,200.00	-	-	52,200.00
	Rozan Mohd Sa'at	Director	48,000.00	4,200.00	-	-	52,200.00
	Abdul Azmin Abdul Halim	Director	48,000.00	7,800.00	-	-	55,800.00
	Aziah Ahmad *(Appointed as Director w.e.f 1 October 2017)*	Director	12,000.00	3,000.00	-	-	15,000.00
	Md Tamyes A. Rahim *(Resigned as Director w.e.f 30 September 2017)*	Director	36,000.00	2,400.00	-	-	38,400.00
	Azli Mohamed *(Resigned as Director w.e.f 30 September 2017)*	Director	36,000.00	5,400.00	-	-	41,400.00
	Total Non Executive Directors		360,000.00	41,600.00	-	-	401,600.00
Executive Director	Dato' Ir. Abdul Hak Md Amin	Managing Director	60,000.00	463,693.00	500.00	207,071.58	731,264.58
	Total Executive Director		60,000.00	463,693.00	500.00	207,071.58	731,264.58
GRAND TOTAL			**420,000.00**	**505,293.00**	**500.00**	**207,071.58**	**1,132,864.58**

COMPANY LEVEL	NAME	POSITION	FEES (RM)	SALARIES AND OTHER EMOLUMENTS (RM)	BONUS (RM)	BENEFIT-IN-KIND (RM)	TOTAL (RM)
GROUP LEVEL							
Non Executive Directors	Dato' Kamaruzzaman Abu Kassim *(Appointed as Chairman w.e.f 1 October 2017)*	Chairman	18,000.00	1,400.00	-	-	19,400.00
	Ahamad Mohamad	Director	66,000.00	4,700.00	-	-	70,700.00
	Datuk Anuar Ahmad	Director	48,000.00	8,500.00	-	-	56,500.00
	Datuk Mohd Nasir Ali	Director	48,000.00	4,200.00	-	-	52,200.00
	Rozan Mohd Sa'at	Director	48,000.00	4,200.00	-	-	52,200.00
	Abdul Azmin Abdul Halim	Director	48,000.00	7,800.00	-	-	55,800.00
	Aziah Ahmad *(Appointed as Director w.e.f 1 October 2017)*	Director	12,000.00	3,000.00	-	-	15,000.00
	Idham Jihadi Abu Bakar	Director	12,000.00	500.00	-	-	12,500.00
	Md Tamyes A. Rahim *(Resigned as Director w.e.f 30 September 2017)*	Director	36,000.00	2,400.00	-	-	38,400.00
	Azli Mohamed *(Resigned as Director w.e.f 30 September 2017)*	Director	45,000.00	6,600.00	-	-	51,600.00
	Zulkifli Mohd Amin	Director	24,000.00	1,000.00	-	-	25,000.00
	Total Non Executive Directors		405,000.00	44,300.00	-	-	449,300.00
Executive Directors	Dato' Ir. Abdul Hak Md Amin	Managing Director	84,000.00	464,693.00	500.00	207,071.58	756,264.58
	New Kok Ho *(Promoted as Executive Director on 1 June 2017)*	General Manager	12,000.00	140,672.00	-	137,100.00	289,772.00
	Total Executive Directors		96,000.00	605,365.00	500.00	344,171.58	1,046,036.58
GRAND TOTAL			**501,000.00**	**649,665.00**	**500.00**	**344,171.58**	**1,495,336.58**

The number of Directors of the Company, including Directors who resigned during the year, whose remuneration band falls within the following successive bands of RM50,000 (Company and Group basis) is as follows:

Company Level Remuneration Bands	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM50,001 – RM100,000	-	5
Exceed RM100,000	1	-

Group Level Remuneration Bands	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	5
RM50,001 – RM100,000	-	6
Exceed RM 100,000	2	-

Key Management Remuneration

Remuneration to the Key Management shall consist of fixed salary, variable remunerations such as bonus, other customary benefits and pension. The total remuneration should be market related and reflect distinguish performance.

Matters related to remuneration to the Managing Director, Chief Operating Officer and Chief Financial Officer are prepared by the Johor Corporation Remuneration Committee. Matters related to remuneration to other senior top management are decided by the Appraisal, KPI & Bonus Committee.

The Appraisal, KPI & Bonus Committee review the Company's remuneration principles once a year, unless, there are appropriate grounds for more urgent consideration.

Key Management remuneration paid or payable for the financial year ended 31 December 2017 is as follows:-

COMPANY LEVEL	NAME	POSITION	SALARIES AND OTHER EMOLUMENTS (RM)	BONUS (RM)	BENEFIT-IN-KIND (RM)	TOTAL (RM)
1	Rozaini Mohd Sani *(Resigned w.e.f 28 December 2017)*	Chief Operating Officer	658,817.22	-	131,720.00	790,537.22
2	Azli Mohamed *(Appointed as CFO w.e.f 2 October 2017)*	Chief Financial Officer	107,064.00	-	-	107,064.00
3	Zulkifli Mohd Amin	General Manager	355,030.00	500.00	94,800.00	450,330.00
4	Tajul Asikin Sallehudin	Senior Manager, Technical	271,004.00	500.00	27,850.00	299,354.00
5	Mohd Yusni Razali	Senior Manager, Fleet Operations	206,424.00	500.00	27,150.00	234,074.00
Grand Total			**1,598,339.22**	**1,500.00**	**281,520.00**	**1,881,359.22**

GROUP LEVEL	NAME	POSITION	SALARIES AND OTHER EMOLUMENTS (RM)	BONUS (RM)	BENEFIT-IN-KIND (RM)	TOTAL (RM)
1	Rozaini Mohd Sani *(Resigned w.e.f 28 December 2017)*	Chief Operating Officer	658,817.22	-	131,720.00	790,537.22
2	Azli Mohamed *(Appointed as CFO w.e.f 2 October 2017)*	Chief Financial Officer	107,064.00	-	-	107,064.00
3	Zulkifli Mohd Amin	General Manager	355,030.00	500.00	94,800.00	450,330.00
4	New Kok Ho *(Promoted as Executive Director, JSE on 1 June 2017)*	General Manager	91,175.00	500.00	37,000.00	128,675.00
5	Tajul Asikin Sallehudin	Senior Manager, Technical	271,004.00	500.00	27,850.00	299,354.00
6	Mohd Yusni Razali	Senior Manager, Fleet Operations	206,424.00	500.00	27,150.00	234,074.00
Grand Total			**1,6898,514.22**	**2,000.00**	**318,520.00**	**2,010,034.22**

MANAGEMENT COMMITTEE

The Management Committee is the link between the staff and the Board of Directors. Its primary functions are to:

- Strategise the business of the Company.
- Propose strategic business plans and policies to the Board for deliberation and approval.
- Monitor business operations of the Company.
- Responds to issues through the establishment of action-oriented task force(s)/working groups and keep in tandem with changes in the business environment, both external and domestic, through recommendation and proposals.

Composition

The Management Committee is chaired by Managing Director and comprised of Chief Operating Officer, Chief Financial Officer, General Manager, Project Director and all heads from each department.

Meetings

Meetings are scheduled once a month, with authority to convene additional meetings when considered appropriate. An agenda will be circulated beforehand, at least one week prior to the meeting, along with briefing materials.

RISK MANAGEMENT COMMITTEE

The 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.

It is also entrusted to 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 four times a year.

The Terms of Reference of the Risk Management Committee and a summary of activities carried out during the financial year ended 31 December 2017 are set forth in the Statement of Risk Management and Internal Control on pages 94 to 101 of this Annual Report.

Employee Code of Ethics

An important decision made by the Management Committee in 2017 was the adoption a formal Code of Ethics for employees. This is to act as the moral compass to manage highly complex businesses and difficult situations where the line between right and wrong tends to be blurred.

This Code of Ethics is intended to enable employees to make decisions and act in a manner that supports the Group's mission and values as well as protect the interests of shareholders and public at large. All employees are expected to comply and uphold the Code of Ethics when discharging their duties. Non-compliance is viewed seriously and will attract appropriate disciplinary action. When breaches occur, it is the responsibility of employees to report them. Confidentiality of information will be strictly observed.

The Group views the Employee Code of Ethics as a step forward towards sound decision-making, undertaken within a defined integrity framework.

Whistle Blowers Policy

The Whistle Blower's Policy is to encourage employees to alert management to genuine concerns of business malpractices. This policy is designed to protect employees who act in good faith from the fear of reprisals, and his/her identity is kept confidential, unless otherwise required by law. All disclosures are to be treated fairly and properly, and addressed in an appropriate and timely manner.

The Whistleblower's Policy covers workplace malpractices such as corruption, bribery and fraud; criminal offence or any breach of the laws of Malaysia; acceptance of gifts/ favours beyond the threshold allowed by the company; misuse and/or misappropriation of the company's funds or assets; impropriety (including financial and operational); gross mismanagement, including serious potential breach to the interest of society and environment; breach of the Company's code of ethics, including sexual, physical or other abuse of human rights; and acts or omissions jeopardising the health and safety of the company's employees or the public.

Employees can report incidents of malpractice to their line manager. However, if for any reason the employee is reluctant to do so, he/she can channel his/her concern(s) in confidence to appointed persons such as the Managing Director, Chief Financial Officer, General Manager or Deputy General Manager. They also have the option of raising their concerns with an independent third party appointed by the company, a Senior Independent Director or the Chairman of the Audit Committee.

Employees who have raised concerns internally will be informed of who is handling the matter, how they can make contact with them and if there is any further assistance required. The policy also sets out disciplinary actions to be taken against disclosures with wrongful or malicious intent.

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 stakeholders and regulatory authorities.

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

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

The Statement of Responsibility by Directors with respect to the preparation of the annual audited financial statements of E.A. Technique and the Group is set out on page 119 in the Financial Statements section of this annual report.

Related Party Transactions

The Board through its Audit Committee reviews all related party transactions. The Recurrent Related Party Transactions entered into by the Group with its related parties is set out on pages 200 to 202. Details of these transactions are in the ordinary course of business, on arm's length basis and on normal commercial terms, which are not favourable to related parties other than those generally available to the public and not detrimental to minority shareholders.

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 mean that events may occur that 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 three (3) months to ensure that the accountability for managing 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/trading 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 twice a year. During such meetings, 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 conflicts of interest. 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 2017 to the external auditors are set out below:

	E.A. TECHNIQUE RM
Fees paid / payable to E.Y.	
Audit	253,260
Audit-Related	138,000
Non Audit *	45.000

STRENGTHENING RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

E.A. Technique adopts an open and transparent policy in respect of its relationship with shareholders, investors and stakeholders.

For this to occur, the Board recognises the importance of effective communication with shareholders and the investment community, and adheres strictly to the disclosure requirements of Bursa Malaysia.

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with 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.

Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting. Besides the Chairman and Managing Director, shareholders and other stakeholders may convey their concerns, if any, to Datuk Anuar Ahmad, Senior Independent Non-Executive Director and Chairman of the Audit Committee

Notice of AGM and annual reports will be sent to the shareholders at least 28 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 Malaysia.

Investor Relations

In addition to the Group's communication with shareholders during the Annual General Meeting, E.A. Technique Investor Relations continued its robust investor engagements to better serve our investor's request for regular updates on Company's financial performance, business strategies and growth prospects.

Various engagement activities were carried out to maintain our engagements with existing and potential investors. These included Quarterly and Financial Results announcements, IR conferences, in house analyst briefings and conference calls.

We strived to meet as many investors as possible to provide clear guidance on the Company's strategic direction, and promote understanding of the financial performance and latest developments of the company.

In 2017, to maintain our engagement with the financial community, upon each quarterly results announced, we hold 12 in house meetings with various analysts and fund managers.

IR Key Activities

16 March 2017 4Q FY2016 Analyst Briefing	**5 June 2017** 1Q FY2017 Analyst Briefing	**27 July 2017** Engagement Session	**5-7 September 2017** World Maritime Week Conference
24 March 2017 Engagement Session	**22 June 2017** Conference Call	**2 August 2017** Public Investment	**19 October 2017** Engagement Session
27 April 2017 Engagement Session	**13 July 2017** International Corporate Governance Network Conference	**25 August 2017** 2Q FY2017 Analyst Briefing	**25 October 2017** Engagement Session
17 May 2017 23rd Annual General Meeting	**24 July 2017** Engagement Session	**29 August 2017** Engagement Session	**6 December 2017** 3Q FY2017 Analyst Briefing

Analyst Coverage

CIMB Principal – Asset Management	PFM Capital Inc.	UOB Asset Management Malaysia	Allianz Malaysia Berhad	Eastspring Investments
Nomura Asset Management Malaysia Sdn Bhd	Maybank Asset Management Sdn Bhd	Public Investment Bank Berhad	RHB Investment Bank Berhad	ValueCAP Sdn Bhd
Public Mutual Berhad	Libra Invest Berhad	Pacific Mutual Fund Bhd	Pheim Asset Management Sdn Bhd	Kenanga Investment Bank Berhad

Effective Communication to Enhance Engagement

E.A. Technique's corporate website, www.eatechnique.com.my, offers an essential platform for investors to access information periodically through the Investor Relations sections. Any queries or concerns regarding the company, especially on Investor Relations related matters, can be directed to the team at ir@eatechnique.com.my.

However, the primary contact for Investor Relations matters of E.A. Technique (M) Berhad is:

JOHARI SHUKRI BIN JAMIL
Chief Operating Officer
Contact Details
Telephone number: **603-4252 5422**
E-mail: eat@eatechnique.com.my
joharishukri@eatechnique.com.my

This statement is approved by the Board of Directors on 9 April 2018.

DATO' KAMARUZZAMAN ABU KASSIM
Chairman

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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 2017 ("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. This guideline outlines the processes to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management framework and internal control system of the Group.

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.

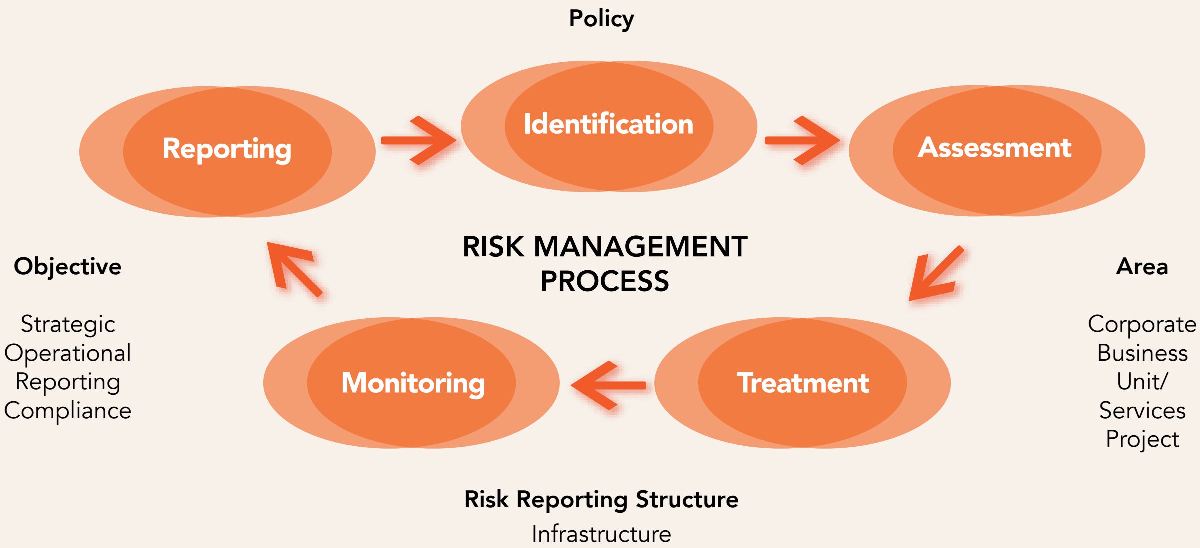
Taking into account the assurance from the management team and input from the relevant assurance providers, the Board agrees with the view that the risk management and internal control system of the Group is satisfactory and adequate to safeguard shareholders' investment and the assets of the Group. 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 Enterprise Risk Management ("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.

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 Operating 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 External Auditor ("EY") and the Internal Audit ("IA") function assist 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. Managing Director, management and staff are in charge of the first line defense. 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 Committee ("NC"), Remuneration Committee ("RC"), IA 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

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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 quarterly basis, the risk owner updates the risk registry to the RMC. The owner establishes the risk level according to their respective financial or non-financial risk parameters.

Presentation to the RMC:

The RMC will facilitate the risk owner during the risk assessment and risk action planning. On a quarterly basis, the Chief Operating 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 Operating 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 quarterly 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.

Top Five Risks & Mitigating Plan

NO.	RISK	MITIGATING PLAN
1.	**Project Risk**	- Employ experience key personnel to undertake the project ensuring timely deliverable & meeting projected budget. - Regular meeting between project team, commercial team and finance team to monitor project progress, financial performance & project cash flows.
2.	**Commercial**	- We have diversify to serve commercial ports such as Northport and is actively involved in bidding for other commercial ports.
3.	**Procurement**	- Closely update and monitor through Planned Maintenance System (PMS) programme.
4.	**Compliance to environmental Regulations**	- The Company has "Waste Management Policy & Procedures" in place to safeguard the environment. - Monitor all operational personnel to comply with all regulations relating to environment and safety.
5.	**Acts of piracy**	- The Company adopted the necessary anti-piracy measures including installation of the press alert button. Further, GPS ("SHIPLOC") is installed to track down the vessels in the event of pirate attack. - The Company subscribed to shipping insurance policies to ensure that we are compensated for some of the losses incurred in the event of piracy attack. - Operation to alert Vessel and HSSE department (to inform APMM) whenever vessel transiting Red Area for monitoring.

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.

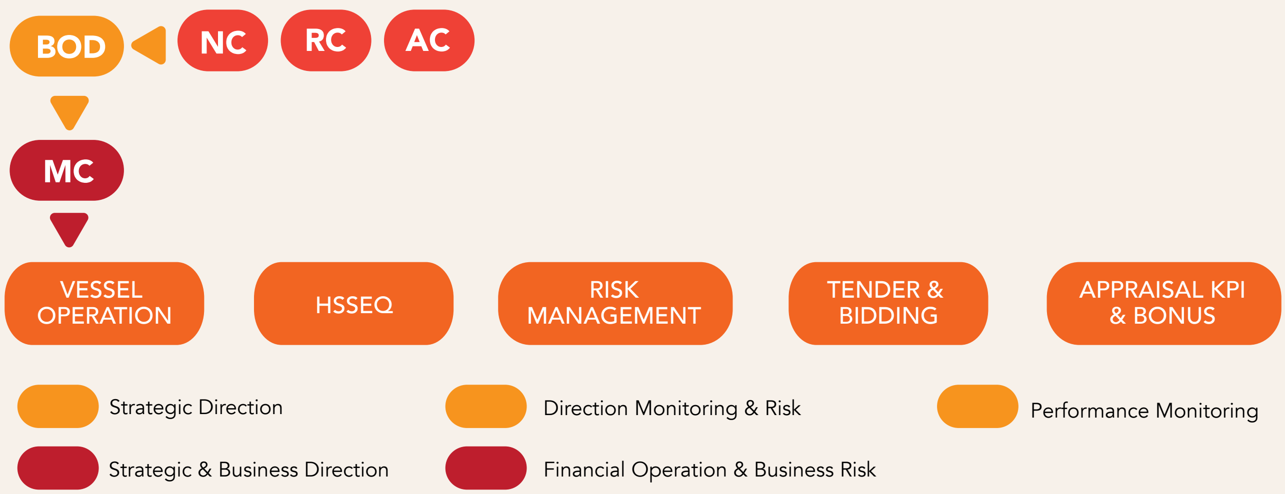
The key components of the Group's system of internal control are as follows:

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 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.
Remuneration Committee	Responsible for reviewing the remuneration policies; evaluating, deliberating and recommending to the Board compensation and benefits based on market norm and best industry practices.

NAME OF COMMITTEE	PRIMARY FUNCTION
Management Committee ("MC")	To deal with the day-to-day activities of E.A. Technique ("EAT") business, implement business plans, policies & procedures and budgets that have been approved by the Board, monitor the operating and financial performance of EAT, develop talent and manage the risk profile of EAT.
Vessel Operation Committee ("VOC")	To deal with the vessels' performance namely, the charter contract, vessel operational status / position, vessel maintenance and crew manning to maintain its fleet standards, marine safety, efficiency and quality of service to the clients.
HSSEQ Committee	To assist the Company in discharging its statutory duties and responsibilities relating to safety practices, ensuring effectiveness of the Group risk management / legal control measures, the audit process for monitoring requirement of Emergency Response Team, Quality Assurance / Environmental / Occupational Safety Health, Chemical and Waste Management.
Risk Management Committee ("RMC")	To have overall responsibility for establishing a strategic approach to risk management across the organization and overseeing the risk management process within the Group. It ensures that the necessary processes are in place to achieve compliance with statutory requirements and to protect the stakeholders.
Tender & Bidding Committee	To review tenders, expression of interest from the contractors/vendors/ suppliers in providing goods or rendering services to the Company in excess of RM 500,000.
Appraisal, KPI and Bonus Committee	To develop standards and criteria for the evaluation of the employee of the Company, conduct appraisals and make corresponding proposals, develop and examine the remuneration policies and schemes for the employee. To ensure that the level of remuneration and compensation is adequate to attract, retain and motivate high quality employee to lead, manage and serve the Company in a competitive environment.

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 three (3) Board committees, which provide focus and counsel in the areas of:

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

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

Internal Audit

The Internal Audit function undertakes regular reviews of the Group's operations and the systems of internal control. Regular reviews are performed on the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls. Significant risks and non-compliance 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 regulation is in place to outline employees' roles and responsibility towards the prevention of accidents, the elimination of hazards and in ensuring a safe working environment. The Group adopts strict standards and controls to continuously improve the application and performance of the Safety Management System. A safe working environment is fundamental to the Group's success in business operations.

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

Whistleblowing Policy

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

Review of This Statement by External Auditor

This statement is reviewed and approved by the Board of Directors in the meeting dated 26 February 2018. The external auditors have reviewed this statement pursuant to the scope set out in recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

The external auditors have reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

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

THE AUDIT COMMITTEE IS ACCOUNTABLE TO THE BOARD OF DIRECTORS OF EA TECHNIQUE (M) BERHAD ("THE BOARD") AND ASSISTS THE BOARD IN MEETING ITS RESPONSIBILITIES IN ENSURING AN EFFECTIVE SYSTEM OF INTERNAL CONTROL AND COMPLIANCE AND FOR MEETING ITS EXTERNAL FINANCIAL REPORTING OBLIGATIONS.

COMPOSITION AND ATTENDANCE

The Board of Directors of E.A. Technique (M) Berhad ("E.A. Technique" or "the Company") is pleased to present the report of the Audit Committee ("AC") for the financial year ended 31 December 2017.

MEMBERS AND MEETING ATTENDANCES

The Company has appointed the following members and details of attendance of each member at the seven (7) meetings held during the financial year ended 31 December 2017 is as follows:

Name	Designation	Directorship	Attendance
Datuk Anuar Ahmad	Chairman	Senior Independent Non-Executive Director	7/7
Abdul Azmin Abdul Halim	Member	Independent Non-Executive Director	7/7
Aziah Ahmad	Member	Non-Independent Non-Executive Director	2/2*

Notes :-

* *Aziah Ahmad was appointed as member of Audit Committee on 2 October 2017. There were two (2) Audit Committee meetings held since her appointment.*

* *Azli Mohamed was appointed as Chief Financial Officer of the Company and ceased to be a member of Audit Committee on 2 October 2017.He attended all five (5) Audit Committee meetings held before his cessation as a member of the Audit Committee.*

The Group's external auditor, internal auditors and certain members of management also attended the meetings at the invitation of the Chairman of the AC. The AC met external auditors at separate sessions without the presence of management..

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 it's 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 authorise to investigate any matter within its terms of reference. It is authorised 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:

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 understands 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 2017, the Audit Committee undertook the following activities:

Scope of Responsibilities	Activities
Financial	• Review of the Company's compliance, in particular the quarterly and year-end financial statements with the Main Market Listing Requirements of Bursa Malaysia and the applicable approved accounting standard issued by the Malaysian Accounting Standard Board.
Internal Control	• Review of the Group's risks and challenges, and review of management's mitigation strategy.
Internal Audit	• Review and approved the annual internal audit plan for the year 2018. • 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 2017 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 the committee's activities, issue and related recommendations.

Internal Audit Function

The Group's internal audit function is outsourced to Internal Audit of Kulim (Malaysia) Berhad ("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 a 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 systems and risks under review are mitigated or remain within acceptable levels.

The activities carried out by the outsourced Internal Audit 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 for the financial year ended 31 December 2017 amounted to RM106,000.

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 2017.

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 17 May 2017.

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 2017.

DEPOSITORY RECEIPT PROGRAMME

The company did not sponsor any depository receipt programme during the financial year ended 31 December 2017.

SANCTIONS AND/OR PENALTIES

There was penalty paid to Custom Malaysia in respect of late payment of GST in months of March and July 2017 amounting to RM559,043 and RM251,844 respectively. The late payment was due to financial constraint in those particular months.

VARIATION IN RESULTS

There was no material variation between the audited results for the financial year ended 31 December 2017 and the unaudited results announced by the Company to Bursa Malaysia previously.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 December 2017.

MATERIAL CONTACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There was no material contract, 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 2017.

RECURRENT RELATED PARTY TRANSACTIONS

There was no material recurrent related party transaction entered by the Group for the financial year ended 31 December 2017.

Financial Statements

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

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.

RESULTS

	Group RM	Company RM
Loss for the financial year	(121,148,701)	(120,757,269)

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, except as disclosed in the notes to the financial statements.

DIVIDENDS

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

DIRECTORS

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Kamaruzzaman bin Abu Kassim	(Appointed on 2 October 2017)
Ahamad bin Mohamad	
Dato' Ir. Abdul Hak bin Md Amin*	
Datuk Anuar bin Ahmad	
Datuk Mohd Nasir bin Ali	
Rozan bin Mohd Sa'at	
Abdul Azmin bin Abdul Halim	
Aziah binti Ahmad	(Appointed on 2 October 2017)
Md Tamyes bin Hj A. Rahim	(Resigned on 2 October 2017)
Azli bin Mohamed*	(Resigned on 2 October 2017)

* Directors of the Company and its subsidiaries.

The names of the Directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Zulkifli bin Mohd Amin	
New Kok Ho	(Appointed on 1 June 2017)
Idham Jihadi bin Abu Bakar	(Appointed on 1 June 2017)
Johari Shukri bin Jamil	(Appointed on 16 January 2018)
Zuraimi bin Basri	(Resigned on 1 January 2017)
Rozaini bin Mohd Sani	(Appointed on 1 January 2017, resigned on 16 January 2018)

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.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the Director or officer of the Group and of the Company.

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 in the Company during and at the end of the financial year are as follows:

	I---- Number of ordinary shares			----I
	As at 1.1.2017	**Acquired**	**Sold**	**As at 31.12.2017**
Dato' Kamaruzzaman bin Abu Kassim				
– Direct	25,000	320,000	(225,000)	120,000
Ahamad bin Mohamad				
– Direct	500,000	800,000	(800,000)	500,000
Dato' Ir. Abdul Hak bin Md Amin				
– Direct	84,350,000	200,000	–	84,550,000
– Indirect	26,241,200	–	(35,000)	26,206,200
Datuk Anuar bin Ahmad				
– Direct	327,500	–	–	327,500
Datuk Mohd Nasir bin Ali				
– Direct	327,500	–	–	327,500
Rozan bin Mohd Sa'at				
– Direct	327,500	–	–	327,500
Abdul Azmin bin Abdul Halim				
– Direct	50,000	–	–	50,000

The interests of the Directors in office at the end of the financial year in shares in the related corporations during and at the end of the financial year are as follows:

	I---- Number of ordinary shares						----I
	As at 1.1.2017	**Acquired**	**As at 26.9.2017**	**Share split on 27.9.2017**	**Acquired**	**Sold**	**As at 31.12.2017**
Direct interest in related company, KPJ Healthcare Berhad							
Dato' Kamaruzzaman bin Abu Kassim	–	50,000	50,000	200,000	54,500	–	254,500
Ahamad bin Mohamad	1,125	20,000	21,125	84,500	440,000	–	524,500
Rozan bin Mohd Sa'at	750	–	750	3,000	–	–	3,000

DIRECTORS' INTERESTS (CONT'D.)

	Number of warrants						
	As at 1.1.2017	**Granted**	**As at 26.9.2017**	**Share split on 27.9.2017**	**Granted**	**Exercised**	**As at 31.12.2017**
Warrants held in related company, KPJ Healthcare Berhad							
Dato' Kamaruzzaman bin Abu Kassim	24,000	–	24,000	96,000	440,000	–	536,000
Ahamad bin Mohamad	–	542,000	542,000	2,168,000	–	(2,058,000)	110,000

HOLDING COMPANIES

The details of the holding companies of the Group and of the Company are disclosed in Note 1 to the financial statements.

AUDITORS' INDEMNITY

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been paid to indemnify Ernst & Young during or since the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were prepared, 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 satisfied themselves that all known bad debts had been written off 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) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

OTHER STATUTORY INFORMATION (CONT'D.)

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

SIGNIFICANT EVENT

Details of the significant event are disclosed in Note 28 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 18 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 February 2018.

Dato' Kamaruzzaman bin Abu Kassim

Dato' Ir. Abdul Hak bin Md Amin

STATEMENT BY **DIRECTORS**

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Dato' Kamaruzzaman bin Abu Kassim 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 121 to 205 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 February 2018.

Dato' Kamaruzzaman bin Abu Kassim

Dato' Ir. Abdul Hak bin Md Amin

STATUTORY **DECLARATION**

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, Azli bin Mohamed, 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 121 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 Azli bin Mohamed
at Kuala Lumpur in the Federal Territory
on 26 February 2018

Azli bin Mohamed

Before me,

PESURUHJAYA SUMPAH
W 711
SYED KHAIRIL ANUAR
B. SYED ZAINUDIN
MALAYSIA

43A-1-11, JALAN 1/48A
BENTAR PERDANA
BANDAR BARU SENTUL
51000 KUALA LUMPUR
+6018 357 3015

INDEPENDENT AUDITORS' **REPORT**

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

REPORT ON THE AUDIT OF 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 2017 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 121 to 205.

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 2017, 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, 2016 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.

Key audit matters (cont'd.)

(a) Revenue recognition and contract costs on construction contract
(Refer to Notes 2.17, 2.22, 7(b), 14, 15 and 16 to the financial statements)

A significant proportion of the Group's and of the Company's revenues and costs are derived from one long-term construction contract which spans more than one accounting period. For the financial year ended 31 December 2017, construction contract revenue of RM143.3 million and contract costs of RM318.1 million in respect of this long-term construction contract accounted for approximately 39% and 65% of the Group's and of the Company's total revenue and cost of sales respectively. The Group and the Company use the percentage-of- completion method in accounting for this long-term construction contract. When it is probable that total contract costs will exceed total contract revenue, the foreseeable loss and damages on the construction contract are recognised as an expense immediately.

We identified construction contract revenue, contract costs as well as foreseeable loss and damages as areas of audit focus as they involve 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
- Judgement and estimates made in respect of the total estimated contract costs which include foreseeable loss and damages on the construction contract.

To address these areas 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 and costs recognition in the financial statements, including controls performed by the management in estimating variation orders, claims, total contract costs including foreseeable loss and damages;
- We read the minutes of management meetings to obtain an understanding of the performance and status of the project and held discussions with management, project management team and cost controllers;
- We observed the progress of the project 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 completeness of contract costs incurred to date and costs to completion in light of supporting evidence such as letters of award, approved purchase orders, sub-contractors' claims and invoices, correspondences with customer; and
- We reviewed management's workings on the computation of construction contract revenue and costs including foreseeable loss and damages.

Key audit matters (cont'd.)

(b) *Impairment of marine operating vessels*
(Refer to Notes 2.6, 2.10, and 4 to the financial statements)

As at 31 December 2017, the carrying amounts of the Group's and of the Company's marine operating vessels of RM798.6 million and RM822.1 million represent approximately 88% and 89% of the Group's and of the Company's total assets, respectively.

The Group and Company are required to assess at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the Group and the Company shall estimate the recoverable amount of the asset, which is the higher of fair value less cost to sell or value-in-use.

The Group and the Company identified reduction in charter-hire rates, operating losses, amongst others, as indications that the carrying amounts of some of their marine operating vessels may be impaired.

The Group and the Company had engaged an independent firm of valuers to determine the fair value of these assets. Accordingly, the Group and the Company recognised an impairment loss of RM3.1 million for the financial year ended 31 December 2017.

We identified impairment of marine operating vessels as an area of audit focus as it involves significant management's judgement and estimates.

To address this area of audit focus:

- We considered the objectivity, independence and expertise of the firm of independent valuers;

- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the marine operating vessels and assessed whether such methodology is consistent with those used in the industry; and

- As part of our evaluations of the fair values of marine operating vessels, we had discussions with the independent valuers to obtain an understanding of the relevant data used as input to the valuation model.

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 2017 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's 2017 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, 2016 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.

- 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.

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

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, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 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
26 February 2018

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2017

	Note	2017 RM	2016 RM
Assets			
Non-current assets			
Property, plant and equipment	4	**807,581,600**	707,244,155
Intangible asset	6	**–**	4,775,668
Trade and other receivables	7	**2,105,585**	3,027,446
		809,687,185	715,047,269
Current assets			
Trade and other receivables	7	**64,391,833**	226,123,368
Tax recoverable		**5,837,163**	–
Short term deposits	8	**–**	189,473,614
Cash, bank balances and deposits	9	**20,675,519**	25,334,221
		90,904,515	440,931,203
Total assets		**900,591,700**	1,155,978,472
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	10	**169,100,000**	126,000,000
Share premium	10	**–**	43,100,000
(Accumulated losses)/retained earnings		**(16,447,389)**	104,701,312
Total equity		**152,652,611**	273,801,312
Non-current liabilities			
Loans and borrowings	12	**293,922,352**	301,487,350
Deferred tax liabilities	13	**2,168,385**	9,422,204
		296,090,737	310,909,554
Current liabilities			
Trade and other payables	14	**328,616,798**	175,715,181
Loans and borrowings	12	**121,289,772**	384,662,824
Tax payable		**1,941,782**	10,889,601
		451,848,352	571,267,606
Total liabilities		**747,939,089**	882,177,160
Total equity and liabilities		**900,591,700**	1,155,978,472

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 RM	2016 RM
Assets			
Non-current assets			
Property, plant and equipment	4	**823,721,333**	723,054,993
Investment in subsidiaries	5	**7,500,000**	7,500,000
Trade and other receivables	7	**2,105,585**	3,027,446
		833,326,918	733,582,439
Current assets			
Trade and other receivables	7	**62,384,745**	229,621,949
Tax recoverable		**5,837,163**	–
Short term deposits	8	**–**	189,473,614
Cash, bank balances and deposits	9	**19,912,020**	20,533,010
		88,133,928	439,628,573
Total assets		**921,460,846**	1,173,211,012
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	10	**169,100,000**	126,000,000
Share premium	10	**–**	43,100,000
(Accumulated losses)/retained earnings	11	**(3,956,146)**	116,801,123
Total equity		**165,143,854**	285,901,123
Non-current liabilities			
Loans and borrowings	12	**293,719,667**	301,209,303
Deferred tax liabilities	13	**2,347,918**	9,703,466
		296,067,585	310,912,769
Current liabilities			
Trade and other payables	14	**337,821,737**	181,041,017
Loans and borrowings	12	**120,823,313**	384,523,992
Tax payable		**1,604,357**	10,832,111
		460,249,407	576,397,120
Total liabilities		**756,316,992**	887,309,889
Total equity and liabilities		**921,460,846**	1,173,211,012

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 2017

	Note	**2017 RM**	2016 RM
Revenue	15	**366,969,655**	591,663,470
Cost of sales	16	**(492,301,155)**	(492,106,109)
Gross (loss)/profit		**(125,331,500)**	99,557,361
Other operating income		**46,053,427**	3,552,789
Administrative expenses		**(31,931,595)**	(67,028,093)
Results from operating activities		**(111,209,668)**	36,082,057
Finance income		**508,300**	2,855,875
Finance costs	17	**(21,201,348)**	(17,396,653)
(Loss)/profit before tax	18	**(131,902,716)**	21,541,279
Income tax credit/(expense)	20	**10,754,015**	(12,762,488)
(Loss)/profit net of tax, representing total comprehensive (loss)/income for the financial year		**(121,148,701)**	8,778,791
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(121,148,701)**	8,778,791
(Loss)/earnings per share attributable to owners of the parent (sen)			
Basic	22	**(24.04)**	1.74

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 2017

	Note	2017 RM	2016 RM
Revenue	15	**365,681,017**	591,276,477
Cost of sales	16	**(498,459,634)**	(492,581,717)
Gross (loss)/profit		**(132,778,617)**	98,694,760
Other operating income		**44,656,625**	2,975,840
Administrative expenses		**(24,158,681)**	(64,220,720)
Results from operating activities		**(112,280,673)**	37,449,880
Finance income		**491,021**	2,855,875
Finance costs	17	**(21,154,401)**	(17,361,360)
(Loss)/profit before tax	18	**(132,944,053)**	22,944,395
Income tax credit/(expense)	20	**12,186,784**	(12,307,111)
(Loss)/profit net of tax, representing total comprehensive (loss)/income for the financial year		**(120,757,269)**	10,637,284
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(120,757,269)**	10,637,284

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 2017

	<------- Non-distributable ------->		Distributable	
	Share capital RM (Note 10)	Share premium RM (Note 10)	retained earnings/ Non-distributable accumulated losses RM (Note 11)	Total RM
At 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 / 1 January 2017	126,000,000	43,100,000	104,701,312	273,801,312
Total comprehensive income for the financial year	–	–	(121,148,701)	(121,148,701)
Transfer to share capital pursuant to Section 618(2) of the Companies Act, 2016	43,100,000	(43,100,000)	–	–
At 31 December 2017	169,100,000	–	(16,447,389)	152,652,611

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 2017

	<------- Non-distributable ------->		Distributable	
	Share capital RM (Note 10)	Share premium RM (Note 10)	retained earnings/ Non-distributable accumulated losses RM (Note 11)	Total RM
At 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 / 1 January 2017	126,000,000	43,100,000	116,801,123	285,901,123
Total comprehensive loss for the financial year	–	–	(120,757,269)	(120,757,269)
Transfer to share capital pursuant to Section 618(2) of the Companies Act, 2016	43,100,000	43,100,000	–	–
At 31 December 2017	169,100,000	–	(3,956,146)	165,143,854

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 2017

	Note	2017 RM	2016 RM
Cash flows from operating activities			
(Loss)/profit before tax		**(131,902,716)**	21,541,279
Adjustments for:			
Depreciation of property, plant and equipment		**59,617,352**	55,562,649
Amortisation of intangible asset		**4,775,668**	555,660
Finance costs		**21,201,348**	17,396,653
Loss on disposal of property, plant and equipment		**–**	3,078,401
Impairment loss on property, plant and equipment		**3,144,916**	–
Finance income		**(508,300)**	(2,855,875)
Allowance for impairment losses of trade receivables		**2,764,122**	5,133,214
Reversal of impairment losses on trade receivables		**(24,000)**	(3,926)
Unrealised foreign exchange (gain)/loss		**(27,972,080)**	38,154,543
Operating cash flows before changes in working capital		**(68,903,690)**	138,562,598
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**155,220,168**	(35,291,405)
Increase in trade and other payables		**168,504,220**	79,673,158
Cash generated from operations		**254,820,698**	182,944,351
Interest received		**965,406**	1,769,195
Interest paid		**(20,614,761)**	(17,396,653)
Tax paid		**(11,719,116)**	(10,406,880)
Net cash generated from operating activities		**223,452,227**	156,910,013
Cash flows from investing activities			
Net redemption/(placement) in short term deposits, fixed and security deposits pledged		**192,089,638**	(125,860,784)
Purchase of property, plant and equipment		**(163,004,713)**	(123,564,859)
Acquisition of a subsidiary		**–**	(899,902)
Proceeds from disposal of property, plant and equipment		**–**	4,485,000
Net cash generated from/(used in) investing activities		**29,084,925**	(245,840,545)

	Note	2017 RM	2016 RM
Cash flows from financing activities			
Dividend paid		**–**	(5,040,000)
Repayment of conventional term loan		**(36,653,026)**	(45,091,765)
Drawdown from conventional term loan		**–**	107,021,480
Repayment of Islamic term financing facilities		**(316,497,067)**	(19,519,066)
Drawdown from Islamic term financing facilities		**98,416,610**	41,789,925
Net repayment of finance lease		**(203,074)**	(208,439)
Net cash (used in)/generated from financing activities		**(254,936,557)**	78,952,135
Net decrease in cash and cash equivalents		**(2,399,405)**	(9,978,397)
Cash and cash equivalents at beginning of financial year	(i)	**10,148,702**	20,127,099
Cash and cash equivalents at end of financial year	(i)	**7,749,297**	10,148,702

(i) Cash and cash equivalents

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

	Note	2017 RM	2016 RM
Cash and bank balances	9	**13,450,064**	15,492,742
Short term deposits	8	**–**	189,473,614
Fixed and security deposits with licensed banks	9	**7,225,455**	9,841,479
		20,675,519	214,807,835
Less: Bank overdrafts	12	**(5,700,767)**	(5,344,040)
		14,974,752	209,463,795
Less: Short term deposits pledged	8	**–**	(189,473,614)
Less: Fixed and security deposits pledged	9	**(7,225,455)**	(9,841,479)
		7,749,297	10,148,702

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 2017

	Note	2017 RM	2016 RM
Cash flows from operating activities			
(Loss)/profit before tax		**(132,944,053)**	22,944,395
Adjustments for:			
Depreciation of property, plant and equipment		**60,828,238**	56,520,368
Finance costs		**21,154,401**	17,361,360
Loss on disposal of property, plant and equipment		**–**	3,078,401
Impairment loss on property, plant and equipment		**3,144,916**	–
Finance income		**(508,300)**	(2,855,875)
Allowance for impairment losses of trade receivables		**2,764,122**	5,133,214
Reversal of impairment losses on trade receivables		**(24,000)**	(3,926)
Unrealised foreign exchange (gain)/loss		**(27,334,681)**	37,835,104
Operating cash flows before changes in working capital		**(72,919,357)**	140,013,041
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**160,083,013**	(39,161,726)
Increase in trade and other payables		**172,508,747**	89,212,274
Cash generated from operations		**259,672,403**	190,063,589
Interest received		**965,406**	1,769,195
Interest paid		**(20,567,814)**	(17,361,360)
Tax paid		**(10,788,010)**	(9,643,519)
Net cash generated from operating activities		**229,281,985**	164,827,905
Cash flows from investing activities			
Net redemption/(placement) in short term deposits, fixed and security deposits pledged		**192,166,917**	(125,096,402)
Purchase of property, plant and equipment		**(164,639,494)**	(127,192,336)
Acquisition of a subsidiary		**–**	(5,000,000)
Proceeds from disposal of property, plant and equipment		**–**	4,485,000
Net cash generated from/(used in) investing activities		**27,527,423**	(252,803,738)

	Note	2017 RM	2016 RM
Cash flows from financing activities			
Dividend paid		**–**	(5,040,000)
Repayment of conventional term loan		**(36,653,026)**	(45,091,765)
Drawdown from conventional term loan		**–**	107,021,480
Repayment of Islamic term financing facilities		**(316,497,067)**	(19,519,066)
Drawdown from Islamic term financing facilities		**98,416,610**	41,789,925
Net repayment of finance lease		**(48,667)**	(71,546)
Net cash (used in)/generated from financing activities		**(254,782,150)**	79,089,028
Net increase/(decrease) in cash and cash equivalents		**2,027,258**	(8,886,805)
Cash and cash equivalents at beginning of the financial year	(i)	**5,917,306**	14,804,111
Cash and cash equivalents at end of financial year	(i)	**7,944,564**	5,917,306

(i) Cash and cash equivalents

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

	Note	2017 RM	2016 RM
Cash and bank balances	9	**13,333,659**	11,261,346
Short term deposits	8	**–**	189,473,614
Fixed and security deposits with licensed banks	9	**6,578,361**	9,271,664
		19,912,020	210,006,624
Less: Bank overdrafts	12	**(5,389,095)**	(5,344,040)
		14,522,925	204,662,584
Less: Short term deposits pledged	8	**–**	(189,473,614)
Less: Fixed and security deposits pledged	9	**(6,578,361)**	(9,271,664)
		7,944,564	5,917,306

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

1. CORPORATE INFORMATION

E.A. Technique (M) Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 16 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.

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 of the Group and of the Company during the financial year.

These financial statements were authorised for issue by the Board of Directors on 26 February 2018.

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, 2016 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 2017 as fully described in Note 2.2.

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

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

2.1 Basis of preparation (cont'd.)

As at 31 December 2017, the Group's and the Company's current liabilities exceeded their current assets by RM360,943,837 and RM372,115,479 respectively. Furthermore, for the financial year ended 31 December 2017, the Group and the Company incurred net losses of RM121,148,701 and RM120,757,269 respectively. These factors may indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns, and therefore may be unable to realise their assets and discharge their liabilities in the normal course of business.

The Directors are of the view that the going concern assumption used in the preparation of the financial statements of the Group and of the Company is still appropriate and there is no material uncertainty about the Group's and the Company's ability to continue as going concerns. The Group and the Company have profitable vessel charter hire operations as disclosed in Note 29 that generate positive operating cash flows and the Group and the Company have secured sufficient financing facilities from external financial institutions and from their intermediate holding company to complete its EPCIC project.

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 2017, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2017.

Description

Amendments to MFRS 107: Disclosures Initiatives
Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses
Amendments to MFRS 12: Disclosure of Interests in Other Entities (Annual Improvement to MFRS 2014-2016 Cycle)

The nature and the impact of each amendment is described below:

Amendments to MFRS 107: Disclosures Initiatives

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Note 24(c), the application of these amendments has had no impact on the Group and on the Company.

Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group and on the Company as the Group and the Company already assess the sufficiency of future taxable profits in a way that is consistent with these amendments.

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

2.2 Changes in accounting policies (cont'd.)

Amendments to MFRS 12: Disclosure of Interests in Other Entities (Annual Improvement to MFRS 2014-2016 Cycle)

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Group as none of the Group's interest in these entities are classified, or included in a disposal group that is classified, as held for sale.

2.3 Standards and interpretations 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 and interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Venture	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

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

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

MFRS 9 Financial Instruments

MFRS 9 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. During the financial year ended 31 December 2017, the Group and the Company performed a detailed impact assessment of all three aspects of MFRS 9. The assessment is based on present available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in the financial year ending 31 December 2018 when the Group and the Company adopt MFRS 9.

Based on the analysis of the Group's and of the Company's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

(a) Classification and measurement

The Group and the Company do not expect a significant impact on their statements of financial position or statements on changes in equity on applying the classification and measurement requirements of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

MFRS 9 requires the Group and the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group and the Company will apply the simplified approach and record lifetime expected losses on all trade receivables. Based on readily available information as at date of this report, the Group and the Company do not expect significant increase in allowance for doubtful debts.

(c) Hedging

The Group and the Company do not engage in hedging activities and therefore no impact to the financial statements.

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

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method.

The Group is in the business of owning ships and marine vessels and leasing them to third parties; and provision of procurement, construction, installation and commissioning services.

(a) Rendering of services

The Group and Company provide engineering, procurement, construction, installation and commissioning services. These services are sold either on their own in contracts with the customers or bundled together up to the delivery of a completed vessel to a customer. Currently, the Group and the Company account for these services as one performance obligation and revenue is recognised under MFRS 111 Construction Contracts.

Under MFRS 15, after identifying the promised goods and services within a contract, the Group and Company determine which of those goods and services will be treated as separate performance obligations. That is, the Group and Company identify the individual units of account. MFRS 15 outlines a two-step process for determining whether a promised good or service (or a bundle of goods and services) is distinct:

(i) Consideration at the level of the individual good or service of whether the customer can benefit from the good or service on its own or with other readily available resources (i.e., the good or service is capable of being distinct); and

(ii) Consideration of whether the good or service is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

Both of these criteria must be met to conclude that the good or service is distinct. If these criteria are met, the individual good or service must be accounted for as a separate unit of account (i.e., a performance obligation). Both steps are important in determining whether a promised good or service should be accounted for separately. The first criterion (i.e., capable of being distinct) establishes the minimum characteristics for a good or service to be accounted for separately. However, even if the individual goods or services promised in a contract may be capable of being distinct, it may not be appropriate to account for each of them separately because doing so would not result in a faithful depiction of the entity's performance in that contract or appropriately represent the nature of an entity's promise to the customer.

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

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

MFRS 15 Revenue from Contracts with Customers (cont'd.)

(a) Rendering of services (cont'd.)

The Group and the Company, based on relevant facts and circumstances considered the interrelationship of those goods or services under the Engineering, procurement, construction, installation and commissioning ("EPCIC") contract to apply the second criterion (i.e., distinct within the context of the contract) and determine the performance obligations within a contract. To determine whether promised goods or services are separately identifiable (i.e., whether a promise to transfer a good or service is distinct within the context of the contract), the Group and the Company evaluated whether its promise is to transfer each good or service individually or a combined item (or items) that comprises the individual goods or services promised in the contract. The Group and the Company evaluated whether the promised goods or services in the contract are outputs or they are inputs to a combined item (or items).

The evaluation of whether the Group's and the Company's promise is separately identifiable considers the relationship between the various goods or services in the context of the process to fulfil the EPCIC contract. Therefore, the Group and the Company considered the level of integration, interrelation or interdependence among the promises to transfer goods or services. The Group and the Company evaluated whether there is a transformative relationship between the two or more items in the process of fulfilling the EPCIC contract. The Group and the Company concluded that identifying all of the individual goods and services as separate performance obligations would be impractical and would not faithfully represent the nature of the Group's and the Company's promise to the customer. That is, the Group and the Company would recognise revenue when the materials and other inputs to the construction process are provided rather than when they perform (and use those inputs) in the construction of the vessel that the customer has contracted to receive. As such, when determining whether a promised good or service is distinct, the Group and the Company will not only determine whether the good or service is capable of being distinct but also whether the promise to transfer the good or service is distinct within the context of the contract.

(i) Significant integration service

The first factor (included in MFRS 15.29(a)) is the presence of a significant integrated service. The Group and the Company determined that they provide a significant service of integrating a good or service with other goods or services in the EPCIC contract, the bundle of integrated goods or services represents a combined output or outputs. In other words, as the Group and the Company provide a significant integrated service, the risk of transferring individual goods or services is inseparable from the bundle of integrated goods or services because a substantial part of the Group's and the Company's promise to the customer is to make sure the individual goods or services are incorporated into the combined output or outputs.

The Group and the Company provide an integrated (or contract management) service to manage and coordinate the various construction tasks and to assume the risks associated with the integration of those tasks. An integrated service provided by the Group and the Company often includes coordinating the activities performed by any subcontractors and making sure the quality of the work performed is in compliance with contract specifications and that the individual goods or services are appropriately integrated into the combined item that the customer has contracted to receive.

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

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

MFRS 15 Revenue from Contracts with Customers (cont'd.)

(a) Rendering of services (cont'd.)

(ii) Significant modification or customisation

The second factor in MFRS 15.29(b) is the presence of significant modification or customisation. MFRS 15 provides that the notion of inseparable risks is more clearly illustrated by assessing whether one good or service significantly modifies or customises another. This is because if a good or service modifies or customises another good or service in a contract, each good or service is being assembled together (as an input) to produce a combined output.

(iii) Highly interdependent or highly interrelated

The third factor in MFRS 15.29(c) is whether the promised goods or services are highly interdependent or highly interrelated. Promised goods or services are highly interdependent or highly interrelated if each of the promised goods or services is significantly affected by one or more of the other goods or services in the contract. The Group and the Company determined that there is a two-way dependency or transformative relationship between the promised goods or services under the EPCIC contract to determine whether the promises are highly interdependent or highly interrelated.

The Group and the Company, based on the relevant facts and circumstances, concluded that the services under the EPCIC contract form part as one performance obligation.

(iv) Performance obligation satisfied over time

The Group and the Company determined that control of the goods and services under the EPCIC contract is transferred over time as performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced. Consequently, under MFRS 15, the Group and the Company would continue to recognise revenue from EPCIC over time.

(b) Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than under current MFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's and the Company's financial statements. Many of the disclosure requirements in MFRS 15 are new and the Group and the Company have assessed that the impact of some of them will be significant. In particular, the Group and the Company expect that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. Also, extended disclosures are expected as a result of the significant judgement made when assessing the contracts where the Group and the Company have concluded the following: it acts as an agent instead of a principal, there is a significant financing component, and service-type warranties are provided. In addition, as required by MFRS 15, the Group and the Company will disaggregate revenue recognised from contract with customer into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. In 2017, the Group and the Company continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

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

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

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.

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.

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

2.4 Basis of consolidation (cont'd.)

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

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

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

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

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

Business combinations 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.

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

2.4 Basis of consolidation (cont'd.)

Business combinations and goodwill (cont'd.)

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.

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

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 (including dry-docking costs)	1 – 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.

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

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.

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 2017 and 2016.

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.

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 2017 and 2016.

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 2017 and 2016.

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.

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.

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 2017 and 2016.

Other financial liabilities

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

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

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

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

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

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

(c) Financial liabilities (cont'd.)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or 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.

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.

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) Vessel charter hire and other income

Vessel charter hire income is recognised on a straight-line basis over the lease term determined at the inception of the lease.

Other income is recognised when services are rendered to the customers and recognised on an accrual basis.

(b) Interest income

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

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

2.17 Revenue (cont'd.)

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

EPCIC income arises from provision of engineering, procurement, construction, installation and commissioning of a floating, storage and offloading ("FSO") vessel.

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. 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.

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.

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.

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

2.19 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. 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.

2.22 Construction contracts

a) 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.

(b) 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.

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

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

2.22 Construction contracts (cont'd.)

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.

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 leases with third parties. 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 the assets and so accounts for them as operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

(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) Construction contract

The Group recognises construction contract revenue in accordance with MFRS 111. 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.

Significant judgement and high degree of estimation are required in assessing the outcome of the contract; determination of whether variations in contract works should be included in the contract revenue; measurement of claims which the Group and the Company seek 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 which include foreseeable loss and damages on the construction contract.

A 5% difference in the estimated total budgeted costs would result in approximately RM48,132,180 (2016: RM31,242,387) additional losses for the year.

(ii) Impairment review of vessels' carrying amount

The Group and the Company assess at each reporting date whether there is any indication that the asset may be impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider external and internal factors such as the current economic outlook, average utilisation rate as well as ability of the entity to secure long term contract. Where there is objective evidence of impairment, the amount of impairment loss is measured at the difference between the asset's carrying amount and the recoverable amount. The recoverable amount of an asset is a higher of the fair value less cost to sell and its value in use.

To determine fair value less cost to sell requires an estimation on price at which an orderly transaction to sell the asset would take place between market participants under current market condition. While to determine value in use requires estimation on the future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

The amount of impairment on vessels recognised is disclosed in Notes 4 and 18.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

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

(iii) 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.

(iv) 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 and of the Company's vessels to be between 1 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.

(v) Impairment of receivables

The Group and the Company assess 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 and the Company consider 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.

(vi) 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.

(vii) Operating lease commitments – the Group as lessee

The Group and the Company have entered into commercial leases with third parties. The Group and the Company have determined, based on an evaluation of the terms and conditions of the arrangements, that the lessors retain all the significant risks and rewards of the assets and so accounts for them as operating leases. A 5% difference in the minimum lease payments would result in approximately RM1,140,294 (2016: RM1,145,122) variance in the loss or profit (net of tax) for the financial year.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels RM	Vessels under construction RM	Buildings RM	Shipyard under construction RM	Motor vehicles RM	Forklifts RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
Cost									
At 1 January 2017	814,252,326	92,656,812	1,696,912	7,350,682	774,329	364,000	670,920	1,063,920	918,829,901
Additions/(reversal)	128,604,731	34,386,145	-	(78,637)	101,994	-	74,300	11,180	163,099,713
Transfers	111,990,189	(111,990,189)	-	-	-	-	-	-	-
At 31 December 2017	1,054,847,246	15,052,768	1,696,912	7,272,045	876,323	364,000	745,220	1,075,100	1,081,929,614
Accumulated depreciation and impairment									
At 1 January 2017	208,995,003	-	331,390	-	682,628	182,000	574,454	820,271	211,585,746
Charge for the year (Note 18)	59,195,792	-	33,937	-	90,253	72,798	53,945	170,627	59,617,352
Impairment (Note 18)	3,144,916	-	-	-	-	-	-	-	3,144,916
At 31 December 2017	271,335,711	-	365,327	-	772,881	254,798	628,399	990,898	274,348,014
Net carrying amount									
At 31 December 2017	783,511,535	15,052,768	1,331,585	7,272,045	103,442	109,202	116,821	84,202	807,581,600

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 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

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 2017	**827,176,625**	**106,744,138**	**1,696,912**	**599,626**	**633,435**	**776,464**	**937,627,200**
Additions	**130,162,117**	**34,386,145**	-	**5,752**	**74,300**	**11,180**	**164,639,494**
Transfers	**126,077,515**	**(126,077,515)**	-	-	-	-	-
At 31 December 2017	**1,083,416,257**	**15,052,768**	**1,696,912**	**605,378**	**707,735**	**787,644**	**1,102,266,694**
Accumulated depreciation and impairment							
At 1 January 2017	**212,580,100**	-	**331,390**	**507,926**	**560,710**	**592,081**	**214,572,207**
Charge for the year (Note 18)	**60,594,461**	-	**33,937**	**71,005**	**46,448**	**82,387**	**60,828,238**
Impairment (Note 18)	**3,144,916**	-	-	-	-	-	**3,144,916**
At 31 December 2017	**276,319,477**	-	**365,327**	**578,931**	**607,158**	**674,468**	**278,545,361**
Net carrying amount							
At 31 December 2017	**807,096,780**	**15,052,768**	**1,331,585**	**26,447**	**100,577**	**113,176**	**823,721,333**

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.)

(a) Security

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

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Vessels	**783,511,535**	605,257,323	**807,096,780**	614,596,525
Vessels under construction	**15,052,768**	92,656,812	**15,052,768**	106,744,138
	798,564,303	697,914,135	**822,149,548**	721,340,663

(b) Assets held under finance lease

In the current financial year, the Group acquired property, plant and equipment at aggregate costs of RM163,099,713 of which RM95,000 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 RM368,949 (2016: RM470,981) and RM19,947 (2016: RM70,581) respectively.

(c) Borrowing costs

Included in vessels under construction of the Group and of the Company is interest capitalised for the year of RM362,548 (2016: RM1,260,437).

(d) Impairment of vessels

In the current financial year, impairment loss of RM3,144,916 represents the write-down of certain vessels to their recoverable amounts. The recoverable amounts are based on the higher of fair value less cost to sell and value in use and are determined at the level of the CGU. In determining the recoverable amounts of these vessels, the Group and the Company had engaged an independent firm of valuers to issue valuation reports. Further assessment performed to estimate the fair value of each vessel includes consideration of significant factors (amongst others vessels' classification, age, year built and engine capacity).

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM	2016 RM
At cost:		
Beginning of year	**7,500,000**	2,500,000
Acquisition of a subsidiary (Note 5(a))	**–**	5,000,000
End of year	**7,500,000**	7,500,000

5. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2017 %	Effective ownership interest 2016 %
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**	100

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

(a) Acquisition of a subsidiary

In the previous financial year, the Company acquired the entire issued and paid up share capital of Libra Perfex 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 in the previous financial year 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

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

In previous financial year, the net assets of Libra recognised in the Group's statement of financial position 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.

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.

The fair value adjustments in the previous financial year were reviewed during the current financial year and the final allocation of the purchase price was determined after completion of a final analysis to determine the fair values of Libra's identifiable assets and liabilities acquired. Based on the final analysis, there were no material changes to the fair values of the identifiable assets and liabilities of Libra.

6. INTANGIBLE ASSET

	Group	
	2017 **RM**	2016 RM
Cost		
Beginning of year	**5,331,328**	–
Acquisition of a subsidiary (Note 5(a))	**–**	5,331,328
End of year	**5,331,328**	5,331,328
Accumulated amortisation		
Beginning of year	**555,660**	–
Charge for the year (Note 18)	**4,775,668**	555,660
End of year	**5,331,328**	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	
	2017 **RM**	2016 RM	**2017** **RM**	2016 RM
Trade [(a)]				
Current				
Trade receivables	**61,060,290**	93,944,072	**48,397,189**	87,842,836
Amount due from a subsidiary	**–**	–	**10,734,960**	10,412,903
Less: Allowance for impairment	**(635,838)**	(28,450,289)	**(635,838)**	(28,450,289)
Amount due from contract customer [(b)]	**–**	153,860,914	**–**	153,860,914
	60,424,452	219,354,697	**58,496,311**	223,666,364

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

	Group		Company	
	2017	2016	**2017**	2016
	RM	RM	**RM**	RM
Non-trade				
Non-current				
Other receivables	**2,105,585**	3,027,446	**2,105,585**	3,027,446
Current				
Other receivables	**1,702,579**	2,626,933	**1,674,612**	1,877,137
Deposits	**756,274**	555,058	**705,294**	511,768
Prepayments	**1,508,528**	3,586,680	**1,508,528**	3,566,680
	3,967,381	6,768,671	**3,888,434**	5,955,585
Total trade and other receivables				
– Non-current	**2,105,585**	3,027,446	**2,105,585**	3,027,446
– Current	**64,391,833**	226,123,368	**62,384,745**	229,621,949
Add: Short term deposits	**–**	189,473,614	**–**	189,473,614
Add: Cash, bank balances and deposits	**20,675,519**	25,334,221	**19,912,020**	20,533,010
Less: Prepayments	**(1,508,528)**	(3,586,680)	**(1,508,528)**	(3,566,680)
Less: Amount due from contract customer	**–**	(153,860,914)	**–**	(153,860,914)
Total loans and receivables	**85,664,409**	286,511,055	**82,893,822**	285,228,425

(a) Trade receivables

The Group and the Company determine concentration of credit risk by monitoring individual profile of their trade receivables on an ongoing basis. The Group's significant concentration of credit risks are in the form of three (2016: two) major customers which constitute approximately 71% (2016: 72%) of the total trade receivables. The Company's significant concentration of credit risks are in the form of two (2016: two) major customers which constitute approximately 52% (2016: 77%) of the total trade receivables. There are no other customers which represent more than 10% of the total balance of trade receivables.

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

(b) Amount due (to)/from contract customer

	Group and Company	
	2017 **RM**	2016 RM
Construction contract costs incurred to date	**816,704,243**	628,316,787
Attributable (losses)/profits	**(79,739,812)**	95,073,732
	736,964,431	723,390,519
Less: Progress billings	**(834,712,304)**	(526,507,934)
	(97,747,873)	196,882,585
Effect of foreign exchange differences	**(33,846,618)**	(43,021,671)
Amount due (to)/from contract customer (Note 14)	**(131,594,491)**	153,860,914

Included in the Group's and the Company's recognised losses for the year is foreseeable loss and damages due to the increased contract costs arising from additional request for rectification work from the contract customer. The Group and the Company had submitted a proposal on contractual cost settlement in November 2017 and January 2018.

8. SHORT TERM DEPOSITS

In previous financial year, short term deposits consist of deposits placed with licensed banks for more than three months but less than one year and were denominated in USD.

These short term deposits placed with licensed banks earn interest ranging from 0.60% to 1.10% per annum and have maturity periods of 60 to 184 days.

These short term deposits placed with licensed banks for the Group and the Company were all pledged for bank facilities.

9. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Fixed and security deposits with licensed banks	**7,225,455**	9,841,479	**6,578,361**	9,271,664
Cash and bank balances	**13,450,064**	15,492,742	**13,333,659**	11,261,346
	20,675,519	25,334,221	**19,912,020**	20,533,010

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

Fixed and security deposits with licensed banks earn interest at 3% (2016: 3%) per annum and have maturity periods of 30 days (2016: 30 days).

10. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares		Amount	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Share capital				
Authorised:				
At beginning/end of year	–	800,000,000	–	200,000,000

	Number of ordinary shares	Amount		
	Total number of issued shares	**Issued share capital RM**	**Share premium RM**	**Total issued share capital and share premium RM**
At 1 January 2016/ 31 December 2016/ 1 January 2017	**504,000,000**	126,000,000	**43,100,000**	169,100,000
Transfer of share premium	–	43,100,000	**(43,100,000)**	–
At 31 December 2017	**504,000,000**	169,100,000	–	169,100,000

10. SHARE CAPITAL AND SHARE PREMIUM (CONT'D.)

(a) Under the Companies Act, 2016 ("Act") in Malaysia which came into effect on 31 January 2017, the concept of authorised share capital no longer exist.

(b) In accordance with Section 74 of the Act, the Group's and the Company's ordinary shares no longer have a par or nominal value with effect from 31 January 2017. Pursuant to Section 618(2) of the Act, the amounts standing to the credit of the Group's and of the Company's share premium accounts have become part of the Group's and of the Company's share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result thereof.

(c) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

11. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2017 and 2016 under the single tier system.

12. LOANS AND BORROWINGS

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Current				
Secured				
Bank overdaft [a]	**5,700,767**	5,344,040	**5,389,095**	5,344,040
Islamic financing facilities [b]	**63,293,865**	39,583,245	**63,293,865**	39,583,245
Islamic financing facility – EPCIC [b]	**–**	291,356,000	**–**	291,356,000
Conventional financing facilities [b]	**35,737,866**	41,792,038	**35,737,866**	41,792,038
Revolving credit [b]	**16,360,012**	6,400,000	**16,360,012**	6,400,000
Finance lease [c]	**197,262**	187,501	**42,475**	48,669
	121,289,772	384,662,824	**120,823,313**	384,523,992
Non-current				
Secured				
Islamic financing facilities [b]	**150,639,206**	125,487,516	**150,639,206**	125,487,516
Conventional financing facilities [b]	**143,074,028**	175,672,881	**143,074,028**	175,672,881
Finance lease [c]	**209,118**	326,953	**6,433**	48,906
	293,922,352	301,487,350	**293,719,667**	301,209,303
Total loans and borrowings	**415,212,124**	686,150,174	**414,542,980**	685,733,295

12. LOANS AND BORROWINGS (CONT'D.)

(a) Bank overdraft

Bank overdraft is denominated in RM, bears interest at base lending rate ("BLR") + 0.75% (2016: 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 1 to 7 years (2016: 2 to 8 years) which bear interest as at the reporting date at rates ranging from 3.50% to 6.75% (2016: 3.50% to 6.75%) per annum. Included in the Islamic financing facilities are two (2016: one) loans denominated in USD amounting to RM164,140,138 (2016: RM101,626,288).

Revolving credit is repayable on demand which bears an interest rate at the reporting date at rates ranging from 5.20% to 6.30% (2016: 5.14%). In current financial year, revolving credit denominated in USD amounting to RM7,960,012 (2016: RM Nil).

In previous financial year, Islamic financing facility - EPCIC and revolving credit - EPCIC which were denominated in USD bore an interest rate at the reporting date of 3.87%.

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 RM1,512,405 (2016: RM2,027,304) 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").

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.)

Significant covenants

In connection with significant financing facilities, the Group has agreed on the following significant covenants with the lenders:

(i) The Group's total financing to tangible net worth ("Gearing ratio") will not exceed 3.0 times at all time as per the following formula:-

$$\left\{ \frac{\text{Total Financing}}{\text{Tangible Networth + Subordination of Shareholders and Directors Advances}} \right\}$$

(ii) The Group's debt to equity ratio will not exceed 10.0 times at all times.

(c) Finance lease commitments – as lessee

Finance lease liabilities are payable as follows:

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Minimum lease payments:				
Not later than 1 year	**216,716**	215,108	**43,676**	51,931
Later than 1 year, but not later than 2 years	**117,684**	195,212	**6,490**	43,676
Later than 2 years, but not later than 5 years	**104,618**	155,998	**–**	6,490
Total minimum lease payments	**439,018**	566,318	**50,166**	102,097
Less: Future finance charges	**(32,638)**	(51,864)	**(1,258)**	(4,522)
Present value of minimum lease payments	**406,380**	514,454	**48,908**	97,575
Present value of payments:				
Not later than 1 year	**197,262**	187,501	**42,475**	48,669
Later than 1 year, but not later than 2 years	**108,645**	179,330	**6,433**	42,475
Later than 2 years, but not later than 5 years	**100,473**	147,623	**–**	6,431
Present value of minimum lease payments	**406,380**	514,454	**48,908**	97,575
Less: Amount due within 12 months	**(197,262)**	(187,501)	**(42,475)**	(48,669)
Amount due after 12 months	**209,118**	326,953	**6,433**	48,906

The Group's and the Company's weighted average effective interest rate as at the reporting date of finance lease liabilities is 3.56% (2016: 3.54%) and 2.43% (2016: 2.42%) per annum respectively.

13. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017 **RM**	2016 RM	**2017** **RM**	2016 RM
At 1 January	**(9,422,204)**	(4,512,624)	**(9,703,466)**	(4,493,621)
Arising from acquisition of a subsidiary (Note 5(a))	**–**	281,417	**–**	–
Recognised in profit or loss (Note 20)	**7,253,819**	(5,190,997)	**7,355,548**	(5,209,845)
At 31 December	**(2,168,385)**	(9,422,204)	**(2,347,918)**	(9,703,466)

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	**Unutilised tax losses RM**	**Unabsorbed capital allowances RM**	**Total RM**
At 1 January 2017	**21,636,891**	**240,130**	**30,208,552**	**52,085,573**
Recognised in profit or loss	**5,850,461**	**–**	**10,125,898**	**15,976,359**
At 31 December 2017	**27,487,352**	**240,130**	**40,334,450**	**68,061,932**
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

13. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

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

Group (cont'd.)

Deferred tax liabilities:

	Property, plant and equipment RM
At 1 January 2017	**(61,507,777)**
Recognised in profit or loss	**(8,722,540)**
At 31 December 2017	**(70,230,317)**
At 1 January 2016	(37,887,863)
Recognised in profit or loss	(23,619,914)
At 31 December 2016	(61,507,777)

Company

Deferred tax assets:

	Provisions RM	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2017	**21,570,020**	**–**	**30,208,552**	**51,778,572**
Recognised in profit or loss	**5,965,461**	**–**	**10,125,898**	**16,091,359**
At 31 December 2017	**27,535,481**	**–**	**40,334,450**	**67,869,931**
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

13. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

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

Company (cont'd.)

Deferred tax liabilities:

	Property, plant and equipment RM
At 1 January 2017	**(61,482,038)**
Recognised in profit or loss	**(8,735,811)**
At 31 December 2017	**(70,217,849)**
At 1 January 2016	(37,868,860)
Recognised in profit or loss	(23,613,178)
At 31 December 2016	(61,482,038)

14. TRADE AND OTHER PAYABLES

	Group		**Company**	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Trade				
Trade payables [(a)]	**153,358,061**	162,036,606	**139,711,245**	156,517,030
Amount due to contract customer (Note 7(b))	**131,594,491**	–	**131,594,491**	–
Amount due to a subsidiary [(b)]	**–**	–	**24,519,270**	12,272,183
Freight income received in advance	**7,193,622**	4,478,394	**7,193,622**	4,478,394
	292,146,174	166,515,000	**303,018,628**	173,267,607

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

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Non-trade				
Amount due to				
– ultimate holding company [b]	**431,407**	88,894	**431,407**	88,894
– intermediate holding company [b]	**154,542**	26,500	**154,542**	26,500
– immediate holding company [b]	**16,178,804**	702,716	**16,178,804**	702,716
Amount due to shareholders [b]	**6,825,468**	62,863	**6,825,468**	62,863
Other payables and accrued expenses	**12,737,429**	7,896,202	**11,069,914**	6,530,131
Provisions	**142,974**	423,006	**142,974**	362,306
	36,470,624	9,200,181	**34,803,109**	7,773,410
Total trade and other payables	**328,616,798**	175,715,181	**337,821,737**	181,041,017
Add: Loans and borrowings	**415,212,124**	686,150,174	**414,542,980**	685,733,295
Less: Amount due to contract customer	**(131,594,491)**	–	**(131,594,491)**	–
Less: Freight income received in advance	**(7,193,622)**	(4,478,394)	**(7,193,622)**	(4,478,394)
Less: Provisions	**(142,974)**	(423,006)	**(142,974)**	(362,306)
Total financial liabilities carried at amortised cost	**604,897,835**	856,963,955	**613,433,630**	861,933,612

(a) Trade payables

Credit terms of trade payables granted to the Group and the Company vary from 30 to 90 days (2016: 30 to 90 days).

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

The amounts due to a subsidiary, ultimate holding company, intermediate holding company, immediate holding company and shareholders are unsecured and interest free except for an amount due to immediate holding company of RM15,000,000 and an amount due to other shareholders of RM6,500,000 that bear 6.85% interest rate per annum. All the above amounts are repayable on demand.

15. REVENUE

	Group		Company	
	2017 **RM**	2016 RM	**2017** **RM**	2016 RM
Vessel charter hire income	**223,673,981**	210,489,744	**222,385,343**	210,102,751
EPCIC income	**143,295,674**	381,173,726	**143,295,674**	381,173,726
	366,969,655	591,663,470	**365,681,017**	591,276,477

16. COST OF SALES

	Group		Company	
	2017 **RM**	2016 RM	**2017** **RM**	2016 RM
Cost of services	**174,191,935**	143,377,842	**180,350,414**	143,853,450
EPCIC cost	**318,109,220**	348,728,267	**318,109,220**	348,728,267
	492,301,155	492,106,109	**498,459,634**	492,581,717

17. FINANCE COSTS

	Group		Company	
	2017 **RM**	2016 RM	**2017** **RM**	2016 RM
Interest expense incurred on:				
– Bank overdraft	**235,924**	223,309	**217,462**	223,309
– Finance leases	**30,765**	40,885	**2,280**	6,238
– Discounting of non-current other receivables	**–**	377,554	**–**	377,554
– Conventional and islamic financing	**19,681,641**	17,682,502	**19,681,641**	17,682,502
– Revolving credit	**876,273**	322,244	**876,273**	322,244
– Advances from shareholders	**739,293**	–	**739,293**	–
– Others	**–**	10,596	**–**	9,950
	21,563,896	18,657,090	**21,516,949**	18,621,797
Less: Interest expense capitalised in vessels under construction (Note 4 (c))	**(362,548)**	(1,260,437)	**(362,548)**	(1,260,437)
	21,201,348	17,396,653	**21,154,401**	17,361,360

18. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
(Loss)/profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
– statutory audits	**332,000**	230,000	**278,500**	180,000
– other services	**50,000**	50,000	**50,000**	50,000
– underprovision in prior year	**92,000**	–	**88,500**	–
Depreciation on property, plant and equipment	**59,617,352**	55,562,649	**60,828,238**	56,520,368
Impairment losses on property, plant and equipment	**3,144,916**	–	**3,144,916**	–
Amortisation of intangible asset	**4,775,668**	555,660	**–**	–
Allowance for impairment losses of trade receivables	**2,764,122**	5,133,214	**2,764,122**	5,133,214
Reversal of impairment losses on trade receivables	**(24,000)**	(3,926)	**(24,000)**	(3,926)
Realised foreign exchange gain	**(1,537,059)**	(1,701,336)	**(1,599,201)**	(1,666,290)
Unrealised foreign exchange (gain)/loss	**(27,972,080)**	38,154,543	**(27,334,681)**	37,835,104
Rental of office equipment	**190,263**	36,052	**184,317**	36,052
Rental of staff quarters	**71,250**	41,400	**36,000**	41,400
Rental of office	**227,067**	89,043	**184,317**	89,043
Rental of shipyard	**160,692**	210,000	**160,692**	–
Rental of third party vessels	**29,358,453**	29,758,283	**29,358,453**	29,758,283
Personnel expenses (including key management personnel):				
– Wages, salaries and others	**47,474,321**	35,432,419	**46,074,439**	34,362,291
– Contributions to Employees Provident Fund ("EPF")	**5,217,205**	2,919,834	**5,027,377**	2,770,097
Insurance recoveries	**(12,937,661)**	(1,140,076)	**(12,937,661)**	(1,140,076)
Interest on fixed deposits	**(333,582)**	(2,158,128)	**(333,582)**	(2,158,128)
Interest on finance lease receivable	**–**	(697,747)	**–**	(697,747)
Unwinding of discount	**(156,889)**	–	**(156,889)**	–
Loss on disposal of property, plant and equipment	**–**	3,078,401	**–**	3,078,401

19. DIRECTORS' REMUNERATION

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

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Executive:				
Salaries and other emoluments	**522,385**	414,000	**418,200**	414,000
Fees	**96,000**	75,000	**60,000**	75,000
Bonus	**500**	90,000	**500**	90,000
Contributions to EPF	**82,980**	52,206	**45,493**	52,206
Total executive directors' remuneration (excluding benefits-in-kind)	**701,865**	631,206	**524,193**	631,206
Estimated money value of benefits-in-kind	**344,172**	23,474	**207,072**	23,474
Total executive directors' remuneration (including benefits-in-kind)	**1,046,037**	654,680	**731,265**	654,680
Non-executive:				
Fees	**405,000**	360,000	**360,000**	360,000
Other emoluments	**44,300**	38,800	**41,600**	38,800
Total non-executive directors' remuneration	**449,300**	398,800	**401,600**	398,800
Total directors' remuneration	**1,495,337**	1,053,480	**1,132,865**	1,053,480

19. DIRECTORS' REMUNERATION (CONT'D.)

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

	Group		Company	
	Number of Directors			
	2017	2016	**2017**	2016
Executive Director:				
– RM 750,001 to RM 800,000	**1**	–	**–**	–
– RM 700,001 to RM 750,000	**–**	–	**1**	–
– RM 650,001 to RM 700,000	**–**	1	**–**	1
– RM 250,001 to RM 300,000	**1**	–	**–**	–
Non-executive Directors:				
– RM75,001 to RM100,000	**–**	1	**–**	1
– RM75,000 and below	**11**	6	**9**	6

20. INCOME TAX (CREDIT)/EXPENSE

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the financial years ended 31 December 2017 and 2016 are as follows:

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Statements of comprehensive income				
Income tax:				
– Malaysian income tax	**1,491,400**	8,976,815	**–**	8,502,590
– Over provision in respect of previous financial years	**(4,991,596)**	(1,405,324)	**(4,831,236)**	(1,405,324)
	(3,500,196)	7,571,491	**(4,831,236)**	7,097,266
Deferred tax (Note 13):				
– Relating to origination and reversal of temporary differences	**(12,180,511)**	8,982,927	**(12,179,068)**	9,012,425
– Relating to effect of reduction in Malaysian income tax rate	**–**	(30,028)	**–**	(28,793)
– Under/(over) provision in respect of previous financial years	**4,926,692**	(3,761,902)	**4,823,520**	(3,773,787)
	(7,253,819)	5,190,997	**(7,355,548)**	5,209,845
Income tax (credit)/expense recognised in profit or loss	**(10,754,015)**	12,762,488	**(12,186,784)**	12,307,111

20. INCOME TAX (CREDIT)/EXPENSE (CONT'D.)

Reconciliation between tax (credit)/expense and accounting profit

The reconciliations between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2017 and 2016 are as follows:

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
(Loss)/profit before tax	**(131,902,716)**	21,541,279	**(132,944,053)**	22,944,395
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	**(31,656,652)**	5,169,907	**(31,906,573)**	5,506,655
Non-deductible expenses	**16,258,652**	15,270,837	**15,018,616**	14,489,362
Effect of reduction in Malaysian income tax rate	**–**	(30,028)	**–**	(28,793)
Tax exempt income	**(6,972,322)**	(2,481,002)	**(6,972,322)**	(2,481,002)
Deferred tax assets not recognised	**11,681,211**	–	**11,681,211**	–
Under/(over) provision in respect of previous financial years				
– deferred tax	**4,926,692**	(3,761,902)	**4,823,520**	(3,773,787)
– tax expense	**(4,991,596)**	(1,405,324)	**(4,831,236)**	(1,405,324)
	(10,754,015)	12,762,488	**(12,186,784)**	12,307,111

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

Deferred tax assets have not been recognised in respect of the following item:

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Unutilised business losses	**48,671,713**	–	**48,671,713**	–

21. DIVIDEND

	Dividends recognised in financial year Group and Company	
	2017 RM	2016 RM
Dividend 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

22. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/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	
	2017	2016
(Loss)/profit for the financial year attributable to owners of the parent (RM)	**(121,148,701)**	8,778,791
Weighted average number of ordinary shares in issue	**504,000,000**	504,000,000
Basic (loss)/earnings per share (sen)	**(24.04)**	1.74

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.

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	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Carrying amount				
Fixed rate loans and borrowings (non-current)	**(25,166,439)**	(33,628,322)	**(25,166,439)**	(33,350,275)
Fair value				
Fixed rate loans and borrowings (non-current)	**(27,254,382)**	(37,816,890)	**(27,254,382)**	(37,816,890)

The fair value of fixed rate loans and borrowings is 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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM
31 December 2017			
Fixed rate loans and borrowings	**–**	**(27,254,382)**	**–**
31 December 2016			
Fixed rate loans and borrowings	–	(37,816,890)	–

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	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Carrying amount				
Trade and other receivables (current)				
– Trade receivables	**60,424,452**	65,493,783	**47,761,351**	59,392,547
– Other receivables	**1,702,579**	2,626,933	**1,674,612**	1,877,137
– Deposits	**756,274**	555,058	**705,294**	511,768
– Amount due from subsidiary	**–**	–	**10,734,960**	10,412,903
Cash, bank balances and deposits	**20,675,519**	25,334,221	**19,912,020**	20,533,010
Short term deposits	**–**	189,473,614	**–**	189,473,614
Fixed rate loans and borrowings (current)	**(8,317,190)**	(5,889,284)	**(8,317,190)**	(5,335,512)
Carrying amount				
Floating rate loans and borrowings (current and non-current)	**(375,621,348)**	(639,179,656)	**(375,621,348)**	(639,179,656)
Trade and other payables (current)	**(189,685,711)**	(170,813,781)	**(198,890,650)**	(176,200,317)

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.

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 (2016: 30 days) credit term policy in place and the exposure to credit risk is monitored on an ongoing basis.

<u>Exposure to credit risk</u>

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. The Group and the Company have only invested in fixed deposits and maintains current accounts with licensed banks.

A significant 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.

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	Net RM
Group			
2017			
Not past due	**36,520,068**	**–**	**36,520,068**
Past due 30 – 59 days	**14,879,611**	**–**	**14,879,611**
Past due 60 – 90 days	**5,980,116**	**–**	**5,980,116**
Past due more than 90 days	**3,680,495**	**(635,838)**	**3,044,657**
	61,060,290	**(635,838)**	**60,424,452**
Company			
2017			
Not past due	**29,685,352**	**–**	**29,685,352**
Past due 30 – 59 days	**12,234,684**	**–**	**12,234,684**
Past due 60 – 90 days	**5,434,816**	**–**	**5,434,816**
Past due more than 90 days	**1,042,337**	**(635,838)**	**406,499**
	48,397,189	**(635,838)**	**47,761,351**

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	Net 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
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

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 and Company	
	2017 RM	2016 RM
Trade receivables – nominal amounts	**635,838**	52,676,266
Less: Allowance for impairment	**(635,838)**	(28,450,289)
	–	24,225,977

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.

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

(a) Credit risk (cont'd.)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group and Company	
	2017 RM	2016 RM
At beginning of year	**28,450,289**	23,320,971
Reversal of impairment loss (Note 18)	**(24,000)**	(3,926)
Charge for the financial year (Note 18)	**2,764,122**	5,133,244
Bad debts written off	**(30,554,573)**	–
At end of year	**635,838**	28,450,289

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.

<u>Trade and other receivables that are neither past due nor impaired</u>

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.

<u>Trade receivables that are past due but not impaired</u>

The Group and the Company have trade receivables amounting to RM23,904,384 (2016: RM27,519,627) and RM18,075,999 (2016: RM27,519,627) 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 and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents, bank facilities and financial support from its intermediate holding company deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due. The Group and the Company have profitable vessel charter hire operations as disclosed in Note 29 that generate positive operating cash flows and the Group and the Company have secured sufficient financing facilities from external financial institutions and from their intermediate holding company to complete its EPCIC project.

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							
2017							
Islamic financing facilities							
Bai Bithaman Ajil Financing	27,275,902	6.75%	30,674,993	8,359,392	8,359,392	13,956,209	–
Bai Bithaman Ajil Financing*	8,336,533	i-COF+1.50%	8,946,421	2,882,774	2,769,782	3,293,865	–
Commodity Murabahah*	164,140,138	i-COF+2.50%	177,622,695	55,106,922	52,635,126	69,880,647	–
Musharakah Mutanaqisah*	14,180,498	i-COF+1.85%	15,234,388	6,048,660	5,178,950	4,006,778	–
Conventional financing facilities							
Conventional term loan*	172,604,167	COF+1.50%	199,340,677	42,415,039	39,644,668	92,261,981	25,018,989
Conventional term loan	6,207,727	5.00%	6,791,971	1,853,190	1,853,190	3,085,591	–
Others							
Revolving credit*	16,360,012	COF+1.50%	16,360,012	16,360,012	–	–	–
Finance lease liabilities	406,380	2.40%-3.90%	439,018	216,716	117,684	104,618	-
Bank overdraft	5,700,767	6.45%	5,731,409	5,731,409	–	–	–
Trade and other payables	189,685,711	–	189,685,711	189,685,711	–	–	–
	604,897,835		650,827,295	328,659,825	110,558,792	186,589,689	25,018,989

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-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							
2017							
Islamic financing facilities							
Bai Bithaman Ajil Financing	27,275,902	6.75%	30,674,993	8,359,392	8,359,392	13,956,209	–
Bai Bithaman Ajil Financing*	8,336,533	i-COF+1.50%	8,946,421	2,882,774	2,769,782	3,293,865	–
Commodity Murabahah*	164,140,138	i-COF+2.50%	177,622,695	55,106,922	52,635,126	69,880,647	–
Musharakah Mutanaqisah*	14,180,498	i-COF+1.85%	15,234,388	6,048,660	5,178,950	4,006,778	–
Conventional financing facilities							
Conventional term loan*	172,604,167	COF+1.50%	199,340,677	42,415,039	39,644,668	92,261,981	25,018,989
Conventional term loan	6,207,727	5.00%	6,791,971	1,853,190	1,853,190	3,085,591	–
Others							
Revolving credit*	16,360,012	COF+1.50%	16,360,012	16,360,012	–	–	–
Finance lease liabilities	48,908	2.40%-3.90%	50,166	43,676	6,490	–	–
Bank overdraft	5,389,095	6.45%	5,418,061	5,418,061	–	–	–
Trade and other payables	198,890,650	–	198,890,650	198,890,650	–	–	–
	613,433,630		659,330,034	337,378,376	110,447,598	186,485,071	25,018,989

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-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							
2016							
Islamic financing facilities							
Bai Bithaman Ajil Financing	33,415,357	6.75%	39,034,254	8,359,392	8,359,392	22,315,470	–
Bai Bithaman Ajil Financing*	10,872,000	i-COF+1.50%	11,903,576	2,994,335	2,881,343	6,027,898	–
Commodity Murabahah*	247,304,288	i-COF+2.50%	257,479,130	176,481,961	28,139,866	52,857,303	–
Musharakah Mutanaqisah*	19,157,116	i-COF+1.85%	21,058,937	6,048,660	6,048,660	8,961,617	–
Conventional financing facilities							
Conventional term loan*	209,768,252	COF+1.50%	240,757,595	50,521,366	41,983,451	111,170,316	37,082,462
Conventional term loan	7,696,667	5.00%	8,644,008	1,853,190	1,853,190	4,937,628	–
Others							
Revolving credit*	6,400,000	COF+1.50%	6,428,798	6,428,798	–	–	–
Revolving credit – EPCIC*	145,678,000	COF+2.50%	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") or Islamic COF ("i-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	33,415,357	6.75%	39,034,254	8,359,392	8,359,392	22,315,470	–
Bai Bithaman Ajil Financing*	10,872,000	i-COF+1.50%	11,903,576	2,994,335	2,881,343	6,027,898	–
Commodity Murabahah*	247,304,288	i-COF+2.50%	257,479,130	176,481,961	28,139,866	52,857,303	–
Musharakah Mutanaqisah*	19,157,116	i-COF+1.85%	21,058,937	6,048,660	6,048,660	8,961,617	–
Conventional financing facilities							
Conventional term loan*	209,768,252	COF+1.50%	240,757,595	50,521,366	41,983,451	111,170,316	37,082,462
Conventional term loan	7,696,667	5.00%	8,644,008	1,853,190	1,853,190	4,937,628	–
Others							
Revolving credit*	6,400,000	COF+1.50%	6,428,798	6,428,798	–	–	–
Revolving credit – EPCIC*	145,678,000	COF+2.50%	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") or Islamic COF ("i-COF")

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

(c) Changes in liabilities arising from financing activities

	1 January 2017 RM	Cash flows RM	Foreign exchange movement RM	New leases RM	Other RM	31 December 2017 RM
Group						
Current interest-bearing loans and borrowings (excluding items listed below)	384,475,323	(353,150,093)	–	–	89,767,280	121,092,510
Current obligations under finance lease liabilities	187,501	(203,074)	–	15,573	197,262	197,262
Non-current interest-bearing loans and borrowings (excluding items listed below)	301,160,397	–	(16,453,220)	98,416,610	(89,410,553)	293,713,234
Non-current obligations under finance lease liabilities	326,953	–	–	79,427	(197,262)	209,118
Total liabilities from financing activities	686,150,174	(353,353,167)	(16,453,220)	98,511,610	356,727	415,212,124
Company						
Current interest-bearing loans and borrowings (excluding items listed below)	384,475,323	(353,150,093)	–	–	89,455,608	120,780,838
Current obligations under finance lease liabilities	48,669	(48,667)	–	–	42,473	42,475
Non-current interest-bearing loans and borrowings (excluding items listed below)	301,160,397	–	(16,453,220)	98,416,610	(89,410,553)	293,713,234
Non-current obligations under finance lease liabilities	48,906	–	–	–	(42,473)	6,433
Total liabilities from financing activities	685,733,295	(353,198,760)	(16,453,220)	98,416,610	45,055	414,542,980

The "Other" column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance lease liabilities to current due to the passage of time and the effect of accrued but not yet paid interest on interest bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

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

(d) 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
2017					
Group					
Trade and other receivables	42,962,595	–	–	–	–
Cash, bank balances and deposits	5,206,744	–	–	–	–
Trade and other payables	(220,755,140)	(13,722,846)	(103,204)	(3,470,005)	(5,936)
Loans and borrowings	(172,758,829)	–	–	–	–
Net exposure	(345,344,629)	(13,722,846)	(103,204)	(3,470,005)	(5,936)
Company					
Trade and other receivables	30,991,049	–	–	–	–
Cash, bank balances and deposits	5,206,744	–	–	–	–
Trade and other payables	(220,719,030)	(13,529,766)	(79,926)	(3,470,005)	(5,936)
Loans and borrowings	(172,758,829)	–	–	–	–
Net exposure	(357,280,065)	(13,529,766)	(79,926)	(3,470,005)	(5,936)

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

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

Exposure to foreign currency risk (cont'd.)

	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)

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

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

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's and the Company's (loss)/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.

	(Loss)/profit net of tax	
	2017 RM	2016 RM
Group		
USD/RM		
– strengthened 10% (2016: 10%)	**(26,246,192)**	(9,149,764)
– weakened 10% (2016: 10%)	**26,246,192**	9,149,764
SGD/RM		
– strengthened 10% (2016: 10%)	**(1,042,936)**	(341,397)
– weakened 10% (2016: 10%)	**1,042,936**	341,397
EURO/RM		
– strengthened 10% (2016: 10%)	**(7,844)**	(62,415)
– weakened 10% (2016: 10%)	**7,844**	62,415
JPY/RM		
– strengthened 10% (2016: 10%)	**(263,720)**	(277,819)
– weakened 10% (2016: 10%)	**263,720**	277,819
GBP/RM		
– strengthened 10% (2016: 10%)	**(451)**	(9,145)
– weakened 10% (2016: 10%)	**451**	9,145

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

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

Currency risk sensitivity analysis (cont'd.)

	(Loss)/profit net of tax	
	2017 RM	2016 RM
Company		
USD/RM		
– strengthened 10% (2016: 10%)	**(27,153,285)**	(9,586,332)
– weakened 10% (2016: 10%)	**27,153,285**	9,586,332
SGD/RM		
– strengthened 10% (2016: 10%)	**(1,028,262)**	(340,697)
– weakened 10% (2016: 10%)	**1,028,262**	340,697
EURO/RM		
– strengthened 10% (2016: 10%)	**(6,074)**	(62,415)
– weakened 10% (2016: 10%)	**6,074**	62,415
JPY/RM		
– strengthened 10% (2016: 10%)	**(263,720)**	(277,819)
– weakened 10% (2016: 10%)	**263,720**	277,819
GBP/RM		
– strengthened 10% (2016: 10%)	**(451)**	(6,950)
– weakened 10% (2016: 10%)	**451**	6,950

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

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages the interest rate exposure by maintaining a mixed of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group	
	2017 RM	2016 RM
Fixed rate instruments		
Financial assets	**7,225,455**	199,315,093
Financial liabilities	**(33,483,629)**	(39,517,606)
Floating rate instruments		
Financial liabilities	**(375,621,348)**	(639,179,656)

	Company	
	2017 RM	2016 RM
Fixed rate instruments		
Financial assets	**6,578,361**	198,745,278
Financial liabilities	**(33,483,629)**	(46,553,639)
Floating rate instruments		
Financial liabilities	**(375,621,348)**	(639,179,656)

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

(e) 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		
2017		
Floating rate instruments	**2,854,722**	**(2,854,722)**
Group and Company		
2016		
Floating rate instruments	4,857,765	(4,857,765)

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 and the requirements of the financial covenants. 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 2017 and 31 December 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. 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.

The Group has met its externally imposed financial covenants as described in Note 12(b) during the financial year.

25. CAPITAL MANAGEMENT (CONT'D.)

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Loans and borrowings	**415,212,124**	686,150,174	**414,542,980**	685,733,295
Trade and other payables	**189,685,711**	170,813,781	**198,890,650**	176,200,317
Less: Cash, bank balances and deposits	**(20,675,519)**	(25,334,221)	**(19,912,020)**	(20,533,010)
Short term deposits	**–**	(189,473,614)	**–**	(189,473,614)
Net debt	**584,222,316**	642,156,120	**593,521,610**	651,926,988
Equity attributable to the owners of the parent	**152,652,611**	273,801,312	**165,143,854**	285,901,123
Capital and net debt	**736,874,927**	915,957,432	**758,665,464**	937,828,111
Gearing ratio	**79%**	70%	**78%**	70%

26. RELATED PARTIES DISCLOSURES

In addition to the transactions detailed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year.

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Holding companies				
Kulim (Malaysia) Berhad				
– Internal audit fee	**106,000**	106,371	**106,000**	106,371
– Travelling expenses	**57,280**	–	**57,280**	–
– Others	**8,997**	–	**8,997**	–
Sindora Berhad				
– Shareholder's advances	**15,000,000**	–	**15,000,000**	–
– Interest charged	**476,089**	–	**476,089**	–

26. RELATED PARTIES DISCLOSURES (CONT'D.)

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Holding companies (cont'd.)				
Johor Corporation				
– Secretarial costs	**51,786**	27,123	**44,942**	27,123
– Salaries paid on behalf	**512,534**	–	**512,534**	–
– Travelling expenses	**20,202**	–	**20,202**	–
– Others	**17,298**	–	**17,298**	–
Subsidiaries				
Johor Shipyard and Engineering Sdn. Bhd.				
– Construction of vessels	**–**	–	**1,100,000**	14,045,000
Libra Perfex Precision Sdn. Bhd.				
– Charter hire of vessels	**–**	–	**(20,919,395)**	(9,779,072)
Shareholders				
Dato' Ir. Abdul Hak bin Md Amin				
– Shareholder's advances	**4,500,000**	–	**4,500,000**	–
– Interest charged	**170,547**	–	**170,547**	–
Datin Hamidah binti Omar				
– Rental paid	**36,000**	38,000	**36,000**	38,000
– Shareholder's advances	**2,000,000**	–	**2,000,000**	–
– Interest charged	**155,521**	–	**155,521**	–

26. RELATED PARTIES DISCLOSURES (CONT'D.)

	Group		Company	
	2017 RM	2016 RM	**2017 RM**	2016 RM
Other related parties				
Pro Corporate Management Services Sdn. Bhd.*				
– Registrar costs	**52,045**	–	**52,045**	–
Tiram Travel Sdn. Bhd.*				
– Travelling expenses	**–**	6,590	**–**	6,590
Puteri Hotels Sdn. Bhd.*				
– Accomodation fees	**209,239**	78,636	**209,239**	78,636
Berkat Global Sdn. Bhd.**				
– Survey fees and material supply	**83,407**	505,246	**83,407**	505,246
EPASA Shipping Agency Sdn. Bhd. ***				
– Shipping agency fee and supply of spare parts	**323,955**	228,479	**323,955**	228,479

* 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.

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 and Company	
	2017 **RM**	2016 RM
(a) Vessels under construction		
Contracted but not provided for	**–**	7,200,000
(b) Shipyard under construction		
Approved but not contracted for	**7,538,700**	7,538,700

28. SIGNIFICANT EVENTS

On 22 November 2016, the Company announced that it has mutually agreed with MTC Engineering Sdn. Bhd. ("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 ("the 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 Company has received approval from the Shareholders on the Acquisition of the Topside Equipment from MTCE in its Extraordinary General Meeting which was held on 20 March 2017. All conditions precedents to the SPA have been met by all parties. The disbursements to the respective parties have been completed on 23 June 2017.

The acquisition has been duly completed and an announcement was made on 1 August 2017. The Novation of Revised Contract between MTCE, the Company and Vestigo Petroleum Sdn. Bhd. ("VPSB") was entered on 11 April 2017. Pursuant to the Novation of Revised Contract, the Company will lease the vessel with the Topside Equipment directly to VPSB.

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) Vessel charter hire and other income ("Charter hire") – Vessel charter hire income is recognised on a straight-line basis over the lease term determined at the inception of the lease.

(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:

	Charter hire RM	EPCIC RM	Total RM
31 December 2017			
Revenue:			
External customers	**223,673,981**	**143,295,674**	**366,969,655**
Results:			
Segment profit/(loss)	**54,428,826**	**(165,638,494)**	**(111,209,668)**
Finance income			**508,300**
Finance costs			**(21,201,348)**
Profit before tax			**(131,902,716)**
Total assets	**886,732,018**	**13,859,682**	**900,591,700**
Total liabilities	**550,730,387**	**197,208,702**	**747,939,089**
Capital expenditure	**163,099,713**	**–**	**163,099,713**

29. SEGMENT INFORMATION (CONT'D.)

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

	Charter hire 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

There are four external customers (2016: four) who contribute 87% (2016: 90%) or more on total revenues of the Group.

	Group	
	2017 RM	2016 RM
Charter hire		
Customer A	**95,382,078**	79,793,409
Customer B	**52,634,250**	42,732,646
Customer C	**27,003,329**	28,772,063
	175,019,657	151,298,118
EPCIC:		
Customer D	**143,295,674**	381,173,726
	318,315,331	532,471,844

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 2017 (RM '000)
E.A. Technique	Setiawangsa Business Suite, C-3A-3A, No. 2, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Freehold	Commercial unit at fourth (4th) floor of a five (5) - storey office block held for our head office	8 February 2007	11	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 July 2004	13	Built-up: 845 Land area: not applicable	153

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
E.A. Technique	Hamidah Bt Omar	Idaman Puteri No 17-11 Jalan 13/21D Medan Idaman 53100 Gombak, Selangor Darul Ehsan	Three (3) years commencing from 1st March 2012 and terminate on 28th February 2015. Currently the HR Dept. is reviewing for a new contract	Apartment for seafarers in-transit	Land area: not applicable
E.A. Technique	Mohamed Jeyavudeen bin P Abd Rashid	Unit B-0-1, Unit B-1-1 Block B, Setiawangsa Business Suites, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	One (1) years + 1 year tenancy commencing from 15 December 2016 and expiring on 14 December 2018	Two (2) unit of office lot for office use	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	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 14 MARCH 2018

Authorised Shares	: 800,000,000
Issued Shares	: 504,000,000
Class of Shares	: Ordinary Share

VOTING RIGHT OF SHAREHOLDERS

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

BREAK DOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	10	0.57	200	–
100 – 1000	140	7.91	88,000	0.02
1,001 – 10,000	775	43.81	4,753,800	0.94
10,001 – 100,000	688	38.89	24,527,700	4.87
100,001 to less than 5 of Issued Capital	153	8.65	127,438,600	25.28
5 and above of Issued Capital	3	0.17	347,191,700	68.89
TOTAL	**1,769**	**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	66,550,000	13.20
3	CIMSec Noms (T) Sdn Bhd - A/C For Hamidah binti Omar (PB)	25,641,700	5.09
4	Kulim (Malaysia) Berhad	12,884,300	2.56
5	CIMSec Noms (T) Sdn Bhd - A/C CIMB For Abdul Hak bin Md Amin (PB)	10,000,000	1.98
6	Citigroup Noms (T) Sdn Bhd - A/C Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund	9,746,900	1.93
7	Alliancegroup Noms (T) Sdn Bhd - A/C For Lim Chai Beng (7001398)	9,409,700	1.87
8	CIMSec Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	8,000,000	1.59
9	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	6,632,000	1.32
10	Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board (PHEIM)	5,474,400	1.09
11	RHB Noms (T) Sdn Bhd - A/C For Lim Chai Beng	4,038,300	0.80
12	PFM Capital Sdn Bhd	3,648,000	0.72
13	AMSec Noms (T) Sdn Bhd - A/C MTrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	3,422,400	0.68
14	Citigroup Noms (A) Sdn Bhd - A/C Exempt An for Citibank New York (Norges Bank 14)	2,373,500	0.47
15	RHB Capital Noms (T) Sdn Bhd - A/C For Lim Chai Beng (CEB)	2,089,800	0.41
16	Maybank Noms (T) Sdn Bhd - A/C Etiqa Life Insurance Berhad (Balance)	1,933,300	0.38
17	CIMB Islamic Noms (T) Sdn Bhd - A/C CIMB Islamic Trustee Bhd for BIMB I Dividend Fund	1,394,100	0.28

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	Citigroup Noms (T) Sdn Bhd - A/C Kumpulan Wang Persaraan (Diperbadankan) (MYBK AM SC E)	1,281,000	0.25
19	Lim Hui Huat @ Lim Hooi Chang	1,125,000	0.22
20	Affin Hwang Noms (T) Sdn. Bhd. - A/C For Mohd Fauzy Bin Abdullah (M09)	1,100,000	0.22
21	Zalaraz Sdn Bhd	1,050,000	0.21
22	Md Yusoff bin Abdul Ghaffar	1,036,000	0.21
23	CIMSEC Noms (T) Sdn Bhd - A/C CIMB Bank for Arshad bin Ayub (MY1393)	1,000,000	0.20
24	Public Noms (T) Sdn Bhd - A/C For Tam Seng @ Tam Seng Sen (E-PTS)	1,000,000	0.20
25	CIMB Group Noms (T) Sdn Bhd - A/C CIMB Islamic Trustee Berhad for Pacific Dana Aman (3717 TRO1)	966,100	0.19
26	RHB Noms (T) Sdn Bhd - A/C For Lee Hin Chia	965,500	0.19
27	Maybank Noms (T) Sdn Bhd - A/C For Abd Talib bin Bachek	903,900	0.18
28	Johor Corporation	902,000	0.18
29	Maybank Noms (T) Sdn Bhd - A/C Adam Shah bin Abdul Majid	849,800	0.17
30	Ali Noor Razak bin Mohd Noor Sidek	815,000	0.16

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 CIMB For Abdul Hak bin Md Amin (PB) - CIMSec Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	 66,550,000 10,000,000 8,000,000	84,550,000	16.78	26,206,200	5.20
CIMSec Noms (T) Sdn Bhd - A/C For Hamidah binti Omar (PB)		25,641,700	5.09	–	–

ANALYSIS OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Malaysian - Bumiputra	704	39.80	439,424,400	87.19
- Others	1,043	58.96	60,611,300	12.02
Foreigners	22	1.24	3,964,300	0.79
TOTAL	**1,769**	**100.00**	**504,000,000**	**100.00**

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fourth (24th) Annual General Meeting **("AGM")** of E.A. Technique (M) Berhad (**"EAT"** or the **"Company"**) will be held at Permata Ballroom, Level B2, The Puteri Pacific Johor Bahru, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, Malaysia on Monday, 14 May 2018 at 12:00 noon, 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 2017. **Please refer to Note (a)**

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

((i)	Dato' Ir. Abdul Hak bin Md Amin	- Article 113	**Resolution 1**
(ii)	Datuk Anuar bin Ahmad	- Article 113	**Resolution 2**
(iii)	Dato' Kamaruzzaman bin Abu Kassim	- Article 120	**Resolution 3**
(iv)	Aziah binti Ahmad	- Article 120	**Resolution 4**

3. To approve the payment of Proposed Directors' fees of RM360,000 ("Proposed Directors' Fees") for the financial year ending 31 December 2018 (2017 : RM360,000). (See Note (d)) **Resolution 5**

4. To approve the payment of Remunerations (excluding Proposed Directors' Fees) to Non-Executive Directors ("NED") for the period from 15 May 2018 until the conclusion of the next AGM of the Company ("Relevant Period"). (See Note (d)) **Resolution 6**

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

SPECIAL BUSINESS

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

6. **Ordinary Resolution**
   Authority to Issue and Allot Shares Pursuant To Section 75 of the Companies Act, 2016 **Resolution 8**

   "**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 Main Market of Bursa Malaysia Securities Berhad **("Bursa Securities")** and that such authority shall continue in force until the conclusion of the next AGM of the Company. (See Note (b))

7. **Ordinary Resolution**
<u>Proposed Share Buy-Back Renewal</u> **Resolution 9**

"**THAT**, subject to Section 127 of the Act, the provisions of the Main Market Listing Requirements of the Bursa Securities **("Listing Requirements")** 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 Malaysia in accordance with the relevant rules of Bursa Malaysia; 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 Listing Requirements 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 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 (c))

BY ORDER OF THE BOARD

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

Johor Bahru, Johor
13 April 2018

NOTES:

Proxy

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 7 May 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 24th Annual General Meeting (AGM).

2. A Member entitled to attend, speak and vote at this 24th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a Member of the Company.

3. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at this 24th AGM provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

   Where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

   Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.

4. 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 its common seal or under the hand of an officer or attorney of the corporation duly authorised.

5. The instrument appointing a proxy must be deposited at the registered office of the Company, E.A. Technique (M) Berhad, Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia not less than 24 hours before the time set for this 24th AGM.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Abstention from Voting

Any Director referred to in Resolution 1, 2, 3 and 4 who is a shareholder of the Company shall abstain from voting on the resolution in respect of his election or re-appointment as Director of the Company at the 24th AGM.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS

(a) 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.

(b) The Ordinary Resolution 8, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company. The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

(c) The proposed Ordinary Resolution 9, if passed will enable 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 13 April 2018 which is despatched together with the Company's Annual Report for the year ended 2017.

(d) 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 this respect, the Board of Directors of the Company hereby agree that the shareholders' approval shall be sought at the 24th AGM, from 15 May 2018 until the conclusion of the next AGM of the Company in 2019.

The proposed Resolution 6, 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 Proposed Directors' fees) proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval of the shareholders of the Company will be sought at the next AGM for the additional remuneration to meet the shortfall. The estimated amount of RM54,000 for the Relevant Period is derived from a total of RM41,600 for FY2018 and a total of RM12,400 for the period from 1 January 2019 until the next AGM in 2019.

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

i) Directors' Fees

	2017	**2018**
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

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election or re-appointment) at the 24th AGM of the Company.

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 24th Annual General Meeting of the Company to be held at Permata Ballroom, Level B2, The Puteri Pacific Johor Bahru, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, Malaysia on Monday, 14 May 2018 at 12:00 noon and at any adjournment thereof in respect of my/our holdings of shares in the manner indicated below:

Resolution	Description	For	Against
1	To re-elect Director – Dato' Abdul Hak bin Md Amin		
2	To re-elect Director – Datuk Anuar bin Ahmad		
3	To re-elect Director – Dato' Kamaruzzaman bin Abu Kassim		
4	To re-elect Director – Aziah binti Ahmad		
5	To approve payment of Directors' fees		
6	To approve payment of Directors' remuneration		
7	To re-appoint Messrs. Ernst & Young as auditors		
8	Authority to allot & issue shares		
9	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)

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

____
Signature(s)/Common Seal of Shareholder(s)

Dated this ____________ day of ____________ 2018

NOTE:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 7 May 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 24th Annual General Meeting (AGM).
2. A Member entitled to attend, speak and vote at this 24th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a Member of the Company.
3. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at this 24th AGM provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

   Where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

   Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.
4. 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 its common seal or under the hand of an officer or attorney of the corporation duly authorised.
5. The instrument appointing a proxy must be deposited at the registered office of the Company, E.A. Technique (M) Berhad, Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia not less than 24 hours before the time set for this 24th AGM.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

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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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