

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

8.1 Promoters and substantial shareholders

8.1.1 Shareholdings

The direct and indirect interest of our Promoters and substantial shareholders in our Company before our IPO and after our IPO is set out below:-

	Nationality/ Country of Incorporation	Before IPO				After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%
<u>Promoters and substantial shareholders</u>									
Sindora	Malaysia	255,000	65.4	-	-	255,000	50.6	-	-
Dato’ Hak	Malaysian	96,000	24.6	⁽¹⁾ 39,000	10.0	90,900	18.0	⁽¹⁾ 29,100	5.8
Datin Hamidah	Malaysian	39,000	10.0	⁽²⁾ 96,000	24.6	29,100	5.8	⁽²⁾ 90,900	18.0
Kulim	Malaysia	-	-	⁽³⁾ 255,000	65.4	-	-	⁽³⁾ 255,000	50.6
<u>Other substantial shareholder</u>									
JCorp	Malaysia	-	-	⁽⁴⁾ 255,000	65.4	-	-	⁽⁴⁾ 255,000	50.6

Notes:-

- (1) Deemed interested by virtue of his spouse’s shareholdings in our Company pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of her spouse’s shareholdings in our Company pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of its interest in Sindora pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of its interest in Kulim pursuant to Section 6A of the Act.

Save as disclosed above, our Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over our Company.

8.1.2 Profiles of Promoters

Kulim, Sindora, Dato’ Hak and Datin Hamidah are the Promoters as well as the substantial shareholders of our Company.

Kulim was incorporated as a private limited company in Malaysia under the Act on 3 July 1975 as Kulim (Malaysia) Sdn Bhd and converted to a public company as Kulim (Malaysia) Berhad on 18 August 1975. Kulim was listed on the Main Board of Bursa Securities (presently known as Main Market of Bursa Securities) on 14 November 1975.

Kulim is principally engaged in oil palm plantation, investment holdings and property investment. The principal activities of its subsidiaries consist mainly of oil palm planting, crude palm oil processing, plantation management services and consultancy, sea transportation, sales of wood based products, as well as property investment.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

As at the LPD, the authorised share capital of Kulim is RM500,000,000 comprising 2,000,000,000 ordinary shares of RM0.25 each. The issued and paid-up share capital of Kulim as at the LPD is approximately RM323,642,408 comprising 1,294,569,631 ordinary shares of RM0.25 each ("**Kulim Share(s)**") excluding 15,322,000 Kulim Shares which are held as treasury shares. As at the LPD, there are 124,153,940 of warrants ("**Warrant(s)**") and 54,106,250 employees' share option scheme options ("**ESOS Option(s)**") that have yet to be exercised into Kulim Shares.

The directors of Kulim and their respective holdings in Kulim Shares, Warrants and ESOS Option as at the LPD are set out below:-

Directors	Nationality	Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of shares (⁽¹⁾ 000)	(⁽¹⁾ %)	No. of shares (⁽¹⁾ 000)	(⁽¹⁾ %)	No. of Warrants (⁽¹⁾ 000)	(⁽²⁾ %)	No. of Warrants (⁽¹⁾ 000)	(⁽²⁾ %)	No. of ESOS Options (⁽¹⁾ 000)	(⁽³⁾ %)	No. of ESOS Options (⁽¹⁾ 000)	(⁽³⁾ %)
Dato' Kamaruzzaman bin Abu Kassim (M)	Malaysian	-	-	-	-	-	-	-	-	1,000	1.85	-	-
Ahamad bin Mohamad (M)	Malaysian	963	0.08	-	-	-	-	-	-	500	0.92	-	-
Wong Seng Lee (M)	Malaysian	301	0.02	-	-	56	0.05	-	-	200	0.37	-	-
Abdul Rahman bin Sulaiman (M)	Malaysian	-	-	-	-	-	-	-	-	250	0.46	-	-
Jamaludin bin Md Ali (M)	Malaysian	50	(⁽⁵⁾)	-	-	-	-	-	-	200	0.37	-	-
Rozan bin Mohd Sa'at (M)	Malaysian	9	(⁽⁵⁾)	-	-	(⁽⁶⁾)	(⁽⁵⁾)	-	-	150	0.28	-	-
Datin Paduka Siti Sa'diah binti Sheikh Bakir (F)	Malaysian	278	0.02	-	-	35	0.03	-	-	150	0.28	-	-
Zulkifli bin Ibrahim (M)	Malaysian	-	-	-	-	-	-	-	-	150	0.28	-	-
Tan Sri Dato' Seri Utama Arshad bin Ayub (M)	Malaysian	2,477	0.19	(⁽⁴⁾)4,901	0.38	-	-	(⁽⁴⁾)250	0.20	150	0.28	-	-
Datuk Haron bin Siraj (M)	Malaysian	-	-	-	-	-	-	-	-	150	0.28	-	-
Dr. Radzuan bin A. Rahman (M)	Malaysian	-	-	-	-	-	-	-	-	150	0.28	-	-
Leung Kok Keong (M)	Malaysian	-	-	-	-	-	-	-	-	150	0.28	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**Notes:-**

- (1) Based on 1,279,247,631 Kulim Shares in issue, which does not include 15,322,000 treasury shares held by Kulim as at the LPD.
 (2) Based on 124,153,940 outstanding Warrants as at the LPD.
 (3) Based on 54,106,250 outstanding ESOS Options as at the LPD.
 (4) Deemed interested through his interest in Zalaraz Sdn Bhd pursuant to Section 6A of the Act.
 (5) Negligible
 (6) Represents 100 units of Warrants.

The substantial shareholders of Kulim and their respective shareholdings and warrant holdings in Kulim as at the LPD are set out below:-

Substantial shareholders	Country of incorporation	Direct		Indirect		Direct		Indirect	
		No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Warrants ('000)	(2)%	No. of Warrants ('000)	(2)%
JCorp	Malaysia	679,785	53.14	⁽³⁾ 94,563	7.39	15,176	12.22	⁽⁴⁾ 50,332	40.54
Kumpulan Wang Persaraan (Diperbadankan)	Malaysia	107,330	8.39	-	-	-	-	-	-

Notes:-

- (1) Based on 1,279,247,631 Kulim Shares in issue, which does not include 15,322,000 treasury shares held by Kulim as at the LPD.
 (2) Based on 124,153,940 outstanding Warrants as at the LPD.
 (3) Deemed interest through its interests in JCorp Capital Solutions Sdn Bhd (formerly known as Jedcon Engineering Survey Sdn Bhd), Johor Ventures Sdn Bhd, Intrapreneur Development Sdn Bhd, Tenaga Utama (J) Berhad and Waqaf An-Nur Corporation Berhad pursuant to Section 6A of the Act.
 (4) Deemed interest through its interests in JCorp Capital Solutions Sdn Bhd (formerly known as Jedcon Engineering Survey Sdn Bhd), Johor Ventures Sdn Bhd, Tenaga Utama (J) Berhad and Waqaf An-Nur Corporation Berhad pursuant to Section 6A of the Act.

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Sindora was incorporated as a public company in Malaysia under the Act on 30 December 1972. Sindora commenced its business operations in 1974 and was subsequently listed on the Main Board of Bursa Securities (presently known as the Main Market of Bursa Securities) on 7 December 1995. The entire issued and paid-up share capital of Sindora was removed from the Official List of Bursa Securities on 30 November 2011 following the completion of the take-over offer made by Kulim. The notice of the take-over was served on 16 August 2011 and wholly satisfied in cash. Kulim had at the close of acceptances received acceptances of more than 90.0% of the offer shares not held by Kulim and persons acting in concert, and had invoked compulsory acquisition proceedings to successfully complete the privatisation of Sindora. Sindora is principally involved in intrapreneur ventures business and operation of oil palm plantations, palm oil milling and rubber estate.

As at the LPD, Sindora has an authorised share capital of RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each, of which RM96,000,000 comprising 96,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

As at the LPD, the Directors of Sindora are Ahamad bin Mohamad, Abdul Rahman bin Sulaiman, Jamaludin bin Md Ali and Nasharuddin bin Shukor. As at the LPD, Sindora is a wholly-owned subsidiary of Kulim.

Dato' Hak, a Malaysian aged 60, is our Managing Director. He was appointed to our Board on 1 February 2002. He is responsible for the day-to-day operations and business activities of our Group.

He graduated with a Bachelor of Science in Marine Engineering from Merchant Marine Academy, Jakarta in 1976. He also holds a Master of Science in Project Engineering from the University of Lancaster, United Kingdom, a Diploma in Ship Survey from Det Norske Veritas, Oslo, Norway, and the Certificate of Competency as a Foreign Going Marine Engineer. He is currently registered as a Professional Engineer with the Board of Engineers, Malaysia. He began his career as a marine engineer onboard ocean going vessels owned by Malaysian International Shipping Corporation Sdn Bhd in 1976 prior to becoming a project manager with Malaysian Fisheries Development Authority in 1981. In mid of 1981, he worked as a mill engineer at Sime Darby Plantation Berhad for approximately two (2) years and later became the project engineer at Bank Pembangunan Malaysia Berhad in mid-1983 until end of 1983. Subsequent to his departure, he joined Det Norske Veritas (Singapore) Pte Ltd as a ship and engineering surveyor. His job scope involved surveying ships in service/in operation, surveying ships under construction, surveying of offshore structures under construction, approval of ship designs, conducting trainings to newly recruited Ship and Engineering Surveyors, and giving feedback/contributing to the development of "Det Norske Veritas' Steel Ship Rules". During his tenure with Det Norske Veritas (Singapore) Pte Ltd, he was posted to various countries and was subsequently promoted to be a principal surveyor in 1990. In the same year, he also became the managing director of Det Norske Veritas Sdn Bhd, of which he held the position until 2002.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

In 2002, he joined our Company as the Managing Director, focusing on our Company's business strategy and has overseen the growth of our Company from chartering of vessels from third party owners to vessel owning and also shipbuilding. Currently, he is actively involved in the local maritime fraternity and holds many positions in various shipping related non-governmental organisations. He was formerly the President of Institut Kelautan Malaysia (IKMAL). Presently, he is the Vice Chairman of Malaysian Shipowners Association (MASA), Member of Australia Asia Committee for Bureau Veritas, Member for Nippon Kaiji Kyokai Malaysia Committee, and Chancellor of Ranaco Education and Training Institute (RETI) Terengganu. He is also the industry advisor to University Kuala Lumpur, Malaysian Institute of Marine Engineering Technology (UNIKL MIMET) and University Technology Malaysia (UTM) for maritime studies. Since 2010, he has been part of the Malaysian delegation at International Maritime Organisation (IMO)'s Marine Environment Protection Committee (MEPC) meetings in London.

Datin Hamidah, a Malaysian aged 53, is our Promoter and substantial shareholder. She graduated with a Certificate of Accounting from Goon College, Kuala Lumpur in 1979. She began her career as an accounts clerk in Hilton Hotel, Kuala Lumpur. A year later, she joined the Malaysian Fisheries Development Authority (LKIM) as an assistant auditor until 1983. After she resigned in 1983, she became a housewife until 1993, when she established E.A. Technique with the initial business of cargo broking. Later on in 1995, with the assistance of Ir. Zulkifli Mohd Amin, they ventured into new businesses such as marine consultancy services and ship chartering. During her tenure in our Company, she managed all the financial aspects of our Company on a day-to-day basis. She retired in 2007 but currently holds substantial shares in our Company.

8.1.3 Profile of other substantial shareholder

The profile of our other substantial shareholder apart from Kulim, Sindora, Dato' Hak and Datin Hamidah is as follows:-

JCorp was incorporated under the Johor Corporation Enactment No. 4 of 1968 (as amended by Enactment No. 5 of 1995). JCorp is principally engaged in palm oil business, property development and management and investment holding. The principal activities of the JCorp Group consist mainly of palm oil business, healthcare services, property development and management, intrapreneur ventures, quick service restaurants and investment holding.

As at the LPD, the Directors of JCorp are Dato' Seri Mohamed Khaled bin Nordin, Tan Sri Dr Ali bin Hamsa, Dato' Kamaruzzaman bin Abu Kassim, Dato' Haji Ismail bin Karim, Dato' Ishak bin Sahari, Tuan Haji Marsan bin Kassim, Tuan Haji Md Jais bin Haji Sarday, Dato' Hafsah binti Hashim, Dato' Siti Zauyah binti Mohd Desa and Encik Izaddeen bin Daud.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.1.4 Changes in shareholdings**

The table below sets forth our Promoters' and substantial shareholders' direct and indirect interests in our Company for the past three financial years up to the LPD:-

Promoters and substantial shareholders	Shareholdings in our Company as at 31 December 2011								Shareholdings in our Company as at 31 December 2012							
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	#%	No. of Shares	#%	No. of RCCP Shares	%	No. of RCCP Shares	%	No. of Shares	#%	No. of Shares	#%	No. of RCCP Shares	%	No. of RCCP Shares	%
	('000)		('000)		('000)		('000)		('000)		('000)		('000)		('000)	
Sindora	22,461	51.0	-	-	6,578	73.1	-	-	22,461	51.0	-	-	6,578	73.1	-	-
Dato' Hak	14,974	34.0	⁽¹⁾ 6,606	15.0	1,679	18.7	⁽¹⁾ 741	8.2	14,974	34.0	⁽¹⁾ 6,606	15.0	1,679	18.7	⁽¹⁾ 741	8.2
Datin Hamidah	6,606	15.0	⁽²⁾ 14,974	34.0	741	8.2	⁽²⁾ 1,679	18.7	6,606	15.0	⁽²⁾ 14,974	34.0	741	8.2	⁽²⁾ 1,679	18.7
Kulim	-	-	⁽³⁾ 22,461	51.0	-	-	⁽³⁾ 6,578	73.1	-	-	⁽³⁾ 22,461	51.0	-	-	⁽³⁾ 6,578	73.1
Other substantial shareholder																
JCorp	-	-	⁽⁴⁾ 22,461	51.0	-	-	⁽⁴⁾ 6,578	73.1	-	-	⁽⁴⁾ 22,461	51.0	-	-	⁽⁴⁾ 6,578	73.1

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Promoters and substantial shareholders	Shareholdings in our Company as at 31 December 2013								Shareholdings in our Company as at the LPD							
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
					⁽⁵⁾ No. of RCCP Shares		No. of RCCP Shares						No. of RCCP Shares		No. of RCCP Shares	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	⁽¹⁾ %	No. of Shares ('000)	⁽¹⁾ %	No. of Shares ('000)	%	No. of Shares ('000)	%
Sindora	198,900	51.0	-	-	-	-	-	-	255,000	65.4	-	-	-	-	-	-
Dato' Hak	132,600	34.0	⁽¹⁾ 58,500	15.0	-	-	-	-	96,000	24.6	⁽¹⁾ 39,000	10.0	-	-	-	-
Datin Hamidah	58,500	15.0	⁽²⁾ 132,600	34.0	-	-	-	-	39,000	10.0	⁽²⁾ 96,000	24.6	-	-	-	-
Kulim	-	-	⁽³⁾ 198,900	51.0	-	-	-	-	-	-	⁽³⁾ 255,000	65.4	-	-	-	-
Other substantial shareholder																
JCorp	-	-	⁽⁴⁾ 198,900	51.0	-	-	-	-	-	-	⁽⁴⁾ 255,000	65.4	-	-	-	-

Notes:-

Ordinary shares of RM1.00 each in our Company. Prior to a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each held our Company into four (4) Shares which was completed on 30 December 2013.

(1) Deemed interested by virtue of his spouse's shareholdings in our Company pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of her spouse's shareholdings in our Company pursuant to Section 6A of the Act.

(3) Deemed interested by virtue of its interest in Sindora pursuant to Section 6A of the Act.

(4) Deemed interested by virtue of its interest in Kulim pursuant to Section 6A of the Act.

(5) On 30 December 2013, all outstanding RCCP Shares had been converted to Shares.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.2 Directors****8.2.1 Shareholdings**

The following table sets forth the direct and indirect shareholdings of each of our Directors before and after the IPO, assuming our Directors will subscribe for their respective pink form allocation as set out in **Section 3.4.1(iii)** of this Prospectus:-

Director	Designation	Nationality	Before IPO				After IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Ahamad bin Mohamad	Non-Independent Non-Executive Chairman	Malaysian	-	-	-	-	500	0.1	-	-
Dato' Hak	Managing Director	Malaysian	96,000	24.6	⁽¹⁾ 39,000	10.0	90,900	18.0	⁽¹⁾ 29,100	5.8
Rozan bin Mohd Sa'at	Non-Independent Non-Executive Director	Malaysian	-	-	-	-	328	0.1	-	-
Azli bin Mohamed	Non-Independent Non-Executive Director	Malaysian	-	-	-	-	328	0.1	-	-
Datuk Anuar bin Ahmad	Senior Independent Non-Executive Director	Malaysian	-	-	-	-	328	0.1	-	-
Datuk Mohd Nasir bin Ali	Independent Non-Executive Director	Malaysian	-	-	-	-	328	0.1	-	-
Md Tamyas bin Hj A.Rahim	Independent Non-Executive Director	Malaysian	-	-	-	-	328	0.1	-	-
Abdul Azmin bin Abdul Halim	Independent Non-Executive Director	Malaysian	-	-	-	-	328	0.1	-	-

Note:

(1) Deemed interested by virtue of his spouse's shareholding in our Company pursuant to Section 6A of the Act.

Notwithstanding the pink form allocation reserved for our Directors, our Directors may subscribe for the Issue Shares under the Public Offer.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.2.2 Profiles of Directors

Save for the profile of Dato' Hak which is set out in **Section 8.1.2** of this Prospectus, the profiles of our other Directors are as follows:-

Ahamad bin Mohamad, a Malaysian aged 60, is our Non-Independent Non-Executive Chairman. He was appointed to our Board on 12 October 2009. He is also the Chairman of our Nomination and Remuneration Committee.

He graduated in 1976 with a Bachelor of Economics (Honours) degree from the University of Malaya. He joined JCorp in June 1979 as a company secretary for various companies within the JCorp Group. He was involved in many of JCorp's projects, among others, the Johor Specialist Hospital and the Kotaraya Complex in Johor Bahru. Presently, he is the managing director of Kulim which he held this position since 30 June 1994 and is also a member of the board of directors of KPJ Healthcare Berhad and New Britain Palm Oil Limited (Papua New Guinea). He is also the chairman and director of several other companies within the JCorp Group and a director of Waqaf An-Nur Corporation Berhad, an Islamic endowment institution that spearheads JCorp Group's Corporate Responsibility programmes, namely the Corporate Waqaf Concept initiated by JCorp.

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

He graduated with a Bachelor of Economics (Honours) majoring in Statistics from Universiti Kebangsaan Malaysia in 1982. He started his career in 1983 as an administrative officer in Planning & Research Department of JCorp before being seconded as an operations manager in Sergam Berhad, a subsidiary of JCorp in 1986. From 1987 to 1988, he served in the Corporate Communications Department of JCorp as an administrative officer. From 1988 to 1993, he was appointed as the executive director of several other subsidiaries in JCorp Group. In 1994, he was appointed as the general manager of JCorp's Tourism Division before assuming the post as chief executive of the same Division on 15 June 1996, a post which he held until his appointment as the general manager, Business Development, JCorp, in early 1999. Prior to his appointment as the managing director of Sindora on 1 September 2002, he served as the senior general manager, Business Development of JCorp from 2000 until August 2002. In March 2014, he resigned as the managing director of Sindora to assume his new position as the managing director of PIJ Holdings Sdn Bhd, a subsidiary company of Johor State Government Linked Company, Perbadanan Islam Johor.

Azli bin Mohamed, a Malaysian aged 46, is our Non-Independent Non-Executive Director. He was appointed to our Board on 15 April 2014. He is a graduate of the Association of Chartered Certified Accountants, United Kingdom and also a member of the Malaysian Institute of Accountants.

He began his career as an audit assistant in PricewaterhouseCoopers in 1992 and promoted as a manager which he stayed on until 2001. He left the firm and joined KPJ Healthcare Berhad in 2001 until 2007 as the group accountant. He then served JCorp in 2007 as a general manager, Finance Division until he assumed the current position as the vice president/chief financial officer of Kulim since 2011. Currently, he also sits on the board of other companies within the JCorp Group and Kulim group. Given his extensive training and experience in corporate accounting and reporting practices within the JCorp Group, he has been appointed as a member of our Audit Committee.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Datuk Anuar bin Ahmad, a Malaysian aged 60, is our Senior Independent Non-Executive Director. He was appointed to our Board on 15 April 2014. He is the Chairman of our Audit Committee and a member of our Remuneration Committee. He graduated in 1977 with a Bachelor of Economics (Honours) from the London School of Economics and Political Science University of London.

He started his career in 1977 with PETRONAS. During his 36 years of service with the PETRONAS Group, he held various senior managerial and leadership positions in marketing, trading, corporate planning and human resource management until his retirement in April 2014 where his last position held was the executive vice president of Gas and Power Business. During his stint with PETRONAS Group, he was appointed as the managing director and chief executive officer in PETRONAS Dagangan from 1998 to 2002. He was also a member of PETRONAS Management Committee and member of PETRONAS board from 2002 to April 2014. He also sat on the board of various companies within PETRONAS Group. In 1997, between his years of service with the PETRONAS Group, he underwent a three (3) months business management course under the Advanced Management Program at Harvard Business School.

Presently, he is a non-independent non-executive director of PETRONAS Dagangan and is an independent non-executive director of PDZ Holdings Berhad, both of which are companies listed on Bursa Securities. He also holds directorships in a few private companies.

Datuk Mohd Nasir bin Ali, a Malaysian aged 56, is our Independent Non-Executive Director. He was appointed to our Board on 17 October 2014. He graduated in 1980 with a Bachelor of Economics (Honours) degree from the University of Malaya. He also obtained a Master of Science (Finance) from the University of Strathclyde, United Kingdom in 1988.

He was with Permodalan Nasional Berhad as a senior financial and marketing analyst in 1982 prior to joining BBMB Unit Trust Management Berhad as an investment manager in 1988. He later joined Mayban Securities Sdn Bhd as a general manager of Dealing & Research Department from 1991 to 1995. Following that, he was appointed as the chief executive officer of Kuala Lumpur City Securities Sdn Bhd until 2000. He then became the group executive director of Utusan Melayu (Malaysia) Berhad in 2000 until his retirement on 5 June 2014.

Presently, he is the chairman and independent non-executive director of The Nomad Group Bhd, a company listed on Bursa Securities and the chairman of ICB Islamic Bank Limited, a company listed in Bangladesh. He also holds directorships in a few private companies.

Md Tamyas bin Hj A.Rahim, a Malaysian aged 63, is our Independent Non-Executive Director. He was appointed to our Board on 15 April 2014. He is also a member of our Remuneration and Nomination Committee. He obtained a Bachelor of Arts degree majoring in Economics in 1974 from Universiti Malaya.

He commenced his career in JCorp in 1974 and has held various positions in subsidiary companies and divisions within the JCorp Group. He was the Senior General Manager, Human Resource Development and Administration, JCorp prior to his retirement in year 2008. Previously, he sat on the board of various companies within the JCorp Group during his tenure of service with JCorp.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

He was appointed as our Independent Non-Executive Director after taking into consideration his wealth of knowledge and experience in human resource and administrative related matters. He left the JCorp Group more than five (5) years ago and since then has not had any business dealings nor holds any directorship in our company or any of the companies within the JCorp Group following his retirement at the end of year 2008. He is not accustomed to act nor obliged formally or informally to act under the instructions of any other party. We concluded that his length of service in the JCorp Group previously does not interfere with the exercise of independent judgement and ability to act in the best interests of our Company. In addition, we believes that his past experience in the JCorp Group's business and his proven commitment, experience and competence will greatly benefit our Company.

Abdul Azmin bin Abdul Halim, a Malaysian aged 61, is our Independent Non-Executive Director. He was appointed to our Board on 15 April 2014. He is also a member of our Audit and Nomination Committee. He obtained a Diploma in Banking Studies from Mara Institute of Technology in 1974. He also obtained a Bachelor of Science degree from Syracuse University, United States in 1976 and Master of Business Administration from Central Michigan University in 1978.

He commenced his career in Esso Production Malaysia Inc. in 1978 to 1981 as a management executive in the Accounts Department. In 1981, he joined Motorola Malaysia for eight (8) months as a cost accountant prior to joining PETRONAS until his retirement in 2008. During his tenure with PETRONAS, he was a management executive in 1981 to 1989 and was subsequently promoted to a manager, where he was posted to the Commercial Department at the gas processing plant in Kertih, Terengganu in 1989 to 1994 under PETRONAS Gas Sdn Bhd. He later served PETRONAS Carigali in 1994 to 2002 as senior manager in the Contracts and Procurement Department and was subsequently transferred to PETRONAS headquarters in 2002 to 2008 as senior manager in Tenders and Contracts Division being in charge of companies' tenders and overall licencing and registration.

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.2.3 Principal business performed outside our Group**

The following table sets out the principal directorships of our Directors as at the LPD and that which were held within the past five (5) years up to the LPD, and the principal business activities performed by our Directors outside of our Group as at the LPD:-

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Dato' Hak	<u>Present directorships:-</u>				
	Berkat Global Sdn Bhd ("Berkat") ⁽¹⁾	Provides consultancy and project management services in the maritime and O&G industries	15 January 2002	N/A	Shareholder (direct: 90.0%)
	Marginal Field ⁽²⁾	Principally engaged in provision of marginal oilfield solutions, focusing on light weight platform system and FEED	12 February 2014	N/A	Shareholder (direct: 51.0%)
	Core Laboratories (Malaysia) Sdn Bhd	Analysis on the reservoir fluid, surveyor	1 March 2014	N/A	Shareholder (direct: 31.0%)
	<u>Previous directorships:-</u>				
	Sindora [#] (Kulim)	Principally involved in intrapreneur ventures and plantations	1 January 2008	16 January 2012	N/A
	Orkim	Principally involved in provision of sea transportation and related services	22 February 2009	23 April 2013	N/A
	Delmar Marine Ventures Sdn Bhd	Principally involved in provision of sea transportation and related services	6 October 2009	23 April 2013	N/A
	Orkim Energy Sdn Bhd	Principally involved in provision of sea transportation and related services	6 October 2009	23 April 2013	N/A

Notes:-

(1) There is no situation of conflict of interest that exists or is likely to exist in relation to Dato' Hak's directorship and shareholdings in Berkat as Berkat is a separate and distinct business from our Group which is run by a pool of engineers providing very specialised engineering services comprising, amongst others, ship design, ship survey, third party inspection for ship construction and on hire/off hire survey services. As the nature of our business is different from Berkat, our employees does not possess the above skills (except for Dato' Hak and Ir. Zulkifli bin Mohd Amin) nor do we provide such services to our customers. We only engage Berkat as and when the need arises and such transactions moving forward will require the approval of our Audit Committee to ensure that such transactions entered between our Group and Berkat will be on arm's length basis and normal commercial terms.

(2) There is no situation of conflict of interest that exists or is likely to exist in relation to Dato' Hak's directorship and shareholdings in Marginal Field as he is merely a passive investor and is not involved in the day-to-day activities and operations of Marginal Field. Marginal Field is managed by an experienced and well qualified management team. In addition, the business of Marginal Field is relatively smaller in term of the scale of operation, revenue and asset as compared to our Group.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Dato' Hak	<u>Previous directorships</u> (Cont'd):				
	Orkim Ship Management Sdn Bhd	Management company	6 October 2009	23 April 2013	N/A
	Tanjung Langsat Port Sdn Bhd	Principally involved in port operations	6 October 2009	16 January 2012	N/A
Ahamad bin Mohamad	<u>Present directorships:</u>				
	Kulim®	Principally involved in oil palm plantation, investment holdings and property investment	24 January 1991	N/A	Shareholder (direct: 0.08%)
	EPA Management Sdn Bhd [#] (Kulim)	Investment holding, provision of management services and consultancy, and mechanical equipment assembler	1 January 1993	N/A	N/A
	Panquest Ventures Ltd (British Virgin Island)	Investment holding	28 October 1994	N/A	N/A
	Pembinaan Prefab Sdn Bhd	Construction	1 January 1997	N/A	N/A
	New Britain Palm Oil Limited (Papua New Guinea) ^{@#} (Kulim)	Principally involved in the production and sale of palm oil and palm based products	19 May 1997	N/A	N/A
	Kulim Plantations (Malaysia) Sdn Bhd [#] (Kulim)	Oil palm plantation	1 January 2003	N/A	N/A
	KPJ Healthcare Berhad ("KPJ") [@]	Investment holding and provision of management services to subsidiaries mainly the operation of specialist hospitals	1 January 2005	N/A	Shareholder (direct: ^)
	Kumpulan Bertam Plantations Berhad [#] (Kulim)	Oil palm plantation	1 January 2005	N/A	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
<i>Ahamad bin Mohamad Present directorships (Cont'd):</i>					
	Waqaf An-Nur Corporation Berhad	Trustees and manager of Waqaf	7 December 2005	N/A	N/A
	Kulim Energy Sdn Bhd [#] (Kulim)	Investment holding and oil palm	2 August 2006	N/A	N/A
	Mahamurni Plantations Sdn Bhd [#] (Kulim)	Oil palm plantation	1 February 2011	N/A	N/A
	Sindora [#] (Kulim)	Principally involved in intrapreneur ventures and plantations	16 January 2012	N/A	N/A
	Rentak Alam Sdn Bhd	Agriculture	1 October 2012	N/A	N/A
	Kulim Topplant Sdn Bhd [#] (Kulim)	Production of oil palm clones	1 January 2013	N/A	N/A
	Yayasan Ansar	Manage and administer of foundation for corporate social responsibility activities of Kulim group staff & family	3 April 2013	N/A	N/A
	QSR Brands (M) Holdings Sdn Bhd	Investment holding and provision of management services	1 June 2013	N/A	N/A
	Massive Equity Sdn Bhd	Investment holding	1 June 2013	N/A	N/A
<i>Previous directorships:</i>					
	Skellerup Polymer Products Sdn Bhd	Dissolved on 31 July 1995	1 January 1994	N/A	N/A
	Natural Oleochemicals Sdn Bhd	Production of fatty acids and glycerine hydro triglycerides	20 July 1994	24 September 2010	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Ahamad bin Mohamad	<u>Previous directorships</u> <u>(Cont'd):</u>				
	Dubois-Natural Esters Sdn Bhd	Production of esters	28 April 1995	24 September 2010	N/A
	The Secret of Secret Garden Sdn Bhd [#] (Kulim)	Trading and marketing of personal care products	18 January 2005	1 February 2011	N/A
	The World of Secret Garden Sdn Bhd	Personal care products	22 December 2005	1 February 2011	N/A
	JTP Trading Sdn Bhd [#] (Kulim)	Trading/distribution of tropical fruits	1 March 2006	1 February 2011	N/A
	QSR Brands Bhd [#] (Kulim)	Investment holding	7 June 2006	15 February 2013	N/A
	KFC Holdings (Malaysia) Bhd	Investment holding	27 June 2006	15 February 2013	N/A
	Nexsol (Malaysia) Sdn Bhd [#] (Kulim)	Manufacturer of biodiesel	27 July 2006	1 January 2013	N/A
	Kentucky Fried Chicken (Malaysia) Sendirian Berhad	Restaurants	29 August 2006	1 February 2013	N/A
	KFC (Sabah) Sdn Bhd	Restaurants	29 August 2006	1 February 2013	N/A
	KFC (Sarawak) Sdn Bhd	Restaurants	29 August 2006	1 February 2013	N/A
	KFC (Peninsular Malaysia) Sdn Bhd	Restaurants and commissary	29 August 2006	1 February 2013	N/A
	Ayamas Food Corporation Sdn Bhd	Poultry processing and investment holding	29 August 2006	1 February 2013	N/A
	Pizza Hut Restaurants Sdn Bhd	Restaurants	29 August 2006	1 February 2013	N/A
	Ayamas Integrated Poultry Industry Sdn Bhd	Breeder, broiler farms, hatchery, feedmill and investment holding	29 August 2006	2 January 2010	N/A
	Pizza Hut Holding (Malaysia) Sdn Bhd	Dormant	29 August 2006	1 February 2013	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Ahamad bin Mohamad	<u>Previous directorships</u> <u>(Cont'd):</u>				
	WQSR Holdings (S) Pte Ltd (Singapore)	Investment holding	29 September 2006	1 February 2013	N/A
	Kentucky Fried Chicken Management Pte Ltd (Singapore)	Kentucky Fried Chicken restaurants in Singapore	29 September 2006	1 February 2013	N/A
	WQSR Holdings (S) Pte Ltd (Singapore)	Investment holding	29 September 2006	1 February 2013	N/A
	Kentucky Fried Chicken Management Pte Ltd (Singapore)	Kentucky Fried Chicken restaurants in Singapore	29 September 2006	1 February 2013	N/A
	Pizza Hut Singapore Pte Ltd (Singapore)	Restaurants	29 September 2006	1 February 2013	N/A
	Multibrand QSR Holdings Pte Ltd (Singapore)	Investment holding	29 September 2006	1 February 2013	N/A
	KFC (B) Sdn Bhd (Brunei)	Restaurants	1 November 2006	1 February 2013	N/A
	Renown Value Sdn Bhd [#] (Kulim)	Cultivation of pineapples and other agricultural produce	7 May 2007	1 February 2011	N/A
	Akli Resources Sdn Bhd [#] (Kulim)	Provider of in-house and external training programmes	1 January 2008	1 February 2011	N/A
	Cita Tani Sdn Bhd [#] (Kulim)	Cultivation of sugar cane	15 February 2008	1 February 2011	N/A
	Kulim Civilworks Sdn Bhd [#] (Kulim)	Facilities maintenance	15 February 2008	1 February 2011	N/A
	SIM Manufacturing Sdn Bhd [#] (Kulim)	Manufacturers and dealers in rubber products of all kinds and articles made from rubber	15 February 2008	1 February 2011	N/A
	Kampuchea Food Corporation Co Limited (Cambodia)	Restaurants	29 February 2008	1 February 2013	N/A
	Kulim Livestock Sdn Bhd [#] (Kulim)	Breeding and sales of cattle	14 August 2008	1 February 2011	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Ahamad bin Mohamad	<u>Previous directorships</u> (Cont'd):				
	Special Appearance Sdn Bhd [#] (Kulim)	Production house and event management	19 January 2009	1 February 2011	N/A
	Superior Harbour Sdn Bhd [#] (Kulim)	Aquaculture Operations for food consumption	19 January 2009	1 February 2011	N/A
	JTP Montel Sdn Bhd [#] (Kulim)	Cultivations of bananas	22 January 2009	1 February 2011	N/A
	Kulim Nursery Sdn Bhd [#] (Kulim)	Operator of strategic business	22 January 2009	1 February 2011	N/A
	KFC India Holding Sdn Bhd	Investment holding	13 May 2009	1 February 2013	N/A
	Mauritius Food Corporation Pvt Ltd (Mauritius)	Investment holding	13 August 2009	1 February 2013	N/A
	DPIM Consult Sdn Bhd	Operator of strategic business	1 January 2010	1 July 2011	N/A
	Extreme Edge Sdn Bhd [#] (Kulim)	Computer equipment supplier and services	1 January 2010	1 February 2011	N/A
	Akademi JCorp Sdn Bhd	Operator of strategic business school and corporate training programmes	14 January 2010	16 January 2012	N/A
	Grating Solar Sdn Bhd	Dormant	29 January 2010	1 February 2013	N/A
	KFCIC Assets Sdn Bhd	Property holding	29 January 2010	1 February 2013	N/A
	KFCH Education (M) Sdn Bhd	Management of college/learning institution	29 January 2010	1 February 2013	N/A
	Exquisite Livestock Sdn Bhd	Commercial cattle farming	1 February 2010	1 February 2011	N/A
	Pizza (Kampuchea) Private Limited	Dormant	1 April 2010	1 February 2013	N/A
	KFCH Restaurants Private Limited (India)	Restaurants	19 May 2010	11 March 2013	N/A
	PHD Delivery Sdn Bhd	Pizza delivery	9 July 2010	1 February 2013	N/A
	Kulim Safety Training and Services Sdn Bhd [#] (Kulim)	Occupational Safety and Health Administration Training and services	22 July 2010	1 February 2011	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Ahamad bin Mohamad	<u>Previous directorships (Cont'd):</u>				
	Pinnacle Platform Sdn Bhd [#] (Kulim)	Software maintenance and supplier	22 July 2010	1 February 2011	N/A
	KCW Electrical Sdn Bhd [#] (Kulim)	Electrical installation services	22 July 2010	1 March 2011	N/A
	KCW Kulim Marine Services Sdn Bhd [#] (Kulim)	Marine maintenance	22 July 2010	1 February 2011	N/A
	Perfect Synergy Trading Sdn Bhd [#] (Kulim)	Fertiliser supplier	22 July 2010	1 February 2011	N/A
	Optimum Status Sdn Bhd [#] (Kulim)	Mill maintenance and fabrication	22 July 2010	1 February 2011	N/A
	KCW Hardware Sdn Bhd [#] (Kulim)	Hardware supplier	22 July 2010	1 February 2011	N/A
	Yayasan Amal Bistari	Dormant	1 September 2010	22 March 2013	N/A
	Cemerlang Sinergi Sdn Bhd Orkim	Strike off on 28 March 2014	1 February 2011	1 February 2013	N/A
		Principally involved in provision of sea transportation and related services	15 May 2011	23 April 2013	N/A
	Ihsan Permata Sdn Bhd	Providing consultancy and management services for cattle breeding	1 March 2012	15 March 2014	N/A
	Super Heritage Brand Sdn Bhd	Importer and trader of poultry business and other related activities	7 March 2012	6 April 2014	N/A
	Felda Ayamas Ventures Sdn Bhd	Dormant	30 November 2012	1 February 2013	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
<i>Rozan bin Mohd Sa'at Present directorships:</i>					
	Kulim®	Principally involved in oil palm plantation, investment holdings and property investment	1 January 2008	N/A	Shareholder (direct: ^)
	Johor Land Berhad	Property management	1 January 2011	N/A	N/A
	JCorp Hotels and Resort Sdn Bhd	Hotel	1 February 2011	N/A	N/A
	PIJ Holdings Sdn Bhd	Holding company	15 March 2014	N/A	N/A
	PIJ Property Development Sdn Bhd	Property	15 March 2014	N/A	N/A
	PIJ Plantation & Agriculture Sdn Bhd	Plantation	15 March 2014	N/A	N/A
	PIJ Manufacturing Sdn Bhd	Manufacturing	15 March 2014	N/A	N/A
	Isdecor Bina Sdn Bhd	Construction	15 March 2014	N/A	N/A
	Pandan Baru Sdn Bhd	Developer	15 March 2014	N/A	N/A
	Jismil Plantation Sdn Bhd	Plantation	15 March 2014	N/A	N/A
	Perisind Samudra Sdn Bhd	Property management	15 March 2014	N/A	N/A
	Perisind Venture Sdn Bhd	Ducting provider	15 March 2014	N/A	N/A
	Koridor Utiliti (Johor) Sdn Bhd	Ducting provider	8 April 2014	N/A	N/A
	Isedecor Infra Sdn Bhd	Civil engineering	8 April 2004	N/A	N/A
	Sutera Samudra Sdn Bhd	Project management	27 May 2014	N/A	Shareholder (Direct: 50.0%)
<i>Previous directorships:</i>					
	Sindora# (Kulim)	Principally involved in intrapreneur ventures and plantations	1 September 2002	15 March 2014	N/A
	Tiram Travel Sdn Bhd	Sale of flight tickets and package for umrah, haj and tourism	15 October 2003	1 October 2014	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Roza bin Mohd Sa'at	<u>Previous directorships</u> <u>(Cont'd):</u>				
	Metro Parking (M) Sdn Bhd* (Damansara Realty Berhad)	Parking operations and the provision of related consultancy services	1 July 2004	15 December 2012	N/A
	Willis (Malaysia) Sdn Bhd	Insurance brokers	12 July 2004	14 December 2009	N/A
	DPIM Korporat Sdn Bhd	Management consultant	31 July 2004	1 July 2011	N/A
	Sindora Timber Sdn Bhd* (Kulim)	Timber products	1 January 2005	1 January 2011	N/A
	EPASA Shipping Agency Sdn Bhd* (Kulim)	Shipping and forwarding agent services	1 April 2005	15 July 2012	N/A
	MM Vitaoils Sdn Bhd* (Kulim)	Producer and wholesale of palm oil and other edible oil and fats	1 July 2005	11 October 2011	N/A
	Puteri Hotels Sdn Bhd	Hotel operations	1 September 2005	6 April 2014	N/A
	Waqaf An-Nur Corporation Berhad	Trustees and manager of waqaf	7 December 2005	1 October 2014	N/A
	GranuLab (M) Sdn Bhd* (Kulim)	Trading granular synthetic bone graft	17 May 2007	15 July 2012	N/A
	Bistari Young Entrepreneur Sdn Bhd	Producing, promoting and marketing Catur Bistari and Service related	22 October 2007	16 January 2012	N/A
	Amazing Cuisine Sdn Bhd	Cold-cuts and sausages production	10 July 2008	16 January 2012	N/A
	KPJ®	Investment holding and provision of management services to subsidiaries mainly the operation of specialist hospitals	1 January 2009	1 January 2014	Shareholder (direct: ^)

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Rozan bin Mohd Sa'at	<u>Previous directorships</u> <u>(Cont'd):</u>				
	EPA Management Sdn Bhd [#] (Kulim)	Investment holding, provision of management services and consultancy, and mechanical equipment assembler	1 January 2009	15 March 2014	N/A
	Teraju Fokus Sdn Bhd Orkim	Security services	1 January 2009	1 January 2011	N/A
		Principally involved in provision of sea transportation and related services	22 June 2009	23 April 2013	N/A
	DPIM Consult Sdn Bhd	Management consultant	1 January 2010	16 January 2012	N/A
	Akademi JCorp Sdn Bhd	Operator of Strategic Business School and Corporate Training Programmes	14 January 2010	15 July 2012	N/A
	Microwell Bio Solutions Sdn Bhd [#] (Kulim)	Business in agriculture and natural products, water treatment, biotechnology research and development	23 April 2010	15 July 2012	N/A
	Microwell Trading Sdn Bhd [#] (Kulim)	Trading in Biochemical Fertiliser	23 April 2010	15 July 2012	N/A
	Healthcare Technical Services Sdn Bhd [#] (Damansara Realty Berhad)	Project management and engineering maintenance services	7 May 2010	15 February 2011	N/A
	JKing Sdn Bhd	Producer of sports attire	20 July 2010	16 January 2012	N/A
	MIT Insurance Brokers Sdn Bhd [#] (Kulim)	Insurance	1 December 2010	1 October 2014	N/A
	Kumpulan Perbadanan Johor Sdn Bhd [#] (Kulim)	Management services	1 January 2011	1 January 2013	N/A
	Mahamurni Plantations Sdn Bhd [#] (Kulim)	Oil palm plantation	1 February 2011	15 March 2014	N/A
	Hotel Selesa (JB) Sdn Bhd	Hotel operations	1 February 2011	6 April 2014	N/A
	Sibu Island Resorts Sdn Bhd	Island resorts operator	1 February 2011	6 April 2014	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Rozan bin Mohd Sa'at	<u>Previous directorships</u> <u>(Cont'd):</u>				
	Tanjung Tuan Hotel Sdn Bhd	Hotel operations	1 February 2011	6 April 2014	N/A
	Hotel Selesa Sdn Bhd	Investment holding	1 September 2011	6 April 2014	N/A
	Metro Equipment Systems (M) Sdn Bhd [#] (Damansara Realty Berhad)	Trading of parking and other related equipment	15 September 2011	15 December 2012	N/A
	Smart Parking Management Systems Sdn Bhd [#] (Damansara Realty Berhad)	Trading of parking and other related services	15 September 2011	15 December 2012	N/A
	Pusat Pakar Kluang Utama Sdn Bhd [#] (KPJ)	Specialist hospital	1 January 2012	1 January 2014	N/A
	Pasir Gudang Specialist Hospital Sdn Bhd [#] (KPJ)	Specialist hospital	1 January 2012	1 January 2014	N/A
	Kulim Civilworks Sdn Bhd [#] (Kulim)	Facilities maintenance	6 January 2012	15 July 2012	N/A
	Akademi Mutawwif Sdn Bhd	Training of Mutawwif	2 September 2013	15 March 2014	N/A
	Selasih Catering Services Sdn Bhd (Formerly known as Johor Land Property Management Sdn Bhd)	Sale and purchase and cater food and drinks	1 January 2014	15 April 2014	N/A
	KCW Roadworks Sdn Bhd [#] (Kulim)	Dormant	1 January 2014	15 March 2014	N/A
	Golden Clay Industries Sdn Bhd	Roofing tiles	15 March 2014	8 April 2014	N/A
	GCI Marketing Sdn Bhd	Roofing tiles	15 March 2014	8 April 2014	N/A
	Kukup Garden Sdn Bhd	Chalet Operator	15 March 2014	8 April 2014	N/A
	Johor Plant Tech Sdn Bhd	Tissue culture	15 March 2014	8 April 2014	N/A
	Karisma Astaka Sdn Bhd	Quarry	15 March 2014	8 April 2014	N/A
	Isedecor Batu Bata Sdn Bhd	Construction	15 March 2014	8 April 2014	N/A
	PPL Plantation Sdn Bhd	Management of Ladang Terosot	15 March 2014	24 June 2014	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Rozan bin Mohd Sa'at <i>Previous directorships (Cont'd):</i>					
	Isedecor Pengangkutan & Pelancungan Sdn Bhd	Dormant	15 March 2014	16 October 2014	N/A
Azli bin Mohamed <i>Present directorships:</i>					
	EPA Management Sdn Bhd [#] (Kulim)	Investment holding, provision of management services and consultancy, and mechanical equipment assembler	1 July 2009	N/A	N/A
	Permodalan Teras Sdn Bhd	Investment holding	26 April 2010	N/A	N/A
	Mahamurni Plantations Sdn Bhd [#] (Kulim)	Oil palm plantation	1 February 2011	N/A	N/A
	KCW Roadworks Sdn Bhd [#] (Kulim)	Dormant	1 July 2011	N/A	N/A
	Kulim Plantations (Malaysia) Sdn Bhd [#] (Kulim)	Oil palm plantation	1 July 2011	N/A	N/A
	Kumpulan Bertam Plantations Berhad [#] (Kulim)	Oil palm plantation	1 July 2011	N/A	N/A
	Nexsol (Malaysia) Sdn Bhd [#] (Kulim)	Manufacturer of bio diesel	1 July 2011	N/A	N/A
	Superior Harbour Sdn Bhd [#] (Kulim)	Aquaculture operations	1 July 2011	N/A	N/A
	Pristine Bay Sdn Bhd [#] (Kulim)	Investment holding	1 November 2011	N/A	N/A
	Pinnacle Platform Sdn Bhd [#] (Kulim)	Software maintenance and supplier	2 July 2012	N/A	N/A
	EPASA Shipping Agency Sdn Bhd [#] (Kulim)	Shipping and forwarding agent services	1 January 2013	N/A	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Azli bin Mohamed	<u>Present directorships (Cont'd):</u>				
	KCW Electrical Sdn Bhd [#] (Kulim)	Electrical installation services	1 January 2013	N/A	N/A
	KCW Kulim Marine Services Sdn Bhd [#] (Kulim)	Marine maintenance	1 January 2013	N/A	N/A
	Kulim Civilworks Sdn Bhd [#] (Kulim)	Facilities maintenance	1 January 2014	N/A	N/A
	<u>Previous directorships:</u>				
	TMR Urusharta (M) Sdn Bhd [#] (Damansara Realty Berhad)	Principally engaged in the business of real estate services, involved in general services, facility management, project consultant and project management	1 January 2009	1 July 2011	N/A
	Johor Ventures Sdn Bhd	Investment holding	1 July 2009	1 January 2014	N/A
	Rajaudang Sdn Bhd	Rental of marine livestock pond and engaging business in aquaculture	1 July 2009	1 July 2011	N/A
	Rajaudang Aquaculture Sdn Bhd	Engaging in business of fishing, sourcing, breeding, hatching and growing of water plants	1 July 2009	1 July 2011	N/A
	Aquapreneur Sdn Bhd	Rental of marine livestock pond and engaging business in aquaculture	1 July 2009	1 July 2011	N/A
	Rajaudang Trading Sdn Bhd	Trading/ Supplier agent	1 July 2009	1 July 2011	N/A
	Sindora Ventures Sdn Bhd	Investment Holding	1 July 2009	1 July 2011	N/A
	Tunjuk Laut Resort Sdn Bhd	Dormant	1 July 2009	1 July 2011	N/A
	East Asian Marine Foods Sdn Bhd	Processing and marketing of tiger prawns and seafood	1 July 2009	1 July 2011	N/A
	Intrapreneur Development Capital Sdn Bhd	Investment holding	1 July 2009	2 September 2013	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Azli bin Mohamed	<u>Previous directorships</u> <u>(Cont'd):</u>				
	Johor Franchise Development Sdn Bhd	Investment holding and estate management	1 July 2009	1 January 2012	N/A
	Aquabuilt Sdn Bhd	Aquaculture management services	1 July 2009	1 July 2011	N/A
	Intrapreneur Development Sdn Bhd	Investment	15 July 2009	2 September 2013	N/A
	Johor Foods Sdn Bhd	Investment holding and oil palm plantation	1 August 2009	1 January 2013	N/A
	Johor Tea Sdn Bhd	Tea plantation	1 August 2009	16 January 2012	N/A
	Tanjung Tuan Hotel Sdn Bhd	Hotelier	16 November 2009	1 January 2014	N/A
	Effective Corporate Resources Sdn Bhd	Accounting services	1 January 2010	1 July 2011	N/A
	JCorp Hotels & Resorts Sdn Bhd	Investment holding	5 May 2010	1 July 2011	N/A
	JCorp Capital Solutions Sdn Bhd (Formerly known as Jedcon Engineering Survey Sdn Bhd)	Investment holding	1 February 2011	15 August 2011	N/A
	TPM Technopark Sdn Bhd	Development and sale of industrial land	1 February 2011	15 August 2011	N/A
	Puteri Hotels Sdn Bhd	Hotel operations	1 April 2011	16 January 2012	N/A
	Skellerup Industries (Malaysia) Sdn Bhd [#] (Kulim)	Production of rubber products	1 July 2011	2 July 2012	N/A
	Kulim Safety Training And Services Sdn Bhd [#] (Kulim)	Occupational Safety and Health Administration Training and services	1 January 2013	1 January 2014	N/A
	Optimum Status Sdn Bhd [#] (Kulim)	Mill maintenance and fabrication	1 January 2013	1 January 2014	N/A
	Ara Offshore Engineering & Services Sdn Bhd	Dormant	30 December 2013	24 April 2014	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Datuk Anuar bin Ahmad	<u>Present directorships:</u>				
	Concrete Acres Sdn Bhd	Investment	29 December 2011	N/A	Shareholder (direct: 50.0%)
	Angeles Foods Sdn Bhd	Food/Cafe	8 April 2013	N/A	N/A
	Syarikat Wandeerfull Sdn Bhd	Property development	1 July 2014	N/A	N/A
	Mampan Esa (Melaka) Sdn Bhd	Property development	4 July 2014	N/A	Shareholder (indirect interest held through Concrete Acres Sdn Bhd: 20.0%)
	PETRONAS Dagangan®	Retailing & marketing of petroleum product	1 August 2014	N/A	N/A
	PDZ Holdings Berhad®	Investment holding	4 September 2014	N/A	N/A
	TNB Fuels Services Sdn Bhd	Business of supplying fuel and coal for power generation	10 October 2014	N/A	N/A
	<u>Previous directorships:</u>				
	PETRONAS	O&G	1 October 2002	16 April 2014	N/A
	Prince Court Medical Centre Sdn Bhd	Healthcare	24 September 2004	1 September 2011	N/A
	Institute of Technology PETRONAS Sdn Bhd	Education	1 August 2005	16 April 2014	N/A
	PETRONAS Carigali	O&G exploration and production	1 September 2005	20 July 2010	N/A
	PETRONAS Carigali Overseas Sdn Bhd	O&G exploration and production	1 September 2005	20 July 2010	N/A
	PETRONAS Lubricants International Sdn Bhd	Marketing & manufacturing of lubricants	12 September 2007	15 July 2010	N/A
	PETRONAS Chemicals Group Berhad	Manufacturing and marketing of petrochemicals	22 June 2010	15 September 2011	N/A
	Malaysia LNG Sdn Bhd	Natural gas liquidation	16 July 2010	16 April 2014	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Datuk Anuar bin Ahmad	<u>Previous directorships (Cont'd):</u>				
	Malaysia LNG Dua Sdn Bhd	Manage and operate second LNG plant	16 July 2010	16 April 2014	N/A
	Malaysia LNG Tiga Sdn Bhd	Manage and operate third LNG plant	16 July 2010	16 April 2014	N/A
	Trans Thai-Malaysia (Malaysia) Sdn Bhd	Transmission of natural gas	23 August 2010	11 August 2011	N/A
	International Conference and Exhibition Professionals	Conference & exhibition management	23 September 2010	11 April 2013	N/A
	PETRONAS Gas Berhad®	Natural gas processing & transmission	17 October 2010	15 May 2014	N/A
	PETRONAS LNG Sdn Bhd	Marketing of LNG	21 March 2011	16 April 2014	N/A
	PETRONAS Power Sdn Bhd	Electricity generation	11 November 2011	16 April 2014	N/A
	PETRONAS LNG 9 Sdn Bhd	Natural gas liquefaction	13 January 2012	10 September 2012	N/A
Datuk Mohd Nasir bin Ali	<u>Present directorships:</u>				
	Langkah Bahagia Sdn Bhd	Investment holding	15 October 1996	N/A	Shareholder (direct: 1.0%)
	The Nomad Group Berhad ("Nomad")®	Investment holding	5 August 1998	N/A	Shareholder (direct: ^)
	Vertical Theme Sdn Bhd	Investment holding	9 March 2005	N/A	N/A
	The Nomad Hotel Penang Sdn Bhd* (Nomad)	Hotelier and hotel related services	18 June 2013	N/A	N/A
	ICB Islamic Bank Limited®	Banking and financial business activities	10 June 2014	N/A	N/A
	Yayasan Kelana Ehsan	Financial assistance, donation, gifts, sponsorship and scholarship	11 September 2014	N/A	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Datuk Mohd Nasir bin Ali	<u>Previous directorships:</u>				
	Utusan Melayu (Malaysia) Berhad ("Utusan") [@]	Publication, printing and distribution of newspapers	2 October 2000	5 June 2014	Shareholder (direct: ^)
	Utusan Publications and Distributors Sdn Bhd [#] (Utusan)	Publication and distribution of reading materials	26 January 2001	5 June 2014	N/A
	Utusan Media Sales Sdn Bhd [#] (Utusan)	Advertising agents	26 January 2001	5 June 2014	N/A
	Swan Malaysia Sdn Bhd [#] (Utusan)	Manufacturing and trading educational aids; and writing instruments and related products	26 January 2001	5 June 2014	N/A
	Utusan Karya Sdn Bhd [#] (Utusan)	Publication of magazines and advertising	4 June 2003	5 June 2014	N/A
	Perfiso Solutions Sdn Bhd [#] (Utusan)	Information technology, multimedia and online advertising	14 September 2006	15 December 2013	N/A
	Swan Solar Sdn Bhd [#] (Utusan)	Installation of non-electric solar energy collectors	17 July 2013	5 August 2013	N/A
Md Tamyas bin Hj A.Rahim	<u>Present directorships:</u>				
	N/A	N/A	N/A	N/A	N/A
	<u>Previous directorships:</u>				
	N/A	N/A	N/A	N/A	N/A

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Companies	Principal activities	Date of appointment	Date of resignation	Involvement in business activities performed outside our Group other than director
Abdul Azmin bin Abdul Halim	<u>Present directorships:</u>				
	Ashera Jaya Sdn Bhd	Dormant	8 August 2008	N/A	Shareholder (direct: 40.0%)
	Star Technic Engineering Sdn Bhd	Supply installation of highway guardrails and accessories	21 June 2013	N/A	Shareholder (direct: 50.0%)
	<u>Previous directorships:</u>				
	Global Marine & Offshore Sdn Bhd	Dormant	6 July 2009	19 September 2012	N/A
	Piezzoe Sdn Bhd	Manufacturing of heat ventilating and air conditioning systems	15 October 2009	13 June 2012	N/A

Notes:-

: Subsidiary company of a listed company as at the LPD.
 ^ : Negligible
 @ : Listed company
 N/A : Not applicable

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.2.4 Directors' remuneration, fees and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 31 December 2013 and FYE 31 December 2014 are as follows:-

Directors	Remuneration band	
	FYE 31 December 2013	Proposed for FYE 31 December 2014
Ahamad bin Mohamad	50,001 – 100,000	50,001 – 100,000
Dato' Hak	800,001 – 850,000	850,001 – 900,000
Rozan bin Mohd Sa'at	0 – 50,000	0 – 50,000
Azli bin Mohamed	^N/A	0 – 50,000
Datuk Anuar bin Ahmad	^N/A	0 – 50,000
Datuk Mohd Nasir bin Ali	^N/A	0 – 50,000
Md Tamyas bin Hj A.Rahim	^N/A	0 – 50,000
Abdul Azmin bin Abdul Halim	^N/A	0 – 50,000

Notes:-

^ Appointed subsequent to FYE 31 December 2013
N/A Not applicable

The remuneration of our Directors which includes salaries, bonuses, fees and allowances as well as other benefits, is approved by our Board, following recommendations made by our Remuneration Committee and subject to our Articles of Association. Any change in Directors' fees as set out in our Articles of Association must be approved by shareholders of our Company pursuant to an ordinary resolution passed at a general meeting where appropriate notice of any proposed increase should be given. Please refer to **Section 8.3.3** of this Prospectus for further details.

8.3 Board practice

8.3.1 Directorship

In accordance with our Articles of Association, the Directors shall have the power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with our Articles of Association which is fifteen (15) directors. At the first annual general meeting of our Company, all our Directors shall retire from office, and at the annual general meeting in every subsequent year, one third (1/3) of our Directors must retire at each annual general meeting of shareholders but are eligible for re-election. Our Directors must submit themselves for re-election at least once in three (3) years.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:-

Name	Date of appointment as Director	Date of expiration of the current term of office	Approximate no. of years in office
Ahamad bin Mohamad	12 October 2009	Subject to retirement at the AGM 2014	5
Dato' Hak	1 February 2002	Subject to retirement at the AGM 2015	12
Rozan bin Mohd Sa'at	1 January 2007	Subject to retirement at the AGM 2016	7
Azli bin Mohamed	15 April 2014	Subject to retirement at the AGM 2017	-
Datuk Anuar bin Ahmad	15 April 2014	Subject to retirement at the AGM 2017	-
Datuk Mohd Nasir bin Ali	17 October 2014	Subject to retirement at the AGM 2017	-
Md Tamyas bin Hj A.Rahim	15 April 2014	Subject to retirement at the AGM 2017	-
Abdul Azmin bin Abdul Halim	15 April 2014	Subject to retirement at the AGM 2017	-

8.3.2 Audit committee

The composition of our Audit Committee is set out below:-

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

The terms of reference of our Audit Committee, amongst others, include the following:-

- (i) To ensure openness, integrity and accountability in our Group's activities so as to safeguard the rights and interests to our shareholders;

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (ii) To provide assistance to our Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- (iii) To improve our Group's business efficiency, the quality of accounting and audit function and strengthening of public's confidence in our Group's reported results;
- (iv) To maintain a direct line of communication between our Board and the external and internal auditors;
- (v) To enhance the independence of the external and internal auditors;
- (vi) To create a climate of discipline and control, this will reduce the opportunity for fraud;
- (vii) To assess the financial risks and matters relating to related party transactions and conflict of interests;
- (viii) To recommend our Board regarding the appointment of the external auditors; and
- (ix) Obtain advice from independent parties and other professionals, where necessary, in discharging their duties.

8.3.3 Remuneration committee

The composition of our Remuneration Committee is set out below:-

Name	Designation	Directorship
Ahamad bin Mohamad	Chairman	Non-Independent Non-Executive Director
Datuk Anuar bin Ahmad	Member	Senior Independent Non-Executive Director
Md Tamyas bin Hj A.Rahim	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee, amongst others, include the following:-

- (i) Provide assistance to our Board in determining the remuneration of executive directors and, if applicable, senior management. In fulfilling this responsibility, the Remuneration Committee is to ensure that executive directors and applicable senior management of our Company:-
 - (a) are fairly rewarded for their individual contributions to overall performance;
 - (b) that the compensation is reasonable in light of our Company's objectives; and
 - (c) that the compensation is similar to other companies.
- (ii) Establish the Managing Director's goals and objectives; and
- (iii) Review the Managing Director's performance against the goals and objective set.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.3.4 Nomination committee

The composition of our Nomination Committee is set out below:-

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Ahamad bin Mohamad	Chairman	Non-Independent Non-Executive Director
Md Tamyas bin Hj A.Rahim	Member	Independent Non-Executive Director
Abdul Azmin bin Abdul Halim	Member	Independent Non-Executive Director

The terms of reference of our Nomination Committee, amongst others, include the following:-

- (i) Identify and recommend to our Board, candidates for board directorships of our Company;
- (ii) Recommend to our Board, directors to fill the seats on Board committees;
- (iii) Evaluate the effectiveness of our Board and Board committees (including its size and composition) and contributions of each individual director; and
- (iv) Ensure an appropriate framework and plan for Board succession for our Company.

In relation to the above, our Board is aware of and supports the Malaysian Code of Corporate Governance 2012 ("**MCCG 2012**") as a basis for practices on corporate governance. Recommendation 3.5 of the MCCG 2012 states that where the position of chairman of the board is not an independent director, the board must comprise of a majority of independent directors.

Although our Company has yet to be in line with the above recommendation, where our current Board comprise, one (1) Non-Independent Non-Executive Chairman, and only four (4) out of the remaining seven (7) Directors are Independent Non-Executive Directors, it is pertinent to note the following:-

- (i) Our Board believes that the interest of shareholders is best served by a Chairman who is sanctioned by the shareholders and who will act in the best interests of the shareholders as a whole. The Chairman exercises independent and broad judgement as well as provides constructive views on proposals put forth by the Managing Director. As the Chairman representing Kulim who is the controlling shareholder of our Company, he is well placed to act on behalf of shareholders and in their best interest. Similarly, there are two (2) other Non-Independent Non-Executive Directors on our Board who represent Kulim and have been appointed to ensure that Kulim's interest in our Company is safeguarded;
- (ii) There is only one (1) executive director on our Board who is the Managing Director and involved in the day-to-day operations of our Group. The Managing Director is hence responsible for reporting our Group's overall business and financial performance to both our Chairman and the remaining six (6) Non-Executive directors of our Company. The high number of Non-Executive directors provide sufficient checks and balances in the functioning of our Board whilst ensuring a high standard of reporting and corporate governance; and

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (iii) The four (4) Independent Non-Executive Directors are qualified professionals in their respective fields and bring with them a wealth of knowledge and experience as highlighted under **Section 8.2.2** of this Prospectus.

Notwithstanding the above, the present position on the current board composition may change over time as our Company grows further in terms of size and scale. Our Board undertakes to re-assess and review its position on the independence of our Board on an annual basis and in its deliberations, will take into consideration, amongst others, its performance and conduct during the period under review (in terms of effectiveness, integrity, fairness and independence) and the recommendations prescribed under the MCCG 2012.

As at the LPD, save for recommendations 3.5 of the MCCG 2012, our Board confirms compliance with the other recommendations in MCCG 2012.

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.4 Key management

8.4.1 Shareholdings

The following table sets forth the direct and indirect shareholdings of each of our key management before and after the IPO, assuming each of our key management will subscribe for their respective pink form allocation:-

Name	Designation	Nationality	Before IPO				After IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares held ('000)	%	No. of Shares held ('000)	%	No. of Shares held ('000)	%	No. of Shares held ('000)	%
Dato' Hak	Managing Director	Malaysian	96,000	24.6	⁽¹⁾ 39,000	10.0	90,900	18.0	⁽¹⁾ 29,100	5.8
Ir. Zulkifli bin Mohd Amin	General Manager	Malaysian	-	-	-	-	340	0.1	-	-
Zuraimi bin Basri	Chief Financial Officer	Malaysian	-	-	-	-	280	0.1	-	-
Tajul Asikin bin Sallehudin	Manager, Technical	Malaysian	-	-	-	-	215	*	-	-
Captain Nasruddin bin Abdul Mutalib	Manager, Safety, Quality and Security	Malaysian	-	-	-	-	245	*	-	-
Che Zal Azilah bte Che Omar	Manager, Account	Malaysian	-	-	-	-	250	*	-	-
Captain Mohd Yusni bin Razali	Manager, Fleet Operation	Malaysian	-	-	-	-	215	*	-	-
Farrah Radziah Binti Dato' Ir Abdul Hak	Manager, Commercial	Malaysian	-	-	-	-	195	*	-	-
New Kok Ho	General Manager, Johor Shipyard	Malaysian	-	-	-	-	325	0.1	-	-

Notes:-

* Negligible

⁽¹⁾ Deemed interested by virtue of his spouse's shareholdings in our Company pursuant to Section 6A of the Act.

Notwithstanding the pink form allocation reserved for our key management, our key management may subscribe for the Issue Shares under the Public Offer.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.4.2 Key management profiles

Save for the profile of Dato' Hak which is set out in **Section 8.1.2** of this Prospectus, the profiles of the others key management of our Group are as follows:-

Ir. Zulkifli bin Mohd Amin, a Malaysian aged 46, is our General Manager. He graduated in 1992 with a Bachelor of Science in Naval Architecture & Marine Engineering from University of New Orleans, United States. He started his career in 1992 as a naval architect at Penang Shipbuilding Corporation Sdn Bhd. In 1993, he joined GEC (M) Sdn Bhd as sales engineer/naval architect. In 1994, he joined our Company as a technical manager. In 2008, he was promoted to General Manager and is currently responsible for overall fleet operations and commercial operations for our marine transportation and offshore storage operations as well as port marine services. He is also a director of Johor Shipyard.

Zuraimi bin Basri, a Malaysian aged 45, is our Chief Financial Officer. He graduated in 1993 with a Bachelor of Accounting (Honours) from University Utara Malaysia. He started his career in 1994 as a finance executive in Sindora. In 1996, he was promoted as the head of internal audit unit in Sindora. In 2003, he was seconded to a joint venture company of Sindora, PT Andalas Lumber Products in Padang, West Sumatera as a finance director. In 2004, he served as deputy finance manager of Sindora until 2006 before he joined our Group in early 2007 as the Senior Manager of Finance & Administration. On 1 September 2014, he was re-designated to Chief Financial Officer and is currently responsible for overall financial, accounting, compliance and reporting, administration and internal control functions of our Group. He has been a member of Malaysian Institute of Accountants since 2002.

Che Zal Azilah bte Che Omar, a Malaysian aged 45, is our Accounts Manager. She graduated in 1991 with a Diploma in Statistics from Mara Institute of Technology, Shah Alam, Selangor. She started her career in 1991 as an assistant statistician at Lembaga Kemajuan Terengganu Tengah. In 1993, she joined our Group as an account officer. In 1995, she left our Group and joined Sempati Air Pte Ltd as a senior account officer. In 1998, she re-joined our Group as an accounts officer. In 2006, she was promoted to Accounts Manager and is currently responsible for the overall accounting functions of our Group, such as payables, receivables, cash flow monitoring and preparation of accounts for financial reporting purposes.

Tajul Asikin bin Sallehudin, a Malaysian aged 50, is our Technical Manager. He graduated in 1984 with a Bachelor of Engineering (Marine) from Indonesian Merchant Marine Academy Jakarta, Indonesia. He started his career in 1984 at Malaysian International Shipping Corporation Berhad ("**MISC**") as cadet engineer before he was promoted as a marine junior engineer from 1985 to 1986. From 1986 to 1995, he moved up his rank from a marine fourth engineer to a marine chief engineer. The last post he held in MISC is as an auditor in Ship Management Audit Department before he left the company to join Pan Pacific Hotel in 1996 which he served as building chief engineer until 1997. From 1997 to 1998, he served as a field service manager in Sapura Petroleum Services. In 1998, he joined Sapura Maritime Engineering Sdn Bhd as a base/business development manager. From 1999 to 2001, he was the managing director in Profile Budi Sdn Bhd before he left the company to join Rusli Offshore Corporation Sdn Bhd as a vice president of operations. In 2002, he re-joined MISC and served as senior superintendent liner for four (4) years. From 2007 to 2010, he served as a head of fleet in Global Carriers Berhad before he joined JRI Resources Sdn Bhd as a general manager of Operations Department from 2011 until 2012. In early 2013, he joined our Group as a Technical Manager and is mainly responsible for the entire technical operations of our vessels including deck, equipment and machinery.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Captain Nasruddin bin Abdul Mutalib, a Malaysian aged 61, is our Safety, Quality and Security Manager. He graduated in 1982 with Master Class 1 Certificate of Competency, Foreign Going in Mualim Pelayaran Besar. He started his career in 1971 at Indonesian Maritime Academy before he was promoted as a cadet on MISC vessels in 1973. From 1975 to 1984, he moved up his rank as a third officer to a senior chief officer with a Master's Certificate. From 1985 to 1988 he was appointed as a master in MISC vessels and commanded 13 MISC's ships. From 1988 to 1990 he became an operations superintendent of Liner Division which is in charge of operations and ship planning for Far East Australia services and Japan Taiwan services. From 1990 to 1995, he was in charge of the operations for Far East Europe Service Sector, Australia Service Sector and Japan Taiwan Service Sector for eleven (11) of MISC's vessels and 16 partners' vessels. From 1995 to 2000 he was promoted as an operation manager of Liner Division. Soon after that, he was again promoted as a manager action team where he is responsible for cost reduction measures of Liner Division from 2000 to 2001. From 2001 to 2002 he was appointed as a marine superintendent of the Fleet Management Division. Then, from 2002 to 2004 he was responsible for Technical Operations for three (3) Liner vessels in MISC. In 2004, he left and joined our Company as a senior manager of our Fleet Operation where he is responsible for Technical Operations of our Company's four (4) tanker vessels and LPG vessel, and thereafter in 2005 he was appointed as a company security officer as per the requirement of The International Ship and Port Security (ISPS). In 2006, he was promoted as a Safety, Quality and Security Manager and is currently responsible to carry out shipboard and safety management audits on the vessels in accordance to statutory bodies' requirements.

Captain Mohd Yusni bin Razali, a Malaysian aged 51, is our Fleet Operation Manager. He holds Certificate of Competency as Master of Foreign Going Ships issued by the Marine Department of Malaysia. He started his career in 1984 as a cadet and held various positions including, navigation officer, senior second officer and chief officer during his tenure in MISC/LNG fleet until 1995. He served in various merchant shipping companies as a chief officer and master until 1997. From 1997 to 2000, he served as a master mariner at Global Carriers Berhad. From 2000 to 2002, he served Akademi Laut Malaysia as a nautical lecturer before he joined Pelita Akedemi Sdn Bhd in 2003 as a Maritime Training & Education director. From 2004 to 2005, he was in Latihan Perikanan Laut Dalam Armada as a director of recruitment and training development. In 2005, he joined Cycle Craft Accessories (M) Sdn Bhd as a marine project manager. In the beginning of 2006, he served Global Carriers Berhad as a fleet superintendent and was promoted to a manager of Health, Safety, Security and Environmental (HSSE) in 2008. Prior to his appointment as a manager, he served as a Designated Person Ashore (DPA). In 2009, he was appointed as a senior manager of Marine Operation and HSSE. The last position he held in Global Carriers Berhad was as a senior manager, Fleet Management Division until he left the company in 2013 to join our Company as a Fleet Operation Manager. He is mainly responsible for operational performance of our Group's fleet and to ensure that our fleet complies with all relevant rules and regulations.

Farrah Radziah Binti Dato' Ir. Abdul Hak, a Malaysian aged 31, is our Commercial Manager. She graduated in 2006 with a Bachelor Degree Business & Accounting from University of Sunderland, United Kingdom. She started her career in 2006 as a stock control clerk at Walkers Pte Ltd, United Kingdom. In 2007, she joined our Company as a junior executive, operation and commercial before she continued her study for Bachelor Degree of Business & Public Relations from 2008 to 2009 in University of Sunderland, United Kingdom. In 2009, she re-joined our Company as an executive, operation & commercial. She was promoted to senior executive, manning department in 2011 and was promoted to head of manning department in 2013. She was promoted as the Commercial Manager on 1 April 2014 and is mainly responsible for the commercial aspects of our Group's fleet and management of charter parties.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

New Kok Ho, a Malaysian aged 44, is the General Manager for Johor Shipyard. He graduated from Universiti Teknologi Malaysia with a Bachelor Degree in Engineering Marine Technology (Honours) in 1994. His career started in 1994 when he joined Syarikat Ong Yoke Lin Sdn Bhd as a senior services engineer and was mainly involved in mechanical and electrical engineering as well as project management. In 2000, he left and joined Metrojaya Berhad as a property manager. In 2003, he joined Sumber Samudra Sdn Bhd as a project manager and was mainly involved in shipbuilding and ship repairs for five (5) years until 2008. In 2008, he joined Johor Shipyard as a manager and was subsequently promoted to General Manager of our shipyard on 1 April 2014. He oversees the day-to-day operations of our shipyard and is currently overseeing the construction of new vessels and our expansion of our shipyard facilities.

8.5 Involvement of our executive directors and/or key management in other businesses/corporations

As at the LPD, save as disclosed below and in **Section 8.2.3** of this Prospectus (in respect of Dato' Hak), none of our executive directors and/or key management is involved in other businesses or corporations in Malaysia, save and except for the operations of our Group:-

Name	Company	Principal Activities	Involvement in business activities performed outside our Group
Ir. Zulkifli bin Mohd Amin	• Berkat Global Sdn Bhd	• Provision of engineering works, inspection, supervision and maintenance of vessels	• Director and shareholder (Direct: 10.0%)
Farrah Radziah Binti Dato' Ir. Abdul Hak	• Dian Nusa Sdn Bhd	• Dormant	• Director and shareholder (Direct: 70.0%)

Our executive directors and key management are of the view that their involvement in the businesses and corporations in **Section 8.2.3** of this Prospectus and above does not affect their contribution to our Group.

Their involvement in the above businesses does not require a significant amount of time and as such, our executive directors and/or key management devote all their efforts to the executive functions in our Group. Their ability to act as our executive directors and/or key management of our Group is not expected to change moving forward.

In addition, Dato' Hak had on 11 November 2014 provided an undertaking that as long as he remains as a promoter, director, substantial shareholder and/or key management of the E.A. Technique Group, the companies that he is involved in (which are not part of the E.A. Technique Group) shall not directly or indirectly compete with or carry out businesses in conflict with the businesses of our Group.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.6 Declaration from Our Promoters, substantial shareholders, Directors and key management

As at the LPD, save as disclosed below, none of our Promoters, substantial shareholders, Directors and key management is or has been involved in any of the following events (whether within or outside Malaysia):-

- (i) a petition under any bankruptcy or insolvency laws filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/ or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgment was entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.7 Family relationships and/or associations

Save as disclosed below, there is no family relationship and/or association between any of our Promoters, substantial shareholders, Directors and key management as at the LPD:-

- (i) Datin Hamidah, one of our substantial shareholders is the wife of Dato' Hak, our substantial shareholder and Managing Director;
- (ii) Ir. Zulkifli bin Mohd Amin, who is our General Manager is the brother of Dato' Hak, our substantial shareholder and Managing Director;
- (iii) Farrah Radziah binti Dato' Ir. Abdul Hak who is our Commercial Manager is the daughter of Dato' Hak and Datin Hamidah, our substantial shareholders;
- (iv) Association with JCorp by virtue of Ahamad bin Mohamad is a senior management of JCorp;
- (v) Association with Kulim by virtue of the following:-
 - (a) Ahamad bin Mohamad, is the Managing Director of Kulim;
 - (b) Rozan bin Mohd Sa'at, is the Non-Independent Non-Executive Director of Kulim; and
 - (c) Azli bin Mohamed is the Chief Financial Officer of Kulim;
- (vi) Association with Sindora by virtue of Ahamad bin Mohamad being the Chairman of Sindora.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.8 Benefits paid or intended to be paid

Save for the remuneration and benefits paid to our Directors for services rendered in all capacities to our Group as set out in **Section 8.2.4** of this Prospectus there are no other amounts or benefits paid or intended to be paid or given to our Promoters, substantial shareholders and/ or Directors within the two (2) years preceding the date of this Prospectus.

8.9 Service agreements

Save as disclosed below, as at the LPD, none of our Directors and key management has any existing or proposed service agreement with our Group:-

- (i) Dato' Hak was appointed as the Managing Director of our Company on 1 January 2007 for a fixed term of three (3) years with the option of renewal by giving six (6) months prior written notice to Dato' Hak. Upon receiving the notice, Dato' Hak shall not less than one (1) month from the date of receiving the notice inform our Company of his decision whether to accept the re-engagement. His employment has been continuously extended and his current engagement term will expire on 31 December 2015. His employment as the Managing Director of our Company is subject to mutual termination provisions by giving six (6) months prior written notice;
- (ii) Captain Nasruddin bin Abdul Mutalib was appointed as the Manager, Safety, Quality and Security of our Company pursuant to a letter of employment issued by our Company on 15th December 2005. His designation was deemed effective on 3 January 2006 for a fixed term of six (6) months. His employment has been continuously extended and his current engagement term will expire on 31 December 2014. The Company reserves the right to terminate the service of Captain Nasruddin bin Abdul Mutalib in the event that Captain Nasruddin bin Abdul Mutalib does not perform as expected, with one (1) month notice; and
- (iii) Zuraimi bin Basri was re-designated as the Chief Financial Officer of our Company with effect on 1 September 2014 for a fixed term of three (3) years. Any extension or new contract thereafter shall be on mutual consent and subject to his performance and the needs of our Company. His employment is subject to mutual termination provisions by giving six (6) months prior written notice or six (6) months' salary in lieu of notice.

8.10 Employees

8.10.1 Employees

As at the LPD, our Group has a total workforce of 372 employees, of which fifteen (15) are permanent employees and 357 are *contractual employees. Malaysians accounted for approximately 83.6% of total employees while the remaining 16.4% were foreign nationals. All of our foreign employees have valid working permits.

Note:-

* We believe that it is common for our industry to have a large proportion of contractual employees, in particular for offshore and marine workers. This gives us the flexibility for crew rotation as well as to meet charter crew criteria as required by the charterer.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

The breakdown of our employees by categories as at the end of the past three (3) financial years up to the FYE 31 December 2013 and as at the LPD is set out below:-

	<-----No. of employees----->			
	As at 31 December			As at
	2011	2012	2013	the LPD
Management and professional	6	8	11	14
Offshore and marine workers				
- Crew	186	206	240	263
- Mooring crew	28	42	42	42
Technical and supervisory/quality assurance				
- Engineers	5	7	5	8
- Quality assurance	-	1	1	3
- Naval architects	-	-	1	1
Clerical and administrative	16	21	18	26
Shipyard staff				
- Skilled workers	5	7	10	9
- Unskilled workers	5	5	3	3
General workers	3	3	3	3
Total workforce	254	300	334	372

Our crew members have been on increasing trend from 186 crew members by 31 December 2011 increased to 263 crew members up to the LPD. This is in line with the significant expansion of our port marine services of which we operate 21 vessels in FPE 31 May 2014 from ten (10) vessels in FYE 31 December 2011.

Our Group's employees breakdown by companies as at the LPD are set out below:-

	<-No. of employees-> As at the LPD
E.A. Technique	352
Johor Shipyard	20
Total workforce	372

None of our employees, whether permanent or contractual, belong to any trade unions or have any labour relationship with any union, and there have been no industrial disputes since we commenced operations.

8.10.2 Training and development programmes

We recognise the importance of human resource as a central element of any successful organisation and aim to build an experienced, capable and dynamic team. Hence, we emphasise the importance of providing training and development programmes for our employees as part of our human resource development. In line with this, we conduct on-the-job training programmes for our employees aimed at improving their skills and technical knowledge.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

The key training and development programmes attended by our employees for the past three (3) years and up to the LPD are set out below:-

Month/ Year	Training and Development Programmes undertaken
January 2011	<ul style="list-style-type: none"> • General Operator Certificate • The Manila Amendments to the International Convention for the Seafarers' Training, Certificates and Watchkeeping (STCW) Convention and Code
February 2011	<ul style="list-style-type: none"> • Medical First Aid • Efficiency in Survival Craft • Advance Fire Fighting • Tanker Familiarisation • Bank Reconciliation, Petty Cash Management & Effective Receipts and Payment Control Scheme
June 2011	<ul style="list-style-type: none"> • Purchasing Skills
July 2011	<ul style="list-style-type: none"> • Understanding And Implementing Industrial Relations Practices • Rigging & Slings • Basic Safety Training • Tanker Familiarisation
September 2011	<ul style="list-style-type: none"> • Marine Science & Technology Conference
October 2011	<ul style="list-style-type: none"> • National Seminar On Maritime Labour Convention (MLC)
January 2012	<ul style="list-style-type: none"> • ISO 9001:2008 Internal Auditor Training • Accident Investigation And Reporting Workshop • Advance PC Configuration Troubleshooting & Data Recovery • Safety And Health Committee Seminar
March 2012	<ul style="list-style-type: none"> • Rigging & Slings • ISM & ISPS Internal Auditor Training • Mastering Your Personal Effectiveness At Workplace • Successful & Effective Purchasing Negotiation
June 2012	<ul style="list-style-type: none"> • Seminar Kemahiran Pengurusan • Rigging & Slings
September 2012	<ul style="list-style-type: none"> • Human Resources Development Fund (HRDF) 2012 Conference & Exhibition
September 2012	<ul style="list-style-type: none"> • Marine Science & Technology conference
October 2012	<ul style="list-style-type: none"> • National Seminar on Maritime Labour Convention (MLC) 2006
May 2013	<ul style="list-style-type: none"> • National Maritime Conference • Maritime Labour Convention 2006
July 2013	<ul style="list-style-type: none"> • Minimum Industrial Standard ("MIS"): Basic Offshore Safety Emergency Training ("Boset") Refresher Course • MIS Boset Training
August 2013	<ul style="list-style-type: none"> • Marine Facility Security Officer Course (MFSO) • Hydrogen Sulphate 2 Safety Training • MIS Boset Training • Tripod Beta Incident Analysis & Investigation Training

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Month/ Year	Training and Development Programmes undertaken
October 2013	<ul style="list-style-type: none"> • MIS Boset Training • Effective Multi-Tasking Skills In office Administration • Master less than 500 gross tonnage in Domestic Trade Voyage
November 2013	<ul style="list-style-type: none"> • Maritime Security Risk Management • Bengkel Etika Sosial Dan Kecemerlangan Imej Organisasi • Medical First Aid
December 2013	<ul style="list-style-type: none"> • Akta Kerja 1955 Dan Peraturan-peraturan Dan Perintah • MIS Boset Training
January 2014	<ul style="list-style-type: none"> • MIS Boset Training • OHSAS ISO 01:2007 Standard Training
February 2014	<ul style="list-style-type: none"> • Permit to Work Course • GST Training
March 2014	<ul style="list-style-type: none"> • Combine ISM & ISPS Internal Auditor Course
April 2014	<ul style="list-style-type: none"> • Pan Sarawak (Pansar) – Yanmar Engine Seminar • Seminar Aspirasi Setiausaha • Maritime Labour Convention 2006
May 2014	<ul style="list-style-type: none"> • Procedure for Bunker Workshop • Class Nippon Kaiji Kyokai (NK), Damage (Hull) Course • Strategic Procurement Management and Vendor Negotiation Skills • Hydrogen Sulphide (HS2) Safety Training
June 2014	<ul style="list-style-type: none"> • Invest Malaysia Kuala Lumpur 2014 Conference • HS2 Training
September 2014	<ul style="list-style-type: none"> • Understand The Key Element Of GST And Its Mechanism • Company Security Officer • Course On Effective Occupational Safety And Health Inspection And Audit

In efforts to encourage secondary school graduates to pursue maritime careers while overcoming the shortage of crew members in the industry, we offer scholarship programmes to attend various academies/varsities in Malaysia including, amongst others, Malaysian Maritime Academy (ALAM), Politeknik Ungku Omar, Pelita Akedemi and Universiti Kuala Lumpur. Further, our programme allows us to develop and train nautical and engineer officers organically. As at the LPD, we have provided scholarships to eleven (11) students to further study in marine related studies, all of which are bonded with our Company for an average of five (5) years.

In addition, we also have 23 cadets who studied in the abovementioned academies/varsities and are currently under-going practical training on board our vessels for periods ranging from three (3) to twelve (12) months. These cadets will be offered employment opportunities with our Company, once they have obtained the relevant qualifications, subject to a bond with our Company for two (2) years.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.10.3 Management succession plan

Our business is organised along functional lines where department managers are responsible for the execution of their duties. Our Group practices management empowerment whereby department managers are relatively autonomous, and have significant decision making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on our Managing Director to be involved in all details and aspects of the operational and functional areas. This allows our Managing Director to focus on strategic matters and business.

Nevertheless, to ensure business continuity, our Group has put in place a management succession plan which includes:-

- (i) Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with business goals, strategies and the culture of our Group; and
- (ii) Taking a positive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision-making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

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9. APPROVALS AND CONDITIONS

9.1 Approvals and conditions

The SC has, via its letter dated 3 September 2014, approved the IPO under the Section 214(1) of the CMSA and equity requirement for public companies ("**SC Approval Letter**"), subject to the compliance with the following conditions:-

Conditions	Status of compliance
(i) RHB Investment Bank / E.A. Technique are to fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing;	To be complied
(ii) Two (2) additional independent directors are to be appointed, and one (1) of the independent directors is to be designated as the Senior Independent Director, prior to the submission of confirmation for registration of prospectus;	The SC has via its letter dated 14 November 2014, approved a variation to this condition. Please refer below for the details of the variation.
(iii) The building plan approval in respect of one (1) unit of 2-storey office building and one (1) unit of covered workshop in the rented shipyard in Hutan Melintang, Perak is to be obtained from Majlis Perbandaran Teluk Intan (" MPTI ") prior to the submission of confirmation for registration of prospectus;	Complied. MPTI has approved the building plan approval via its letter dated 5 November 2014.
(iv) Approval for the inclusion of the category of LPG tanker in E.A. Technique's licence issued by PETRONAS is to be obtained prior to the submission of confirmation for registration of prospectus; and	Complied. As at the LPD, our PETRONAS licence has been updated to include the category of LPG tanker.
(v) Dato' Hak is to provide an undertaking that as long as he remains as a promoter, director, substantial shareholder and/or key management of the E.A. Technique Group, the companies that he is involved in (which are not part of the E.A. Technique Group) shall not directly or indirectly compete with or carry out businesses in conflict with the businesses of the E.A. Technique Group, and such undertaking is to be disclosed in the prospectus.	Complied. Please refer to Section 8.5 of this Prospectus for the relevant disclosure.

The SC has via its letter dated 14 November 2014 approved the variation sought in relation to condition 1.2(ii) of the SC Approval Letter. The details of the variation sought and accompanying conditions imposed by the SC are as follows:-

Details of variation sought	Condition imposed	Status of compliance
Revision to the condition of approval for the proposed listing of E.A. Technique where, in lieu of the appointment of two (2) additional independent directors as imposed by the SC, E.A. Technique would instead replace one (1) of the existing non-independent non-executive directors with the appointment of one (1) new independent director.	nil	Complied

In addition, the SC has, via its letter dated 14 November 2014 approved the waiver sought by us from having to comply with Paragraph 13.10 of Part I of the Prospectus Guidelines. The details of the waiver sought and the corresponding condition imposed by the SC is as follows:-

9. APPROVALS AND CONDITIONS (Cont'd)

Details of waiver sought	Condition imposed	Status of compliance
Waiver from having to include the audit report in respect of the applicable audited financial statements in the Accountants' Report.	Approved, subject to the inclusion / disclosure in the Accountants' Report of the auditors' opinion on the audited financial statements for the financial years under review.	Complied

Bursa Securities has, via its letter dated 15 October 2014, approved the admission of our Company to the Official List of the Main Market of Bursa Securities and the Listing on the Main Market of Bursa Securities.

The MITI has, via its letter dated 5 November 2014, stated that it has no objection to our IPO.

9.2 Moratorium on our Shares

In accordance with the Equity Guidelines, our Promoters will not be allowed, and have undertaken not to sell, transfer or assign their entire shareholdings in our Company, as disclosed below, for a period of six (6) months from the date of Listing.

Promoters	Direct	
	No. of Shares to be held under the moratorium	%
Kulim	-	-
Sindora	255,000,000	50.6
Dato' Hak	90,900,000	18.0
Datin Hamidah	29,100,000	5.8

In accordance with the Equity Guidelines, the direct shareholder of Sindora, namely Kulim have undertaken not to sell, transfer or assign their entire respective shareholdings in Sindora as at the date of Listing, for a period of six (6) months from the date of Listing.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

10.1 Related party transactions and conflict of interest

Save as disclosed below, there are no other related party transactions, existing or proposed, entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors and substantial shareholders, and/or persons connected with them for the past three (3) FYE 31 December 2011, 2012 and 2013 as well as the five (5)-month FPE 31 May 2014:-

10.1.1 Recurrent related party transactions

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Actual Transaction Value <-----FYE 31 December----->			FPE 31 May	Estimated
				2011	2012	2013	2014	FYE 31 December 2015
				RM	RM	RM	RM	RM
E.A. Technique Group with JCorp Group								
E.A. Technique Group	Pro Corporate Management Services Sdn Bhd ("PCMSB")	PCMSB is a subsidiary of JCorp JCorp is our major shareholder through its substantial interest in Kulim. Kulim is our major shareholder through its interest in Sindora.	• Provide secretarial services and share registrars services to our Group	11,593	11,980	17,763	6,910	50,000
E.A. Technique Group	Tiram Travel Sdn Bhd ("Tiram")	Tiram is a subsidiary of JCorp. JCorp is our major shareholder through its substantial interest in Kulim. Kulim is our major shareholder through its interest in Sindora.	• Provides airline tickets reservations services to our Group	322,242	163,697	133,132	115,385	250,000

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Actual Transaction Value -----FYE 31 December----->			FPE 31 May 2014	Estimated FYE 31 December 2015
				2011	2012	2013		
				RM	RM	RM	RM	RM
E.A. Technique	EPASA Shipping Agency Sdn Bhd ("EPASA")	<p>EPASA is a subsidiary of Sindora, a related company of JCorp.</p> <p>JCorp is our major shareholder through its substantial interest in Kulim.</p> <p>Kulim is our major shareholder through its interest in Sindora.</p>	<ul style="list-style-type: none"> Provision of agency services (as forwarding agents for port clearance with statutory body i.e. custom immigration and marine department) for our vessels 	63,518	323,858	498,669	136,474	550,000
<u>E.A. Technique Group with Dato' Hak and his related parties</u>								
E.A. Technique	Datin Hamidah	<p>Datin Hamidah is our Promoter and major shareholder.</p> <p>Datin Hamidah is the spouse of Dato' Hak, our Managing Director and major shareholder.</p>	<ul style="list-style-type: none"> Rental of two (2) apartments for our Company's seafarers 	48,000	58,000	60,000	20,000	72,000
E.A. Technique Group	Berkat Global Sdn Bhd ("Berkat")*	<p>Berkat is a company 90% owned by Dato' Hak and 10% owned by Ir. Zulkifli Mohd Amin.</p> <p>Dato Hak is our Managing Director and major shareholder.</p> <p>Ir. Zulkifli Mohd Amin is our General Manager.</p>	<ul style="list-style-type: none"> Provision of project-related advisory services by Berkat to our Group such as marine consultancy and ship design 	249,110	361,114	259,878	187,880	450,000

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Note:-

- * *Berkat is a company registered with the Board of Engineers, Ministry of Finance and PETRONAS as a qualified licenced engineer to provide ship design and marine consultancy. The firm is independently operated with a pool of engineers providing specialised engineering services, comprising amongst others, ship design, ship survey, third party inspection for ship construction, on hire/off hire survey, sea fastening survey for offshore structures, load out survey, and marine towing survey. Berkat also has a partnership with London Offshore Consultants (LOC), a marine consultancy company with head office in London, in providing marine consultancy services to major oil companies in Malaysia and also the region. Save for Dato' Hak and Ir. Zulkifli Mohd Amin, the employees of our Group do not possess the above skills and does not provide these services. Hence, we engaged Berkat for their specialised services, which are necessary for our Group's operations based on normal commercial terms that are not more favourable than third party service providers. Further, to use Berkat for any one of the services mentioned above is not only cost effective but also assurance of deliverables (quality and time).*

10.1.2 Non-recurrent related party transactions

There are no material non-recurrent related party transactions, existing or proposed, entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors and substantial shareholders, and/or persons connected with them for the past three (3) FYE 31 December 2011, 2012 and 2013 as well as the five (5)-month FPE 31 May 2014.

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment to our minority shareholders.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, review the terms of all related party transactions (if any), and report to our Board for further action. When necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by us. In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interest. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors, substantial shareholders and/or persons connected with a Director or substantial shareholder, which have any interest, direct or indirect, in the proposed related party transactions will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Director and/or substantial shareholders will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.2 Transactions that are unusual in their nature or conditions**

Our Directors have confirmed that there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/or our subsidiary company was a party for the past three (3) FYE 31 December 2011, 2012 and 2013 as well as the five (5)-month FPE 31 May 2014.

10.3 Outstanding loans (including guarantees of any kind)

Our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) that have been granted by our Company and/or our parent or subsidiary company to or for the benefits of the related parties for the past three (3) financial years up to the FYE 31 December 2011, 2012 and 2013 as well as the five (5)-month FPE 31 May 2014.

Transacting Parties	Nature of relationship	Actual Value			
		FYE 31 December			FPE 31 May
		2011	2012	2013	2014
		RM	RM	RM	RM
Advance extended to:-					
Marginal Field	Marginal Field is 51% owned by *Dato' Hak, who is our managing director and major shareholder	-	-	1,482,900	-

Note:-

* Dato' Hak became a shareholder and director of Marginal Field on 16 December 2013 and 12 February 2014, respectively.

The advance due from the related party were charged with interest rate of 8% per annum, but unsecured and have no fixed term of repayment. As at the date of this Prospectus, the above advance together with the interest charged have been fully settled.

Our Group does not expect to enter into any future transactions of the above nature after our admission to the Official List of Bursa Securities, and in the event we do so, such transactions would be conducted in accordance with the procedures required by the relevant authorities.

10.4 Interest in similar businesses and in businesses of our customers or suppliers

As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses and corporations carrying on a similar trade as our Group.

Save as disclosed below, as at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in any other businesses and corporations which are the customers or suppliers of our Group:-

Name	Business/Corporations	Nature of interest	Direct interest %	Indirect interest %
Datuk Anuar bin Ahmad	Our customer: • PETRONAS Dagangan	Director	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

The interest of Datuk Anuar bin Ahmad in PETRONAS Dagangan is mitigated by the fact that he is a non-executive director in PETRONAS Dagangan as well as an independent non-executive director of E.A. Technique. Hence, he is not actively involved in the management and day-to-day operations of both PETRONAS Dagangan and our Group.

10.5 Declaration by Advisers for our IPO**(i) Principal Adviser, Underwriter and Placement Agent**

Save as disclosed below, RHB Investment Bank confirms that as at the LPD, there are no equity and/or financial relationships with our Group, other than RHB Capital Berhad ("**RHB Cap**") and/or its related companies ("**RHB Banking Group**") having extended various credit facilities with a combined limit of up to an aggregate amount of approximately RM423.2 million to our Group. These credit facilities are in RHB Banking Group's ordinary course of business.

In addition, we wish to highlight that part of the IPO proceeds will be utilised for repayment of bank borrowings. In particular, approximately RM7.2 million has been earmarked for repayment of our existing facilities to RHB Banking Group as disclosed under **Section 3.9** of this Prospectus.

RHB Investment Bank has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Group for the IPO on the basis that:-

- (a) RHB Banking Group's existing exposure to our Group of approximately RM423.2 million, only represents approximately 0.3% of RHB Cap's audited consolidated gross loan, advances and financing of approximately RM121,752.9 million as at 31 December 2013;
- (b) RHB Investment Bank is a licensed investment bank and its appointment as Principal Adviser, Underwriter and Placement Agent for the IPO, is in the ordinary course of its business; and
- (c) The conduct of RHB Banking Group's business is regulated by the Financial Services Act, 2013 and RHB Banking Group's own internal controls and checks.

(ii) Due Diligence Solicitors

Messrs Kadir Andri & Partners has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Due Diligence Solicitors for our IPO.

(iii) Auditors and Reporting Accountants

Messrs Ernst & Young has given its confirmation that there is no existing or potential conflict of interest in its capacity as the auditors and the Reporting Accountants for our IPO.

(iv) Independent Market Researcher

Vital Factor has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our IPO.

11. FINANCIAL INFORMATION**11.1 Historical financial information**

The following table sets out our selected historical audited consolidated financial information for the three (3) FYE 31 December 2011, 2012 and 2013 as well as for the five (5)-month FPE 31 May 2014 and unaudited consolidated financial information for the five (5)-month FPE 31 May 2013. Our audited consolidated financial statements are prepared in accordance with Malaysian FRS and International FRS.

The following selected historical audited consolidated financial information should be read in conjunction with the "Management's Discussion and Analysis of the Financial Condition, Results of Operations and Prospects" in **Section 11.3** of this Prospectus and the Accountants' Report in **Section 12** of this Prospectus.

	Audited			Unaudited	Audited
	FYE 31 December			Five (5)-month FPE 31 May	
	[^] 2011	[^] 2012	2013	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	96,063	102,724	121,118	43,046	62,813
Cost of services	(71,875)	(65,613)	(80,549)	(28,103)	(45,114)
GP	24,188	37,111	40,569	14,943	17,699
Other operating income	3,210	2,187	41,155	37,621	1,502
Administrative expenses	(6,588)	(6,638)	(12,849)	(5,037)	(6,693)
Results from operating activities	20,810	32,660	68,875	47,527	12,508
Finance income	245	315	2,087	478	924
Finance costs	(12,585)	(13,755)	(14,541)	(6,081)	(5,920)
Net finance costs	8,470	19,220	56,421	41,924	7,512
Share of profit from associate, net of tax	3,646	5,045	2,947	2,947	-
PBT	12,116	24,265	59,368	44,871	7,512
Tax expense	(3,464)	(5,357)	(2,465)	(193)	(2,252)
PAT	8,652	18,908	56,903	44,678	5,260
 EBITDA ⁽¹⁾ (RM'000)	 39,923	 53,614	 52,428	 17,980	 22,359
 GP margin ⁽²⁾ (%)	 25.2	 36.1	 33.5	 34.7	 28.2
PBT margin ⁽³⁾ (%)	12.6	23.6	⁽⁷⁾ 18.1	⁽⁷⁾ 17.2	12.0
PAT margin ⁽⁴⁾ (%)	9.0	18.4	⁽⁷⁾ 16.1	⁽⁷⁾ 16.8	8.4
 No. of shares in issue ⁽⁵⁾ ('000)	 390,000	 390,000	 390,000	 390,000	 390,000
Net EPS ⁽⁶⁾ (sen)	2.2	4.8	⁽⁷⁾ 5.0	⁽⁷⁾ 1.9	1.3
Diluted EPS ⁽⁸⁾ (sen)	-	-	-	-	-

11. FINANCIAL INFORMATION (Cont'd)

	Audited			Unaudited	Audited
	FYE 31 December			Five (5)-month FPE 31 May	
	[^] 2011	[^] 2012	2013	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Adjusted profit excluding contribution from Orkim					
Adjusted PBT (RM'000)	8,470	19,220	⁽⁷⁾ 18,966	⁽⁷⁾ 4,469	7,512
Adjusted PAT (RM'000)	5,006	13,863	⁽⁷⁾ 16,501	⁽⁷⁾ 4,276	5,260
Adjusted PBT margin (%)	8.8	18.7	⁽⁷⁾ 15.7	⁽⁷⁾ 10.4	12.0
Adjusted PAT margin (%)	5.2	13.5	⁽⁷⁾ 13.6	⁽⁷⁾ 9.9	8.4
Adjusted EPS (sen)	1.3	3.6	⁽⁷⁾ 4.2	⁽⁷⁾ 1.1	1.3

Notes:-

- (1) EBITDA represents earnings before net finance cost, taxation and depreciation. We have also excluded share of profit from associate for the financial periods under review as well as gain on disposal of an associate for the FYE 31 December 2013 and the five (5)-month FPE 31 May 2013. The table below sets forth a reconciliation of our PBT to EBITDA:-

	Audited			Unaudited	Audited
	FYE 31 December			Five (5)-month FPE 31 May	
	2011	2012	2013	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	12,116	24,265	59,368	44,871	7,512
Adjusted for:-					
Finance costs	12,585	13,755	14,541	6,081	5,920
Finance income	(245)	(315)	(2,087)	(478)	(924)
Depreciation	19,113	20,954	21,008	7,908	9,851
Share of profit from associate	(3,646)	(5,045)	(2,947)	(2,947)	-
Gain on disposal of an associate	-	-	(37,455)	(37,455)	-
EBITDA	39,923	53,614	52,428	17,980	22,359

- (2) Computed based on the GP over total revenue of our Group.
- (3) Computed based on the PBT over total revenue of our Group.
- (4) Computed based on the PAT over total revenue of our Group.
- (5) Based on our issued and paid-up share capital prior to the Listing.
- (6) Computed based on PAT of our Group divided by 390.0 million Shares, being the number of Shares in issue prior to Listing.
- (7) Gain on the disposal of an associate amounting to approximately RM37.5 million was excluded.
- (8) As at 31 May 2014, there are no potential dilutive instruments issued or to be issued.
- [^] FYE 31 December 2011 and FYE 31 December 2012 figures have been restated due to reclassification of figures between cost of services and administrative expenses as stated in the Accountants' Report.

11. FINANCIAL INFORMATION

11.2 Reporting Accountants' letter on the proforma consolidated statement of financial position



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REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION TO BE INCLUDED IN A PROSPECTUS

(Prepared for inclusion in the Prospectus)

7 November 2014

The Board of Directors
E.A. Technique (M) Berhad
Level 11
Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor

Dear Sirs

PRO FORMA FINANCIAL INFORMATION

INITIAL PUBLIC OFFERING AND LISTING OF AND QUOTATION FOR THE ENTIRE E.A. TECHNIQUE (M) BERHAD'S SHARE ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("IPO AND LISTING")

We have completed our assurance engagement to report on the compilation of pro forma financial information of E.A. Technique (M) Berhad (the "Company") and its subsidiary ("Group") prepared by the Directors of the Company. The pro forma financial information consists of the pro forma consolidated statements of financial position as at 31 May 2014 and the related notes as set out in Appendix of Section 11.2 of the Prospectus issued by the Company ("Prospectus").

The pro forma consolidated financial statements of financial position are compiled by the Directors of the Company based on the applicable criteria as specified in the Prospectus Guidelines issued by Securities Commission Malaysia and the related notes as set out in Appendix of this letter which is included in Section 11.2 of the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the event or transaction, set out in Note 3 of Section 11.2 of the Prospectus, on the Group's financial position as at 31 May 2014 as if the event or transaction had taken place at 31 May 2014. As part of this process, information about the financial position has been extracted by the Directors from the relevant financial statements for the financial period ended 31 May 2014, on which an audit report has been published.

The Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria.

11. FINANCIAL INFORMATION (Cont'd)**Our responsibilities**

Our responsibility is to express an opinion, as required by the Securities Commission Malaysia, about whether the pro forma financial information has been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any report or opinion on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

11. FINANCIAL INFORMATION (Cont'd)



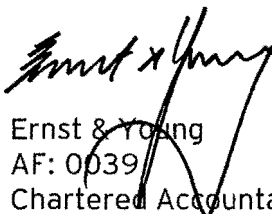
Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 2 of Section 11.2 of the Prospectus.


Other matters

This letter is issued for the sole purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia in connection with the IPO and Listing. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the IPO and Listing described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the IPO and Listing.

Yours faithfully



Ernst & Young
AF: 0039/
Chartered Accountants

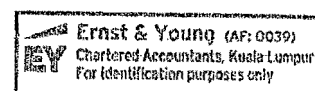


Sundralingam A/L Navaratnam
2984/05/16(J)
Chartered Accountant

11. FINANCIAL INFORMATION (Cont'd)

E.A. TECHNIQUE (M) BERHAD
NOTES TO THE PRO FORMA FINANCIAL INFORMATION

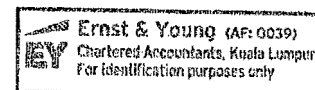
APPENDIX



1. Abbreviations

Unless the context otherwise requires or the term is defined otherwise, the following abbreviation terms shall bear the same meaning as set out below:

Bursa Securities	Bursa Malaysia Securities Berhad
E.A. Technique or Company	E.A. Technique (M) Berhad
E.A. Technique Group or Group	Collectively, E.A. Technique and its subsidiary
E.A. Technique Shares or Shares	Ordinary shares of E.A. Technique of RM0.25 each
IPO	Collectively, initial public offering comprising the Offer for Sale and Public Issue
IPO Shares	Collectively, the Issue Shares and the Offer Shares
Issue Price or IPO Price	The issue price of RM0.65 per Issue Share/Offer Share
Issue Shares	New E.A. Technique Shares to be issued at the Issue Price pursuant to the Public Issue
Listing	Listing of and quotation for the entire enlarged issued and paid-up share capital of E.A. Technique on the Main Market of Bursa Securities
Malaysian Public	Citizens of Malaysia, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Offer Shares	Existing E.A. Technique shares to be offered pursuant to the Offer for Sale
Offer for Sale	Offer for sale of 15,000,000 Offer Shares by the Selling Shareholders to investors to be identified at a later stage at the Issue Price
Public Issue	Public issue of 114,000,000 Issue Shares by E.A. Technique at the IPO Price
Selling Shareholders	Dato' Ir. Abdul Hak bin Md Amin and Datin Hamidah binti Omar

11. FINANCIAL INFORMATION (Cont'd)**E.A. TECHNIQUE (M) BERHAD
NOTES TO THE PRO FORMA FINANCIAL INFORMATION****APPENDIX****2. Basis of preparation**

The pro forma consolidated statement of financial position of E.A. Technique as at 31 May 2014, for which the directors of E.A. Technique are solely responsible, has been prepared for illustrative purpose only to show the effect of the transactions as described in Section 3 of this Appendix had the transactions been implemented and completed on 31 May 2014, with the exception of the Offer for Sale as described in Section 3(ii) that does not have any effect on the financial statements of E.A. Technique Group.

The pro forma consolidated statement of financial position of E.A. Technique has been properly compiled using the audited consolidated financial statements of E.A. Technique as at 31 May 2014 which were prepared in accordance with Malaysian Financial Reporting Standards and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group.

This pro forma consolidated statement of financial position of E.A. Technique and the notes to the pro forma statement of financial position as at 31 May 2014 was adopted and approved by the Board of Directors on 7 November 2014.

3. Listing scheme

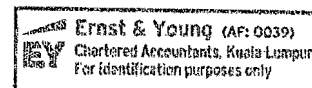
In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of E.A. Technique on the Main Market of Bursa Securities, the Company will undertake the following exercises:

(i) Public Issue

The Company to issue 114,000,000 Issue Shares, representing 22.6% of the enlarged issued and paid-up share capital of E.A. Technique at the IPO price to be allocated in the following manner:

- (a) 25,200,000 Issue Shares will be made available for application by the Malaysian Public, to be allocated via ballot;
- (b) 78,800,000 Issue Shares will be made available to Malaysian institutional and selected investors by way of private placement; and
- (c) 10,000,000 Issue Shares will be made available to the eligible Directors and employees of the Group.

11. FINANCIAL INFORMATION (Cont'd)

E.A. TECHNIQUE (M) BERHAD
NOTES TO THE PRO FORMA FINANCIAL INFORMATION**APPENDIX****3. The Proposal (cont'd.)****(i) Public Issue (cont'd.)**

The Issue Shares shall rank *pari passu* in all respects with the existing issued Shares including the voting rights and will be entitled to all rights and dividends and other distributions, the entitlement date of which are subsequent thereof.

Upon completion of the Public Issue, the issued and paid-up share capital will increase from RM97,500,000 comprising 390,000,000 Shares to RM126,000,000 comprising 504,000,000 Shares.

(ii) Offer for Sale

Concurrent with the Public Issue, the Selling Shareholders will undertake an offer for sale of 15,000,000 Shares at the IPO Price to selected investors. The Offer Shares represent approximately 3.0% of the enlarged issued and paid-up share capital of E.A. Technique.

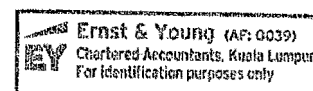
(iii) Listing

Upon completion of the Public Issue and Offer for Sale, the Company will seek the listing of its entire issued and paid-up share capital of RM126,000,000 comprising 504,000,000 Shares on the Main Market of Bursa Securities.

11. FINANCIAL INFORMATION (Cont'd)

E.A. TECHNIQUE (M) BERHAD
NOTES TO THE PRO FORMA FINANCIAL INFORMATION

APPENDIX



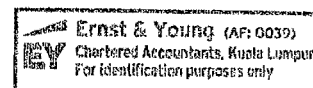
4. Pro forma consolidated statement of financial position as at 31 May 2014

E.A. Technique Group:	Audited 31.5.2014 RM	Adjustment I RM	Adjustment II RM	Pro forma 31.5.2014 RM
Assets				
Non-current assets				
Property, plant and equipment	461,403,662	-	29,200,000	490,603,662
Trade receivables	3,758,058	-	-	3,758,058
	<u>465,161,720</u>			<u>494,361,720</u>
Current assets				
Trade and other receivables	35,337,877	-	(303,000)	35,034,877
Cash and cash equivalents	15,890,622	74,100,000	(62,622,000)	27,368,622
	<u>51,228,499</u>			<u>62,403,499</u>
Total assets	<u>516,390,219</u>			<u>556,765,219</u>
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	97,500,000	28,500,000	-	126,000,000
Share premium	-	45,600,000	(2,500,000)	43,100,000
Retained profits	91,793,017	-	(1,225,000)	90,568,017
Total equity	<u>189,293,017</u>			<u>259,668,017</u>
Non-current liabilities				
Loans and borrowings	244,105,937	-	(18,956,000)	225,149,937
Deferred tax liabilities	13,487,917	-	-	13,487,917
	<u>257,593,854</u>			<u>238,637,854</u>

11. FINANCIAL INFORMATION (Cont'd)

E.A. TECHNIQUE (M) BERHAD
NOTES TO THE PRO FORMA FINANCIAL INFORMATION

APPENDIX



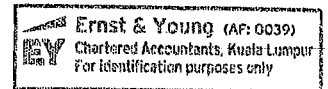
4. Pro forma consolidated statement of financial position as at 31 May 2014 (cont'd.)

E.A. Technique Group:	Audited 31.5.2014 RM	Adjustment I RM	Adjustment II RM	Pro forma 31.5.2014 RM
Current liabilities				
Trade and other payables	23,252,800	-	-	23,252,800
Loans and borrowings	44,355,124	-	(11,044,000)	33,311,124
Tax payable	1,895,424	-	-	1,895,424
	<u>69,503,348</u>			<u>58,459,348</u>
Total liabilities	<u>327,097,202</u>			<u>297,097,202</u>
Net equity and liabilities	<u>516,390,219</u>			<u>556,765,219</u>
Number of ordinary shares in issue	390,000,000	114,000,000	-	504,000,000
Net assets per ordinary share (RM)	0.49			0.52

11. FINANCIAL INFORMATION (Cont'd)

E.A. TECHNIQUE (M) BERHAD
NOTES TO THE PRO FORMA FINANCIAL INFORMATION

APPENDIX



5. Effects on pro forma consolidated statement of financial position

The pro forma illustrates the effects arising from Public Issue and Listing (Adjustment I), and the proposed utilisation of the estimated proceeds from the Public Issue (Adjustment II).

For the purposes of Adjustment I, the Issue Price is RM0.65 per share.

The proceeds from the Public Issue of RM74,100,000 are expected to be utilised as follows:

	Note	RM
Repayment of bank borrowings	(a)	30,000,000
Capital expenditure	(b)	29,200,000
Working capital		11,478,000
Estimated expenses relating to Public Issue and Listing	(c)	3,422,000
		<u>74,100,000</u>

- (a) Management intends to utilise part of the proceeds from the Public Issue to early settle certain bank borrowings.
- (b) Relates to part finance the refurbishment cost to convert one (1) unit of 47,172 DWT oil tanker into a floating storage and offloading vessel, and the expansion of the Group's existing shipbuilding facilities.
- (c) The estimated expenses totaling RM5,000,000 to be borne by E.A. Technique comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses.

RM2,500,000 will be written off against the share premium account pursuant to Section 60 of the Act. The remaining estimated listing expenses of RM2,500,000 will be recognised in statement of comprehensive income.

As at 31 May 2014, the expenses incurred by the Company totalling RM1,578,000 where:

- (i) approximately RM303,000 was accounted for as prepayment and available for set off against the share premium upon Public Issue, and
- (ii) approximately RM1,275,000 was recognised in profit or loss as at 31 May 2014.

The Selling Shareholders will bear their own professional fees and miscellaneous expenses in respect of the Offer for Sale.

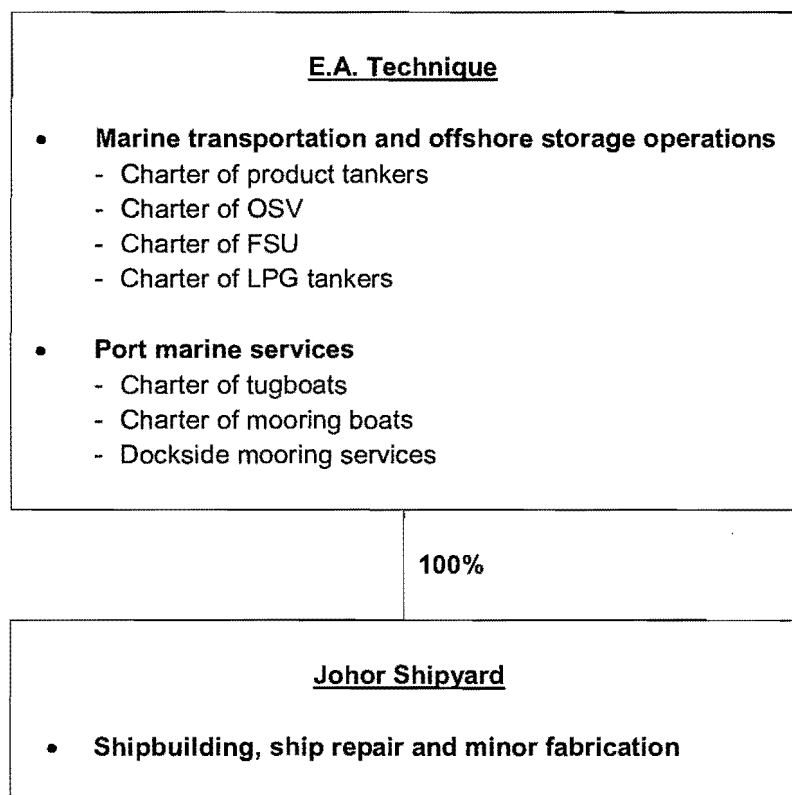
11. FINANCIAL INFORMATION (Cont'd)**11.3 Management's discussion and analysis of financial condition as well as results of operations**

The following discussion and analysis should be read in conjunction with the selected historical audited consolidated financial information presented in **Section 11.1** of this Prospectus, as well as the Accountants' Report included in **Section 12** of this Prospectus.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under Risk Factors as set out in **Section 4** of this Prospectus.

11.3.1 Overview

We are principally an owner and operator of marine vessels focused on marine transportation and offshore storage of O&G, provision of port marine services, as well as shipbuilding, ship repair and minor fabrication as illustrated below:-



Please refer to **Section 6** of this Prospectus for our Group's detailed business overview.

11. FINANCIAL INFORMATION (Cont'd)**11.3.2 Components of results of operations**

The components of our results of operations are as follows:-

(i) Revenue

Our revenue is derived from two (2) entities. The following table sets out our revenue by entities within our Group:-

	Audited FYE 31 December					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
E.A. Technique	96,063	100.0	102,724	100.0	116,890	96.5
Johor Shipyard	47,129	49.1	18,055	17.6	20,485	16.9
	143,192	149.1	120,779	117.6	137,375	113.4
Less: Consolidation eliminations ⁽ⁱ⁾	(47,129)	(49.1)	(18,055)	(17.6)	(16,257)	(13.4)
Total revenue	96,063	100.0	102,724	100.0	121,118	100.0

	Unaudited		Audited	
	Five (5)-month FPE 31 May			
	2013		2014	
	RM'000	%	RM'000	%
E.A. Technique	38,818	90.2	62,813	100.0
Johor Shipyard	4,228	9.8	40,315	64.2
	43,046	100.0	103,128	164.2
Less: Consolidation eliminations ⁽ⁱ⁾	-	-	(40,315)	(64.2)
Total revenue	43,046	100.0	62,813	100.0

Note:-

(i) Consolidation eliminations are to eliminate revenue derived from shipbuilding activities performed by Johor Shipyard for E.A. Technique.

Revenue derived from E.A. Technique is primarily generated from the chartering of vessels. The revenue recognised from the charter contracts comprises of DCR which include the provision of vessels and supply of crew as well as other specific services provided, where applicable.

11. FINANCIAL INFORMATION (Cont'd)

The following table sets forth the composition of our fleet operations for the financial periods under review:-

Vessel Type	No. of vessels							
	31 December 2011		31 December 2012		31 December 2013		31 May 2014	
	Own vessels	Third-party vessels	Own vessels	Third-party vessels	Own vessels	Third-party vessels	Own vessels	Third-party vessels
<u>Marine transportation and offshore storage operations</u>								
Product tankers	7	-	7	-	6	-	6	-
OSV - Fast crew boats	2	1	2	-	2	-	2	-
FSU	-	-	-	-	1	-	1	-
LPG tankers	-	-	-	-	-	1	-	2
<u>Port marine services</u>								
Tugboats	2	4	5	6	7	9	9	7
Mooring boats	4	-	4	-	5	-	5	-
Total	15	5	18	6	21	10	23	9

Our shipbuilding, ship repair and minor fabrication activities are performed by our wholly-owned subsidiary, Johor Shipyard. Our shipbuilding and ship repair activities serve as an internal supporting arm to our marine vessels operations. As at the LPD, Johor Shipyard has completed the construction of seven (7) vessels, all of which are operated by us.

Our customers are primarily Malaysian companies as indicated in the table below. In the FYE 31 December 2012, we chartered M.T. Nautica Muar, our product tanker to a company registered in Singapore for less than a year.

	Audited FYE 31 December					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	96,063	100.0	99,432	96.8	121,118	100.0
Singapore	-	-	3,292	3.2	-	-
Total revenue	96,063	100.0	102,724	100.0	121,118	100.0
	Unaudited		Audited			
	Five (5)-month FPE		31 May			
	2013		2014			
	RM'000	%	RM'000	%		
Malaysia	43,046	100.0	62,813	100.0		
Singapore	-	-	-	-		
Total revenue	43,046	100.0	62,813	100.0		

11. FINANCIAL INFORMATION (Cont'd)

Further, the breakdown of our revenue based on our business segments is set out as follows:-

	Audited FYE 31 December					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
<u>E.A. Technique</u>						
Marine transportation and offshore storage operations	71,366	74.3	71,930	70.0	71,816	59.3
Port marine services	24,697	25.7	30,794	30.0	45,074	37.2
<u>Johor Shipyard</u>						
Minor fabrication	-	-	-	-	4,228	3.5
Total revenue	96,063	100.0	102,724	100.0	121,118	100.0

	Unaudited		Audited	
	Five (5)-month FPE 31 May		FPE 31 May	
	2013	2014	2013	2014
	RM'000	%	RM'000	%
<u>E.A. Technique</u>				
Marine transportation and offshore storage operations	24,425	56.8	37,378	59.5
Port marine services	14,393	33.4	25,435	40.5
<u>Johor Shipyard</u>				
Minor fabrication	4,228	9.8	-	-
Total revenue	43,046	100.0	62,813	100.0

Marine transportation and offshore storage operations

Our marine transportation and offshore storage operations segment is the largest component of our total revenue, recognised when goods are delivered and accepted by customers or when services are rendered. For the FYE 31 December 2011, 2012 and 2013 as well as for the five (5)-month FPE 31 May 2014, revenue generated from our marine transportation and offshore storage operations accounted for 74.3%, 70.0%, 59.3% and 59.5% of our Group's total revenue, respectively.

While the revenue in absolute terms remained constant from FYE 31 December 2011 to FYE 31 December 2013, the percentage contribution to the total revenue for the periods indicated continuously declined due to greater revenue contribution from our port marine services. For the five (5)-month FPE 31 May 2014, revenue in absolute terms increased by 45.9% when compared to the five (5)-month FPE 31 May 2013. Despite the increase in revenue for marine transportation and offshore storage operations by 45.9%, the percentage contribution of this business segment to the total revenue only increased marginally from 56.8% to 59.5% representing an increase of only 2.7%. This is mainly due to greater revenue contribution from our port marine services for the five (5)-month FPE 31 May 2014.

11. FINANCIAL INFORMATION (Cont'd)

The following table sets forth the components of our revenue from marine transportation and offshore storage operations:-

	Audited FYE 31 December					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Charter of product tankers	61,671	86.4	62,673	87.1	49,075	68.3
Charter of OSV	9,695	13.6	9,257	12.9	9,633	13.4
Charter of FSU	-	-	-	-	7,169	10.0
Charter of LPG tankers	-	-	-	-	5,939	8.3
Total revenue from marine transportation and offshore storage operations	71,366	100.0	71,930	100.0	71,816	100.0

	Unaudited		Audited	
	Five (5)-month FPE 31 May		FPE 31 May	
	2013		2014	
	RM'000	%	RM'000	%
Charter of product tankers	21,091	86.4	21,035	56.3
Charter of OSV	3,334	13.6	2,086	5.6
Charter of FSU	-	-	7,783	20.8
Charter of LPG tankers	-	-	6,474	17.3
Total revenue from marine transportation and offshore storage operations	24,425	100.0	37,378	100.0

Marine transportation and offshore storage operations' revenue is mainly generated from the chartering of product tankers having contributed 86.4%, 87.1%, 68.3% and 56.3% for the past three (3) FYE 31 December 2011, 2012, 2013 and the five (5)-month FPE 31 May 2014, respectively. For the FYE 31 December 2011 and FYE 31 December 2012, revenue was derived from the chartering of our product tankers and OSV. In FYE 31 December 2013 and the five (5)-month FPE 31 May 2014, in addition to the chartering of our product tankers and OSV, the charters of FSU and LPG tankers further contributed to our revenue. Revenue derived from LPG tankers is chartered in by us from a third party to service our customer.

The product tankers and LPG tankers facilitate O&G downstream activities, transporting oil around ASEAN coastal waters including Malaysia, Singapore, Indonesia and Vietnam as per our customers' request. Our OSV and FSU vessels facilitate O&G upstream activities operating around Malaysian coastal waters.

Port marine services

Our port marine services have been expanding significantly over the past financial periods under review. For the FYE 31 December 2011, 2012 and 2013, as well as for the five (5)-month FPE 31 May 2014, revenue generated from our port marine services segment accounted for 25.7%, 30.0%, 37.2% and 40.5% of our Group's total revenue respectively.

11. FINANCIAL INFORMATION (Cont'd)

As at 31 December 2011 we operated ten (10) vessels and our fleet increased to 21 vessels as at 31 December 2013, which resulted in the increase of the revenue contribution from our port marine services by 82.5% or RM20.4 million from RM24.7 million in FYE 31 December 2011 to RM45.1 million for the FYE 31 December 2013. As at the five (5)-month FPE 31 May 2014, we operate 21 vessels pursuant to our port marine services and recorded a revenue of RM25.4 million. Revenue from our port marine services is recognised when services are rendered.

The following table sets forth the components of our revenue from port marine services:-

	Audited FYE 31 December					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Charter of tugboats	20,679	83.7	26,634	86.5	40,633	90.2
Charter of mooring boats	3,197	13.0	3,299	10.7	3,385	7.5
Dockside mooring services	821	3.3	861	2.8	1,056	2.3
Total revenue from port marine services	24,697	100.0	30,794	100.0	45,074	100.0

	Unaudited		Audited	
	Five (5)-month FPE 31 May		2013	
	2013	2014	RM'000	%
Charter of tugboats	12,518	87.0	23,129	90.9
Charter of mooring boats	1,497	10.4	1,716	6.8
Dockside mooring services	378	2.6	590	2.3
Total revenue from port marine services	14,393	100.0	25,435	100.0

Our revenue from port marine services is mainly generated from the charter of tugboats which include our harbour tugboats and utility tugboats. The tugboats services O&G ports as well as bulk and containerised ports in Malaysia. The charter of tugboats had contributed 83.7%, 86.5%, 90.2% and 90.9% of revenue to our port marine services for the past three (3) FYE 31 December 2011, 2012 and 2013 as well as for the five (5)-month FPE 31 May 2014 respectively. The increase in revenue contributed from the charter of tugboats is mainly due to new charter contracts obtained coupled with the increase in DCR.

The charter of mooring boats accounts for 13.0%, 10.7%, 7.5% and 6.8% of our port marine services' revenue for the past three (3) FYE 31 December 2011, 2012 and 2013 as well as for the five (5)-month FPE 31 May 2014, respectively. We charter out our mooring boats and provide dockside mooring services to the O&G ports in Malaysia.

11. FINANCIAL INFORMATION (Cont'd)Shipbuilding, ship repair and minor fabrication

For the periods under review, all shipbuilding activities serve as an internal supporting arm to our marine vessels operations. Revenue arising from shipbuilding is recognised on a percentage-of-completion basis. Under this method, the percentage-of-completion is measured by reference to the proportion of contract cost incurred for work performed to date compared to the estimated contract costs.

In 2013, we received a third party contract for minor fabrication works which had contributed to our external revenue. Revenue arising from minor fabrication is recognised when services are rendered.

(ii) Cost of services

Our cost of services comprises primarily of vessel depreciation, crew costs, maintenance costs and charter in cost. The analysis of our cost of services by our business segments are set out below:-

	Audited FYE 31 December					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
<u>Marine transportation and offshore storage operations</u>						
Vessel depreciation	17,286	24.1	17,956	27.4	15,975	19.8
Crew cost	11,344	15.8	8,924	13.6	9,261	11.5
Charter in cost	-	-	-	-	5,707	7.1
Maintenance cost	5,943	8.2	9,828	15.0	7,977	9.9
Bunker cost	10,734	14.9	2,380	3.6	273	0.3
Others – Vessel chartering	7,613	10.6	5,146	7.8	4,906	6.1
Subtotal	52,920	73.6	44,234	67.4	44,099	54.7
<u>Port marine services</u>						
Vessel depreciation	1,664	2.3	2,812	4.3	4,809	6.0
Crew cost	2,514	3.5	3,898	5.9	7,084	8.8
Charter in cost	13,522	18.8	12,485	19.0	15,571	19.3
Maintenance cost	770	1.1	1,370	2.1	2,631	3.3
Bunker cost	-	-	93	0.1	782	1.0
Others – Vessel chartering	485	0.7	721	1.1	1,395	1.7
Subtotal	18,955	26.4	21,379	32.6	32,272	40.1
<u>Minor fabrication</u>						
Others – Minor fabrication	-	-	-	-	4,178	5.2
Subtotal	-	-	-	-	4,178	5.2
Total cost of services	71,875	100.0	65,613	100.0	80,549	100.0

11. FINANCIAL INFORMATION (Cont'd)

	Unaudited		Audited	
	Five (5)-month FPE		31 May	
	2013		2014	
	RM'000	%	RM'000	%
<u>Marine transportation and offshore storage operations</u>				
Vessel depreciation	6,928	24.7	7,746	17.2
Crew cost	3,526	12.5	4,335	9.6
Charter in cost	-	-	5,976	13.3
Maintenance cost	3,180	11.3	6,872	15.2
Bunker cost	264	0.9	685	1.5
Others – Vessel chartering	1,588	5.7	1,663	3.7
Subtotal	15,486	55.1	27,277	60.5
<u>Port marine services</u>				
Vessel depreciation	2,043	7.3	2,547	5.7
Crew cost	1,747	6.2	2,860	6.3
Charter in cost	3,614	12.9	9,799	21.7
Maintenance cost	744	2.6	1,988	4.4
Bunker cost	210	0.7	36	0.1
Others – Vessel chartering	506	1.8	607	1.3
Subtotal	8,864	31.5	17,837	39.5
<u>Minor fabrication</u>				
Others – Minor fabrication	3,753	13.4	-	-
Subtotal	3,753	13.4	-	-
Total cost of services	28,103	100.0	45,114	100.0

Vessel depreciation

Vessels are depreciated on a straight-line basis. Depreciation of each vessel is dependent upon its estimated useful life and the residual values at the end of their useful life. The estimated useful lives of our vessels are 25 years, save for our FSU which has ten (10) years estimated useful life from the time it was converted into a FSU. Residual value of the vessels is estimated by our Company as equivalent to the light weight tonnage of the vessels times the estimated long term price of steel per tonne. Where appropriate, our Group will adjust the residual value and useful life of the individual vessel based on the particular condition of the vessel. The useful life, residual value and depreciation method are reviewed at each financial year end, and adjusted if appropriate.

In addition, dry docking expenditures incurred are capitalised and depreciated over the subsequent one (1) to five (5) years period, depending on the period for the next dry docking.

11. FINANCIAL INFORMATION (Cont'd)

Vessel depreciation is the largest cost of services component in our marine transportation and offshore storage operations accounting for 24.1%, 27.4%, 19.8% and 17.2% of our Group's total cost of services for the FYE 31 December 2011, 2012 and 2013 as well as for the five (5)-month FPE 31 May 2014, respectively.

Crew cost

Crew cost includes, amongst others, crew salaries, statutory contributions, allowances, bonus, overtime costs, insurance, related taxes as well as travel and accommodation costs, where applicable for our vessel crew.

Charter in cost

While we generally provide our own vessels for chartering, there are occasions where we identify suitable third party vessels based on our customers' needs and requirements, and subsequently charter in the identified vessels from third parties and charter out to our customers. There are also occasions when we enter into a contract but do not have a vessel readily available that meets the contract's requirements. Under these circumstances, a third party vessel will be chartered-in to temporarily service the contract until one of our own vessels becomes available or prior to delivery of our new vessels.

Charter in cost refers to charter rates paid to third parties for the charter of their vessels. The charter rates usually include the provision of vessels and supply of crew from third parties.

Charter in cost is the largest cost of services component in our port and marine services accounting for 18.8%, 19.0%, 19.3% and 21.7% of our Group's total cost of services for the FYE 31 December 2011, 2012 and 2013 as well as for the five (5)-month FPE 31 May 2014, respectively. Charter in cost incurred for our marine transportation and offshore storage operations is in relation to the charter of LPG tankers.

Maintenance cost

Maintenance cost incurred mainly comprises of ad-hoc repairs for our vessels as well as for modification works on some of the vessels owned by our Group in order to meet our customers' shipping requirements and compliance with requirements of the relevant Classification Society.

Bunker cost

Bunker, which is fuel for vessels, accounted for 14.9%, 3.7%, 1.3% and 1.6% of our Group total cost of services for the FYE 31 December 2011, 2012 and 2013 as well as for the five (5)-month FPE 31 May 2014, respectively.

Bunker cost incurred is dependent on the terms stipulated in the charter contracts, the length of the off hire period and the fluctuation of oil prices. As at the LPD, all our charterers provide for bunker except for when bunker is consumed during off hire period including maintenance and dry docking, as stipulated in charter contracts.

11. FINANCIAL INFORMATION (Cont'd)Others – Vessel chartering

Other costs incurred pursuant to the chartering of our vessels such as insurance for vessels, survey charges incurred to ensure seaworthiness of vessels, charges for port clearance, custom and immigration as well as fresh water.

Others – Minor fabrication

For the financial periods under review, other costs incurred are pursuant to our contract for minor fabrication commissioned by a third party and includes purchases of raw materials, primarily steel plates and steel bars, as well as labour costs.

(iii) GP and GP margins

The following table sets forth the GP for the period indicated:-

	Audited FYE 31 December					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
<u>Marine transportation and offshore storage operations</u>						
Charter of product tankers	13,950	57.7	21,838	58.8	19,326	47.6
Charter of OSV	4,496	18.6	5,858	15.8	5,413	13.3
Charter of FSU	-	-	-	-	2,746	6.8
Charter of LPG tankers	-	-	-	-	232	0.6
	<u>18,446</u>	<u>76.3</u>	<u>27,696</u>	<u>74.6</u>	<u>27,717</u>	<u>68.3</u>
<u>Port marine services</u>						
Charter of tugboats	4,680	19.3	8,184	22.1	12,356	30.5
Charter of mooring boats	768	3.2	1,078	2.9	507	1.3
Dockside mooring services	294	1.2	153	0.4	(61)	(0.2)
	<u>5,742</u>	<u>23.7</u>	<u>9,415</u>	<u>25.4</u>	<u>12,802</u>	<u>31.6</u>
<u>Minor fabrication</u>	-	-	-	-	50	0.1
Total GP	<u>24,188</u>	<u>100.0</u>	<u>37,111</u>	<u>100.0</u>	<u>40,569</u>	<u>100.0</u>

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11. FINANCIAL INFORMATION (Cont'd)

	Unaudited		Audited	
	Five (5)-month		FPE 31 May	
	2013		2014	
	RM'000	%	RM'000	%
<u>Marine transportation and offshore storage operations</u>				
Charter of product tankers	7,210	67.3	9,343	52.8
Charter of OSV	1,729	16.1	117	0.7
Charter of FSU	-	-	41	0.2
Charter of LPG tankers	-	-	600	3.4
	<u>8,939</u>	<u>83.4</u>	<u>10,101</u>	<u>57.1</u>
<u>Port marine services</u>				
Charter of tugboats	4,787	44.7	6,990	39.5
Charter of mooring boats	698	6.5	459	2.6
Dockside mooring services	44	0.4	149	0.8
	<u>5,529</u>	<u>51.6</u>	<u>7,598</u>	<u>42.9</u>
<u>Minor fabrication</u>	475	3.2	-	-
Total GP	<u>14,943</u>	<u>100.0</u>	<u>17,699</u>	<u>100.0</u>

GP from marine transportation and offshore storage operations is the main GP contributor to our Group's overall GP, accounting for 76.3%, 74.6%, 68.3% and 57.1% of our total GP for the FYE 31 December 2011, 2012 and 2013 as well as for the five (5)-month FPE 31 May 2014, respectively.

GP from port marine services accounted for 23.7%, 25.4%, 31.6% and 42.9% of our total GP for the FYE 31 December 2011, 2012 and 2013 as well as for the five (5)-month FPE 31 May 2014, respectively. GP from minor fabrication accounted for 0.1% of our total GP for the FYE 31 December 2013.

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11. FINANCIAL INFORMATION (Cont'd)

The following table sets forth the GP margin for the period indicated:-

	Audited			Unaudited	Audited
	FYE 31 December			Five (5)-month FPE 31 May	
	2011	2012	2013	2013	2014
	%	%	%	%	%
OVERALL GP MARGIN	25.2	36.1	33.5	34.7	28.2
<u>Marine transportation and offshore storage operations</u>	25.9	38.5	38.6	36.6	27.0
Charter of product tankers	22.6	34.8	39.4	34.2	44.4
Charter of OSV	46.4	63.3	56.2	51.9	5.6
Charter of FSU	-	-	38.3	-	0.5
Charter of LPG tankers	-	-	3.9	-	9.3
<u>Port marine services</u>	23.3	30.5	28.4	38.4	29.9
Charter of tugboats	22.6	30.7	30.4	38.2	30.2
Charter of mooring boats	24.0	32.7	15.0	46.6	26.7
Dockside mooring services	35.8	17.7	N/A	11.6	25.2
<u>Minor fabrication</u>	-	-	1.2	11.2	-

Note:-

N/A – not applicable

Our overall GP margins are between 25.2% to 36.1% for the financial periods under review. Marine transportation and offshore storage operations being the main GP contributor to our Group's overall GP has GP margins between 25.9% to 38.6% for the financial periods under review. The GP margins for port marine services are between 23.3% to 30.5% for the financial periods under review. GP margin from minor fabrication is 1.2% for the FYE 31 December 2013.

For the FYE 31 December 2011, 2012 and 2013, our OSV were chartered on a short-term basis of less than one (1) year, enabling us to charge DCR based on spot rates which are higher than our other vessel types which are contracted on fixed charter rates. As a result, the charter of OSV obtained GP margins of between 46.4% and 63.3%, which are relatively higher when compared to the GP margins of our other vessels. However, during the five (5)-month FPE 31 May 2014 GP margin for the charter of OSV decreased to 5.6%. During these five (5) months, our fast crew boats were not chartered for an average of 2.5 months, thus there was a shortfall of revenue while cost was continuously incurred, resulting in a lower GP margin. In the five (5)-month FPE 31 May 2014, our FSU also recorded a lower GP margin of 0.5% mainly due to cost incurred for ad-hoc maintenance performed prior to mobilising our FSU to a new location, Anjung Kecil (AJK) oilfield, which is located off Bintulu, Sarawak. Ad-hoc maintenance performed include amongst others, maintenance of engines and deck.

11. FINANCIAL INFORMATION (Cont'd)**(iv) Other operating income**

The following table set forth the components of our Group's other operating income:-

	Audited FYE 31 December					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Insurance claims	1,512	47.1	2,129	97.3	3,507	8.5
Gain on disposal	926	28.8	33	1.5	37,648	91.5
Others	772	24.1	25	1.2	-	-
Total other operating income	3,210	100.0	2,187	100.0	41,155	100.0

	Unaudited		Audited	
	Five (5)-month FPE 31 May		2014	
	2013		2014	
	RM'000	%	RM'000	%
Insurance claims	130	0.4	964	64.2
Gain on disposal	37,486	99.6	4	0.3
Others	5	*	534	35.5
Total other operating income	37,621	100.0	1,502	100.0

Note:-

* *Negligible*

Insurance claims

Our vessels are insured for amongst others, loss of hire and on hull and machinery. Insurance claims accounted for 47.1%, 97.3%, 8.5% and 64.2% of our other operating income for the FYE 31 December 2011, 2012 and 2013 as well as the five (5)-month FPE 31 May 2014, respectively. During the financial periods under review, insurance claims for loss of hire as well as hull and machinery were mostly made in respect of our product tanker, M.T. Nautica Batu Pahat.

Insurance claims received in FYE 31 December 2011 were for a total of 30 days loss of hire due to a collision between M.T. Nautica Batu Pahat and a third (3rd) party vessel in July 2011 at the Singapore Straits. Thereafter, we received payment from the insurers for the repairs of our hull and machinery amounting to RM1.9 million in FYE 31 December 2012. Further, in 2012, repairs on M.T. Nautica Batu Pahat were made to the engine, of which claims amounting to RM3.5 million for machinery and 30 days loss of hire were received in the FYE 31 December 2013. The insurance claims received were sufficient to cover the full extent of repairs of our vessel for both financial years. However, for our insurance claims on loss of hire, the maximum number of days insured was 30 days which was insufficient to cover a remaining 30 days loss of hire which amounts to approximately RM1.2 million. In addition, insurance claims received in the FPE 31 May 2014 were mainly for the main engine repairs of M.V. Nautica Tg. Puteri V.

11. FINANCIAL INFORMATION (Cont'd)Gain on disposal

In the FYE 31 December 2011, gain amounting to RM0.9 million was recognised for a disposal of a product tanker, namely M.T. Nautica Mersing, whereas in FYE 31 December 2012, gain was recognised for the disposal of a motor vehicle. In the FYE 31 December 2013, gain was primarily recognised from the disposal of our then associate company, Orkim which amounts to RM37.5 million.

Others

Others primarily comprised of doubtful debts written back and rental of car to some employees.

(v) Administrative expenses

The following table set forth the components of our Group's administrative expenses:-

Audited FYE 31 December						
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Staff cost	4,059	61.6	4,063	61.2	6,807	53.0
Allowance for impairment	-	-	204	3.1	1,254	9.8
Loss on disposal	-	-	-	-	1,450	11.3
Other administrative expenses	2,529	38.4	2,371	35.7	3,338	25.9
Total administrative expenses	6,588	100.0	6,638	100.0	12,849	100.0

	Unaudited		Audited	
	Five (5)-month FPE 31 May		FPE 31 May	
	2013		2014	
	RM'000	%	RM'000	%
Staff cost	1,868	37.1	2,053	30.7
Allowance for impairment	-	-	1,352	20.2
Loss on disposal	1,330	26.4	-	-
Other administrative expenses	1,839	36.5	3,288	49.1
Total administrative expenses	5,037	100.0	6,693	100.0

Staff cost includes directors fee as well as salaries, statutory contributions, allowances, bonus, insurance, travel and accommodation costs, where applicable for our administration staff. Loss on disposal is mainly due to the recognition of the finance lease contracted for our product tanker, namely M.T. Princess Sofea (formerly known as M.T. Nautica Kluang), of which further details are tabled in **Section 11.5.6** of this Prospectus.

Other administrative expenses include depreciation charges, insurance for motor vehicles, professional fees, utilities fees, commission fees paid to ship brokers, withholding tax payable on foreign charter in vessels operated by us, maintenance cost for upkeep of office and motor vehicles, foreign exchange losses, rental for the lease of shipyard as well as listing expenses.

11. FINANCIAL INFORMATION (Cont'd)**(vi) Finance income**

Our finance income is derived from placement of fixed deposit with financial institutions as well as interest income from our finance lease signed in 2013 for M.T. Princess Sofea (formerly known as M.T. Nautica Kluang).

(vii) Finance cost

Our finance cost consists of interest expenses incurred for loans / credit facilities granted by several financial institutions. Our borrowings were mainly utilised for capital expenditure and working capital purposes for our Group as well as payment of interest to holders of RCCP Shares.

(viii) Effective tax rate

The effective tax rate and statutory tax rate for the financial periods under review are as follows:-

	Audited			Unaudited	Audited
	FYE 31 December			Five (5)-month FPE 31 May	
	2011	2012	2013	2013	2014
	%	%	%	%	%
Effective tax rate	28.6	22.1	11.2*	2.9*	30.0
Statutory tax rate	25.0	25.0	25.0	25.0	25.0

Note:

* After excluding gain on disposal of an associate amounting to RM37.5 million which was tax exempted.

For the financial periods under review, income derived from product tankers and FSU were tax exempted. The fluctuation in effective tax rates is mainly due to the adjustments for provision in prior year's deferred tax.

In FYE 31 December 2013, the effective tax rate of 11.2% was significantly lower when compared to the statutory tax rate of 25.0% primarily due to the tax exemption of income derived from product tankers and FSU coupled with the overprovision in prior year deferred tax which has been adjusted this year.

For the five (5)-month FPE 31 May 2014, Johor Shipyard had income derived from the on-going construction of six (6) harbour tugboats which is subject to tax. However, for purposes of preparing and consolidating group accounts, income derived from shipbuilding activities is eliminated while tax provisions are made in respect of the above-mentioned income. Due to the higher tax provision and lower PBT upon consolidation of group accounts, the effective tax rate for the five (5)-month FPE 31 May 2014 of 30.0% was higher compared to the statutory tax rate of 25.0%.

11. FINANCIAL INFORMATION (Cont'd)**11.3.3 Commentary on past performance****(i) Comparison between FYE 31 December 2011 and FYE 31 December 2012****Revenue**

Our total revenue increased by 6.9% or RM6.7 million from RM96.1 million for FYE 31 December 2011 to RM102.7 million for FYE 31 December 2012 mainly due to the increase in revenue from port marine services operations.

Revenue from our marine transportation and offshore storage operations marginally increased by 0.8% or RM0.6 million from RM71.4 million in FYE 31 December 2011 to RM71.9 million in FYE 31 December 2012 mainly due to the increase in chartered days of our product tankers.

Revenue from our port marine services operations increased by 24.7% or RM6.1 million from RM24.7 million in FYE 31 December 2011 to RM30.8 million in FYE 31 December 2012. The increase of revenue from our port marine services is mainly contributed from the charter of two (2) harbour tugboats that was chartered in to service new contracts which commenced in 2012. Further, upon the delivery and commencement of charter of our newly built M.V. Nautica Tg. Puteri XI, XII and XV between May to July 2012 to replace older third (3rd) party vessels, we were able to charge higher DCR, contributing to the increase in revenue for the charter of tugboats.

Cost of services

Our cost of services decreased by 8.7% or RM6.3 million from RM71.8 million in FYE 31 December 2011 to RM65.6 million in FYE 31 December 2012 mainly due to the decrease in crew cost and bunker cost incurred pursuant to marine transportation and offshore storage operations as well as charter in cost pursuant to port marine services.

Bunker cost pursuant to marine transportation and offshore storage operations declined by 77.8% or RM8.4 million from RM10.7 million in FYE 31 December 2011 to RM2.4 million in FYE 31 December 2012. The decrease in bunker cost is mainly due to the variation in terms of our new charter contracts. In FYE 31 December 2011, five (5) of our product tankers, namely M.T. Nautica Johor Bahru, M.T. Princess Sofea (formerly known as M.T. Nautica Kluang), M.T. Nautica Pontian, M.T. Nautica Muar and M.T. Nautica Mersing, were on voyage charter arrangements. Charter rates in voyage charter arrangements are based on single voyage or a series of consecutive voyages between various ports, where bunker consumed for mobilisation and demobilisation of these vessels were borne by us. Subsequently, in FYE 31 December 2012, upon the completion of the contracts, we secured new contracts which are time charter arrangements for three (3) of these product tankers and under the time charter arrangements' terms, bunker consumed for mobilisation and demobilisation were borne by our charterer. Consequently, bunker cost decreased as our Company only bears bunker cost during off hire period. In addition, we did not incur bunker cost for M.T. Nautica Mersing following its disposal in FYE 31 December 2011.

11. FINANCIAL INFORMATION (Cont'd)

Crew cost pursuant to marine transportation and offshore storage operations decreased by 21.3% or RM2.4 million from RM11.3 million in FYE 31 December 2011 to RM8.9 million in FYE 31 December 2012 because one (1) product tanker, namely M.T. Nautica Muar was chartered out as bareboat and hence we did not have to bear crew cost on this vessel.

Charter in cost pursuant to port marine services decreased by 7.7% or RM1.0 million from RM13.5 million in FYE 31 December 2011 to RM12.5 million in FYE 31 December 2012. The newly built M.V. Nautica Tg. Puteri XI, XII and XV was delivered between May to July 2012 and accordingly third party vessels that were temporarily used to service our customers were returned, causing the decrease in charter in cost. The decrease is partially off-set by the charter in of two (2) harbour tugboats for the new contracts which commenced in 2012.

Meanwhile, port marine services' cost of services increased by 12.8% or RM2.4 million from RM19.0 million in FYE 31 December 2011 to RM21.4 million in FYE 31 December 2012 with the operation of additional three (3) harbour tugboats, M.V. Nautica Tg. Puteri XI, XII and XV.

GP and GP margin

An increase in revenue coupled with a decrease in cost of services resulted in the increase in our GP by 53.4% from RM24.2 million in FYE 31 December 2011 to RM37.1 million in FYE 31 December 2012.

We achieved a higher GP margin in FYE 31 December 2012 of 36.1% as compared to the previous year's GP margin of 25.2%. The increase in the overall GP margin was primarily due to the increase in GP margin for the charter of our product tankers and tugboats.

GP margin for the chartering of product tankers increased from 22.6% in FYE 31 December 2011 to 34.8% in FYE 31 December 2012. The increase is mainly due to the change in charter arrangements from voyage charter arrangement to time charter arrangement for three (3) of our product tankers. Under voyage charter arrangement, we were subject to the fluctuation of oil prices as bunker cost was a large component of our cost of services. In FYE 31 December 2011, oil prices increased and surpassed USD100/barrel, thus affecting our GP margins. Upon obtaining new time charter contracts, most of the bunker cost was absorbed by our charterer. Meanwhile our chartered days in FYE 31 December 2012 also increased, and hence the operations of our product tankers became more cost efficient.

GP margin for the charter of tugboats increased from 22.6% in FYE 31 December 2011 to 30.7% in FYE 31 December 2012 due to better DCR secured for new contracts coupled with an increase in DCR from existing contracts upon delivery of new vessels to replace old vessels.

11. FINANCIAL INFORMATION (Cont'd)**Other operating income**

Other operating income decreased by 31.9% or RM1.0 million from RM3.2 million in FYE 31 December 2011 to RM2.2 million in FYE 31 December 2012 primarily due to the gain recognised for a disposal of a product tanker, namely M.T.. Nautica Mersing to a third party.

Administrative expenses

Administrative expenses increased marginally by 0.8% or RM0.05 million from RM6.59 million in FYE 31 December 2011 to RM6.64 million in FYE 31 December 2012 primarily due to allowance of impairment. There was no allowance of impairment in FYE 31 December 2011.

Finance income / Finance costs

Finance income increased in FYE 31 December 2012 due to higher interest/profit earned from larger amount of fixed deposit placed in financial institutions.

Finance costs increased in FYE 31 December 2012 by 9.3% or RM1.2 million. The increase was mainly due to increase in interest/profit cost arising from additional borrowings obtained to finance the construction of M.V. Nautica Tg. Puteri XI, XII, XV and XVI.

Share of profit from associate

The share of profits in our then associate company, Orkim, increased by RM1.4 million from RM3.6 million in FYE 31 December 2011 to RM5.0 million in FYE 31 December 2012 due to the increase in PAT of Orkim. The increase in PAT was mainly due to a full year recognition of profits from four (4) new vessels purchased by Orkim's subsidiaries in mid of 2011.

PBT and PBT margin

The PBT increased by 100.3% or RM12.1 million from RM12.1 million in FYE 31 December 2011 to RM24.3 million in FYE 31 December 2012. PBT margin increased from 12.6% for FYE 31 December 2011 to 23.6% for FYE 31 December 2012. The growth in our PBT was mainly due to the overall increase in GP as disclosed above.

Excluding the share of profit from associate, the PBT in FYE 31 December 2012 is RM19.2 million, representing a 126.9% increase as compared to the PBT of RM8.5 million in FYE 31 December 2011 where the PBT margin increased from 8.8% for FYE 31 December 2011 to 18.7% for the FYE 31 December 2012.

PAT

As a result of the foregoing factors, the PAT increased by 118.5% or RM10.3 million from RM8.7 million in FYE 31 December 2011 to RM18.9 million in FYE 31 December 2012. Excluding the share of profit from associate, the PAT increased by 176.9% or RM8.9 million from RM5.0 million in FYE 31 December 2011 to RM13.9 million in FYE 31 December 2012.

11. FINANCIAL INFORMATION (Cont'd)**(ii) Comparison between FYE 31 December 2012 and FYE 31 December 2013****Revenue**

Our total revenue increased by 17.9% or RM18.4 million from RM102.7 million in FYE 31 December 2012 to RM121.1 million in FYE 31 December 2013. The increase in total revenue is mainly due to the increase in revenue from port marine services coupled with revenue contribution from minor fabrication.

Revenue from our marine transportation and offshore storage operations marginally decreased by 0.2% or RM0.1 million from RM71.9 million in FYE 31 December 2012 to RM71.8 million in FYE 31 December 2013. Revenue from our product tankers decreased by 21.7% or RM13.6 million from RM62.7 million in FYE 31 December 2012 to RM49.1 million in FYE 31 December 2013. The decline in revenue generated from our product tankers is mainly due to the conversion of M.T. Nautica Muar, previously a product tanker, into a FSU. M.T. Nautica Muar commenced operations as a FSU in August 2013. The decline in revenue generated from product tankers was partially offset with the revenue derived from the charter of LPG tankers.

Revenue from our port marine operations increased by 46.4% or RM14.3 million from RM30.8 million in FYE 31 December 2012 to RM45.1 million in FYE 31 December 2013 primarily contributed from the charter of tugboats. The increase in revenue from the charter of tugboats are mainly due to new contracts secured for nine (9) harbour tugboats, details of which are as follows:-

- (i) A third party harbour tugboat commenced operations in December 2012;
- (ii) Two (2) third party harbour tugboats commenced operations in May 2013; and
- (iii) Five (5) third party harbour tugboats and one (1) of our own harbour tugboat, commenced operations in September 2013.

In addition, upon the delivery and commencement of charter of our newly built M.V. Nautica Tg. Puteri XI, XII and XV between May to July 2012, we were able to have a full year recognition of higher charter rates in 2013, contributing to the increase in revenue for the charter of tugboats.

Cost of services

Our cost of services increased by 22.8% or RM14.9 million from RM65.6 million in FYE 31 December 2012 to RM80.5 million in FYE 31 December 2013, mainly due to the increase in cost of services incurred pursuant to port marine services. We also incurred cost from minor fabrication amounting to RM4.2 million which accounted for 5.2% of the total cost of services in FYE 31 December 2013.

Consequent to the procurement of new contracts for the nine (9) harbour tugboats of which eight (8) third party vessels were operated, charter in cost pursuant to port marine services increased by 24.7% or RM3.1 million. Further, cost of services including vessel depreciation, crew cost and maintenance cost increased in tandem with the increase in our fleet of vessels from mid-2012. In mid-2012, we owned ten (10) vessels and by end of 2013 we owned 13 vessels pursuant to port marine services.

11. FINANCIAL INFORMATION (Cont'd)**GP and GP margin**

For FYE 31 December 2013, our GP increased from RM37.1 million reported in the previous financial year to RM40.6 million. Our GP margin decreased from 36.1% to 33.5%. The decrease in GP margin is mainly due to higher contribution of GP from port marine services which has lower GP margins as compared to marine transportation and offshore storage operations.

In FYE 31 December 2013, dockside mooring services segment made gross losses due to the enforcement of Minimum Wage Order 2012 in January 2013 where our Company was obliged to increase crew cost to at least RM900 per crew per month. Rates pursuant to dockside mooring services were re-negotiated and adjusted for in 2014 in respect of rate adjustments effective from January 2013.

Other operating income

Other operating income increased by 1,781.8% or RM39.0 million from RM2.2 million in FYE 31 December 2012 to RM41.2 million in FYE 31 December 2013 due to one-off gain recognised for the disposal of our then associate company, Orkim which amounted to RM37.5 million.

Administrative expenses

Administrative expenses increased by 93.6% or RM6.2 million from RM6.6 million in FYE 31 December 2012 to RM12.8 million in FYE 31 December 2013. The increase is mainly due to the increase in staff cost, allowance of impairment and loss on disposal of vessel, namely M.T. Princess Sofea (formerly known as M.T. Nautica Kluang). Staff cost increased by 67.5% or RM2.7 million from RM4.1 million in FYE 31 December 2012 to RM6.8 million in FYE 31 December 2013, mainly due to the majority of bonus paid to employees for 2012 was recognised in FYE 31 December 2013. Further, we also increased our provision for bonus in respect of FYE 31 December 2013.

Finance income / Finance costs

Finance income increased mainly due to recognition of interest income from finance lease arrangement related to M.T. Princess Sofea (formerly known as M.T. Nautica Kluang).

Finance costs increased by 5.7% or RM0.8 million from RM13.8 million in FYE 31 December 2012 to RM14.5 million in FYE 31 December 2013. The increase was mainly due to additional borrowings obtained to finance the purchase of M.V. Nautica Tg. Puteri XVII, XIX and XX.

11. FINANCIAL INFORMATION (Cont'd)**Share of profit from associate**

Share of profit from associate decreased by 41.6% or RM2.1 million from RM5.0 million in FYE 31 December 2012 to RM2.9 million in FYE 31 December 2013. We disposed our entire equity interest in Orkim for a cash consideration of RM66.9 million in April 2013, hence, the share of profit from associate was only recognised for the three (3)-month period ending prior to the disposal of Orkim which is in accordance to Malaysian FRS 128 – Investment in Associates.

PBT and PBT margin

The PBT increased by 144.7% or RM35.1 million from RM24.3 million in FYE 31 December 2012 to RM59.4 million in FYE 31 December 2013 primarily due to the gain in disposal of an associate amounting to RM37.5 million. For comparison purposes, the PBT after adjusting for gain on disposal of an associate is RM21.9 million in FYE 31 December 2013, which represents a 9.9% decrease as compared to FYE 31 December 2012.

PBT margin decreased from 23.6% for FYE 31 December 2012 to 18.1% for FYE 31 December 2013 after excluding the gain on disposal of an associate. The decrease in GP margin coupled with the increase in administrative cost and decrease in share of profit from associate lowered our PBT margin.

Excluding the share of profit from associate as well as the gain on disposal of an associate, the PBT in FYE 31 December 2013 is RM19.0 million, representing a 1.3% decrease as compared to the PBT of RM19.2 million in FYE 31 December 2012 where the PBT margin was decreased from 18.7% for FYE 31 December 2012 to 15.7% for FYE 31 December 2013.

PAT

As a result of the foregoing factors, the PAT increased by 200.9% or RM38.0 million from RM18.9 million in FYE 31 December 2012 to RM56.9 million in FYE 31 December 2013. On a comparative basis, (excluding gain on disposal of an associate), we recorded a PAT of RM19.4 million in FYE 31 December 2013 representing a marginal increase of 2.6% over that of prior year.

Excluding the share of profit from associate as well as the gain on disposal of an associate, the PAT in FYE 31 December 2013 is RM16.5 million, representing an increase of 19.0% over that of prior year.

(iii) Comparison between the five (5)-month FPE 31 May 2013 and the five (5)-month FPE 31 May 2014**Revenue**

Our total revenue increased by 46.0% or RM19.8 million from RM43.0 million for the five (5)-month FPE 31 May 2013 to RM62.8 million for the five (5)-month FPE 31 May 2014 due to the increase in revenue from marine transportation and offshore storage operations as well as port marine services operations.

11. FINANCIAL INFORMATION (Cont'd)

Revenue from our marine transportation and offshore storage operations increased by 53.3% or RM13.0 million from RM24.4 million in the five (5)-month FPE 31 May 2013 to RM37.4 million in the five (5)-month FPE 31 May 2014. The increase was mainly due to the recognition of revenue from the commencement of operations of the LPG tankers and FSU in June 2013 and August 2013 respectively.

Revenue from our port marine services operations increased by 76.7% or RM11.0 million from RM14.4 million in the five (5)-month FPE 31 May 2013 to RM25.4 million in the five (5)-month FPE 31 May 2014 primarily contributed from the charter of tugboats. The increase in revenue from the charter of tugboats are mainly due to the recognition of revenue from contracts secured for eight (8) harbour tugboats details of which are as follows:-

- (i) Two (2) third party harbour tugboats commenced operations in May 2013; and
- (ii) Five (5) third party harbour tugboats and one (1) of our own harbour tugboat commenced operations in September 2013. Further, in January 2014, two (2) of these third party harbour tugboats were replaced with our newly owned vessels which have higher DCR.

Cost of services

Our cost of services increased by 60.5% or RM17.0 million from RM28.1 million in the five (5)-month FPE 31 May 2013 to RM45.1 million in the five (5)-month FPE 31 May 2014 primarily resulted from the increase in maintenance cost and charter in cost.

Maintenance cost pursuant to marine transportation and offshore storage operations increased by 115.6% or RM3.7 million from RM3.2 million in the five (5)-month FPE 31 May 2013 to RM6.9 million in the five (5)-month FPE 31 May 2014. The increase was mainly due to the cost incurred for ad-hoc maintenance performed on our FSU which amounted to approximately RM3.8 million.

Following the procurement of contracts for the eight (8) harbour tugboats, of which seven (7) third party vessels were operated, charter in cost pursuant to port marine services increased by 172.2% or RM6.2 million from RM3.6 million in the five (5)-month FPE 31 May 2013 to RM9.8 million in the five (5)-month FPE 31 May 2014. Further, an LPG tanker was chartered in for our marine transportation and offshore storage operations, incurring an expenditure of RM6.0 million which accounted for 13.3% of the total cost of services in the five (5)-month FPE 31 May 2014.

GP and GP margin

Our GP increased from RM14.9 million in the five (5)-month FPE 31 May 2013 to RM17.7 million in the five (5)-month FPE 31 May 2014. Meanwhile, our GP margin decreased from 34.7% to 28.2%. The decrease in GP margins for marine transportation and offshore storage operations as well as port marine services contributed to the decrease in the overall GP margin.

11. FINANCIAL INFORMATION (Cont'd)

The decrease in GP margin for marine transportation and offshore storage operations was primarily due to the decrease in GP margin for the charter of OSV coupled with low GP margins arising from the charter of FSU and LPG tankers. GP margin for the charter of OSV decreased from 51.9% in the five (5)-month FPE 31 May 2013 to 5.6% in the five (5)-month FPE 31 May 2014 mainly due to the fast crew boats were not chartered for an average of 2.5 months during the five (5)-month FPE 31 May 2014. Meanwhile, due to the incurrence of maintenance cost amounting to approximately RM3.8 million on our FSU, our GP was significantly lowered and correspondingly the operations of our FSU obtained a GP margin of 0.5% in the five (5)-month FPE 31 May 2014.

The decrease in GP margins for port marine services was mainly due to the decrease in GP margin for the charter of tugboats. GP margin for the charter of tugboats decreased from 38.2% in the five (5)-month FPE 31 May 2013 to 30.2% in the five (5)-month FPE 31 May 2014 mainly because additional charter in tugboats were being operated. The number of charter in tugboats increased from three (3) charter in tugboats as at 31 May 2013 to seven (7) charter in tugboats as at 31 May 2014. Charter in tugboats usually generates lower margin when compared to operating own vessels.

Other operating income

Other operating income decreased by 96.0% or RM36.1 million from RM37.6 million in the five (5)-month FPE 31 May 2013 to approximately RM1.5 million in the five (5)-month FPE 31 May 2014. The decrease is primarily due to the recognition of a one-off gain on disposal of our then associate company, Orkim in the five (5)-month FPE 31 May 2013.

Administrative expenses

Administrative expenses increased by 34.0% or RM1.7 million from RM5.0 million in the five (5)-month FPE 31 May 2013 to RM6.7 million in the five (5)-month FPE 31 May 2014. The increase was mainly due to the sum incurred in relation to the listing exercise totalling approximately RM1.3 million for the five (5)-month FPE 31 May 2014.

Finance income / Finance costs

Finance income increased mainly due to recognition of interest income from the finance lease arrangement related to M.T. Princess Sofea (formerly known as M.T. Nautica Kluang).

Finance costs decreased by 3.3% or RM0.2 million from RM6.1 million in the five (5)-month FPE 31 May 2013 to RM5.9 million in the five (5)-month FPE 31 May 2014. Despite obtaining additional borrowings to finance the purchase and construction of vessels in 2014, finance cost decreased mainly due to the conversion of RCCP Shares and inter-company advances, which were interest-bearing, into share capital in December 2013.

11. FINANCIAL INFORMATION (Cont'd)**Share of profit from associate**

Pursuant to the disposal of our entire equity interest in Orkim in April 2013, our Company does not have any associate companies and hence, no share of profit from associate was recognised.

PBT and PBT margin

Our PBT decreased by 83.3% or RM37.4 million from RM44.9 million in the five (5)-month FPE 31 May 2013 to RM7.5 million in the five (5)-month FPE 31 May 2014 primarily due to the gain in disposal of an associate amounting to RM37.5 million. After excluding the share of profit from associate as well as the gain on disposal of an associate, the PBT increased by 66.7% or RM3.0 million from RM4.5 million in the five (5)-month FPE 31 May 2013 to RM7.5 million in the five (5)-month FPE 31 May 2014.

Our PBT margin decreased from 17.2% for the five (5)-month FPE 31 May 2013 to 12.0% for the five (5)-month FPE 31 May 2014 after excluding the gain on disposal of an associate. However after excluding the share of profit from associate and gain on disposal of an associate, our PBT margin increased marginally from 10.4% for the five (5)-month FPE 31 May 2013 to 12.0% for the five (5)-month FPE 31 May 2014. The increase in PBT margin is mainly due to the increase in other operating income (after excluding the gain on disposal of an associate).

PAT

As a result of the foregoing factors, our PAT decreased by 88.3% or RM39.4 million from RM44.7 million in the five (5)-month FPE 31 May 2013 to RM5.3 million in the five (5)-month FPE 31 May 2014.

After excluding the share of profit from associate and gain on disposal of an associate, our PAT increased by 23.3% or RM1.0 million from RM4.3 million in the five (5)-month FPE 31 May 2013 to RM5.3 million in the five (5)-month FPE 31 May 2014.

11.3.4 Factors affecting our financial condition and results of operations

Our financial condition and results of operations have been, and are expected to be affected by, amongst others, the principal factors set forth below.

(i) Our contracts

Our business is dependent on the number of charter contracts we secure as well as the terms and tenure of the charter contracts. The terms of contracts include, amongst others, DCR for our vessels, charter in rates for third party vessels as well as operation fees relating to crew and consumables of the respective contracts. The tenure of the contract is likely to be split between a firm period and extension options, which are mutually decided by both parties. In the event contractual obligations are not achieved, the related contracts generally provide for a reduction in or suspension of the DCR or in extreme cases, may lead to termination of the contract, which would negatively affect our financial results.

11. FINANCIAL INFORMATION (Cont'd)

(ii) Size and composition of our fleet

Our business is dependent on, amongst others, the number of vessels in our fleet and the composition of our fleet. While we may be able to source for third party vessels to service our customers, it is not a long term solution. Our total revenue is effectively limited by the number of contracts we can enter into, with a larger fleet enabling us to enter into more charter contracts, thereby increasing our revenue and profitability.

(iii) Chartered days

The chartered days of vessels refers to the number of operating days for our vessels, which may be affected by the length of the charter period and our ability to renew or replace charter contracts upon expiry of existing charter contracts. Prior to the expiry of our existing time charter contracts, we generally seek new charter contracts for the respective vessels, the terms of which would be dependent upon the then prevailing level of activity in the O&G industry and commercial ports, amongst other market factors. The chartered days of our vessels are reduced during the periods when our vessels are idle, which consequently reduces our revenue.

In addition, the chartered days for our vessels may also be negatively impacted by dry docking and maintenance, such as if any major unforeseen repair is required. Generally, under our time charter contracts, whenever a vessel is unavailable for service for periods exceeding an allowable maintenance period, the charterer is not required to pay us the charter hire fees and we are responsible for all vessels operating cost, unless the non-availability of the vessel is attributable to the charterer. To mitigate these potential costs, we purchase insurance which is claimable upon loss of hire. There are occasions where we are able to replace our vessels with substitute vessels temporarily.

(iv) Fluctuations in the prices of materials pursuant to our shipbuilding, ship repair and minor fabrication segment

Raw materials such as steel plates, bars and other steel products as well as engine, equipment and spare parts are materials used in our shipbuilding operations. Presently, although there are ample sources of local and overseas supply of these materials, the prices including steel which is a widely traded commodity, may fluctuate and adversely impact our shipbuilding operations.

While our shipbuilding, ship repair and minor fabrication activities are mainly for internal use, the increase in the cost of materials will to a certain extent impact on the profitability of our Group. We make efforts to source around for competitive prices through our pool of suppliers prior to obtaining our materials for our shipbuilding operations.

11. FINANCIAL INFORMATION (Cont'd)**(v) Level of borrowings and finance cost**

As at 31 May 2014, our borrowings stood at approximately RM288.5 million with a gearing ratio of approximately 1.5 times. We have and will continue to have a significant amount of borrowings due to the nature of our business which requires significant capital expenditure. Consequently, our finance cost will be affected.

Changes in economic conditions could result in higher interest rates, thereby increasing our finance cost and concurrently reducing our profits and funds available for operations or other purposes.

(vi) Foreign exchange fluctuation

Revenue from our customer contracts, our capital expenditure and our operating cost are generally denominated in RM, with a smaller portion denominated in other foreign currency including USD, SGD, EUR and JPY. As we report our financial results in RM, our financial results are impacted by foreign currency translation fluctuations, and in particular fluctuations of the USD, against the RM, which may affect our Group's financial position and results of operation. For the financial periods under review, we have not incurred any material losses arising from foreign exchange transactions. The net foreign exchange gains/ (losses) of our Group for the financial periods under review are as follows:-

	Audited			Unaudited	Audited
	FYE 31 December			Five (5)-month FPE 31 May	
	2011	2012	2013	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Net realised foreign exchange gain / (loss)	(167)	(61)	(117)	(48)	(26)
As a percentage of PBT	1.4%	0.3%	0.2%	0.1%	0.3%

(vii) Level of activity in the O&G industry

Our financial condition and results of operations are dependent on the level of activity in the O&G industry. The increase in exploration, development and production activities in the O&G industry will benefit our operations as the O&G industry will require vessels to support their activities which are usually offshore.

The level of activity in the O&G industry is dependent upon the demand and supply of crude oil and gas, and potential association with the increase in O&G prices as well as spending budgets for exploration, development and production activities which are beyond our control.

11. FINANCIAL INFORMATION (Cont'd)**11.3.5 Orderbook**

As at the LPD, the orderbook of our Group stood at approximately RM830.7 million. Upon expiration of the contract period, certain contracts contain extension options which are mostly renewable on an annual basis with a potential contract sum of approximately RM452.0 million over the entire option period. The details of our Group's orderbook as at the LPD are set out below:-

			Firm contract period		
			Contract expiry	Remaining contract sum as at LPD ⁽¹⁾	
Contract period range		Denomination as per contract ('000)		RM'000	
<u>Marine transportation and offshore storage operations</u>					
Charter of product tankers ⁽³⁾	a)	6 months	2015	RM2,867	2,867
	b)	5 years	2018	RM5,780	5,780
	c)	10 years	2020	RM166,759	166,759
	d)	10 years	2021	RM84,056	84,056
Charter of OSV		30 to 70 days	2014	RM352	352
Charter of FSU/FSO	a)	4 years	2017	USD16,553	⁽²⁾ 54,351
	b)	⁽⁴⁾ 4 years	2019	USD41,975	⁽²⁾ 137,825
Charter of LPG tankers		3 years	2017	USD16,225	⁽²⁾ 53,275
<u>Port marine services</u>					
Charter of tugboats	a)	2 years	2014	RM426	426
	b)	6 months to 3 years	2015	RM16,349	16,349
	c)	⁽⁵⁾ 1 ½ years	2017	USD4,686	⁽²⁾ 15,386
	d)	10 years	2020	RM79,080	79,079
	e)	10 years	2024	RM61,530	61,530
	f)	10 years	2025	RM137,530	137,530
Charter of mooring boats	a)	2 years	2015	RM410	410
	b)	7 years	2016	RM2,341	2,341
	c)	10 years	2020	RM11,658	11,658
Dockside mooring services	a)	7 years	2015	RM293	293
	b)	7 years	2016	RM447	447
Total					830,714

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11. FINANCIAL INFORMATION (Cont'd)

	Optional period range	Optional extension period	
		Potential contract sum ⁽¹⁾	
		Denomination as per contract ('000)	RM'000
<u>Marine transportation and offshore storage operations</u>			
Charter of product tankers	3 years	RM125,377	125,377
Charter of OSV	-	-	-
Charter of FSU/FSO	1 to 2 years	USD26,463	⁽²⁾ 86,890
Charter of LPG tankers	2 years	USD13,200	⁽²⁾ 43,342
<u>Port marine services</u>			
Charter of tugboats	1 to 5 years	USD27,466 and RM96,233	⁽²⁾ 186,418
Charter of mooring boats	1 to 3 years	RM10,001	10,001
Dockside mooring services	-	-	-
Total			452,028

Notes:-

- (1) Assuming the vessels achieved 100% chartered days for the remaining period subsequent to the LPD.
- (2) Converted at RM3.2835 / USD1, being the middle rates as at the LPD on Bank Negara Malaysia's website.
- (3) Exclude customer's obligation to purchase M.T. Princess Sofea (formerly known as M.T. Nautica Kluang) for RM1.0 million.
- (4) Expected to commence in April 2015.
- (5) Expected to commence in January 2016.

11.4 Capitalisation and indebtedness

The following information should be read in conjunction with the Reporting Accountants' Letter, together with the proforma consolidated statements of financial position as at 31 May 2014 and the related notes as well as the Accountants' Report and the related notes set out in **Section 11.2** and **Section 12** of this Prospectus, respectively.

The table below summarises our cash and cash equivalents as well as capitalisation and indebtedness based on the audited consolidated financial statements as at 31 May 2014 and assuming the IPO had occurred on 31 May 2014. The proforma financial information below does not represent our actual capitalisation and indebtedness as at 31 May 2014 and is provided for illustrative purposes only.

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11. FINANCIAL INFORMATION (Cont'd)

	Audited	Proforma
	As at 31 May 2014	After our IPO and utilisation of proceeds
	RM'000	RM'000
Cash and cash equivalents	15,891	27,369
Indebtedness		
(a) Short-term debt		
<u>Unsecured</u>		
- Bank overdraft	3,109	3,109
- Finance lease	82	82
<u>Secured</u>		
- Bai Bithaman Ajil Term Financing	7,922	5,930
- Conventional term loan	27,151	19,524
- Musharakah Mutanaqisah	6,091	4,666
	44,355	33,311
(b) Long-term debt		
<u>Unsecured</u>		
- Finance lease	250	250
<u>Secured</u>		
- Bai Bithaman Ajil Term Financing	48,453	42,838
- Conventional term loan	157,049	151,589
- Musharakah Mutanaqisah	38,354	30,473
	244,106	225,150
Total indebtedness	288,461	258,461
Capitalisation		
Total equity	189,376	259,668
Total capitalisation and indebtedness	477,837	518,129
Gearing ratio (times)	1.52	1.00

11.5 Liquidity and capital resources**11.5.1 Working capital**

We finance our growth and operations through a combination of shareholders' fund, cash generated from operating activities and borrowings from financial institutions.

Our principal sources of liquidity as at 31 May 2014 are set out below:-

	RM'000
Cash and bank balances	4,904
Net cash flows from operating activities	4,347
Borrowings	288,461

11. FINANCIAL INFORMATION (Cont'd)

Our Board is of the opinion that we will have adequate working capital for a period of twelve (12) months from the date of this Prospectus after taking into consideration the following:-

- (a) our cash and cash equivalents;
- (b) expected cash flow from operations;
- (c) unutilised credit facilities of approximately RM144.8 million as at the LPD; and
- (d) proceeds from the Public Issue.

11.5.2 Cash flow

The details of the cash flow for the five (5)-month FPE 31 May 2014 are as follows:-

	Audited five (5)-month FPE 31 May 2014 RM'000
Net cash generated from operating activities	4,347
Net cash used in investing activities	(34,785)
Net cash generated from financing activities	25,939
Net increase in cash and cash equivalents	(4,499)
Cash and cash equivalents at beginning of year	6,295
Cash and cash equivalents at end of year	1,796

Net cash generated from operating activities

For the five (5)-month FPE 31 May 2014, our Group generated an operating profit before changes in working capital that amounted to RM23.3 million mainly due to the PBT of RM7.5 million and adjustment for non-cash items amounting to RM15.8 million. These non-cash items mainly include depreciation of property, plant and equipment of RM9.9 million and net interest expenses of RM5.0 million.

After adjusting for changes in working capital that resulted in cash outflow of RM14.0 million as well as net interest paid amounting to RM5.0 million, our net cash generated from operating activities amounted to RM4.3 million. Our working capital changes mainly arose from the following:-

- (a) increase in receivables amounting to approximately RM0.9 million. While the trade receivables increased by approximately RM4.1 million, it was offset by the decrease in other receivables amounting to approximately RM3.2 million; and
- (b) decrease in payables amounting to approximately RM13.0 million which was mainly due to the decrease in trade payables and other payables by approximately RM12.7 million and approximately RM0.3 million, respectively.

Net cash used in investing activities

For the five (5)-month FPE 31 May 2014, net cash used in investing activities amounts to approximately RM34.8 million. The net cash used in investing activities are mainly for the purchase of property, plant and equipment amounting to approximately RM35.3 million, which include acquisition and construction of vessels.

11. FINANCIAL INFORMATION (Cont'd)**Net cash generated from financing activities**

For the five (5)-month FPE 31 May 2014, RM25.9 million was generated from our financing activities, of which an aggregate of approximately RM18.1 million was utilised for the repayment of our credit facilities. We had also drawdown term loans amounting to RM44.0 million.

11.5.3 Borrowings

As at 31 May 2014, our Group's total outstanding borrowings, all of which are interest-bearing, are as follows:-

	Audited
	As at 31 May 2014
	RM'000
(a) Short-term debt	
<u>Unsecured</u>	
- Bank overdraft	3,109
- Finance lease	82
<u>Secured</u>	
- Bai Bithaman Ajil Term Financing	7,922
- Conventional term loan	27,151
- Musharakah Mutanaqisah	6,091
	<u>44,355</u>
(b) Long-term debt	
<u>Unsecured</u>	
- Finance lease	250
<u>Secured</u>	
- Bai Bithaman Ajil Term Financing	48,453
- Conventional term loan	157,049
- Musharakah Mutanaqisah	38,354
	<u>244,106</u>
Total loans and borrowings	<u>288,461</u>

Our Group has no borrowings in foreign currency.

The table below sets forth the maturity profile of our borrowings as at 31 May 2014:-

	As at 31 May 2014
	RM'000
Within 1 year	57,117
1 to 2 years	48,359
2 to 5 years	110,697
More than 5 years	72,288
Total borrowings	<u>288,461</u>

11. FINANCIAL INFORMATION (Cont'd)

Further, our Group has not defaulted on payments on either interest and/or principal sums in respect of any borrowings throughout the past three (3) financial years and the subsequent financial period thereof up to the LPD. Our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans which could materially affect our financial position or business operations or the investment by holders of our securities.

11.5.4 Capital expenditures

Save as disclosed below, there are no other material capital expenditures made by us for the financial periods under review:-

	FYE 31 December			Five (5)- month FPE 31 May
	2011	2012	2013	2014
	RM'000	RM'000	RM'000	RM'000
<u>Marine transportation and offshore storage operations</u>				
Product tankers	3,449	2,623	5,162	(566)
OSV	-	533	1,716	621
FSU	-	748	31,516	-
<u>Port marine services</u>				
Tugboats	47,920	14,149	61,208	34,123
Mooring boats	-	-	-	251
Others ⁽¹⁾	764	408	2,350	918
Total capital expenditure	52,133	18,461	101,952	35,347

Note:-

(1) Includes motor vehicles, furniture and fittings, office equipment as well as capital expenditure incurred for shipyard and building.

The capital expenditure in 2011 was mainly incurred for the construction of harbour tugboats, namely M.V. Nautica Tg. Puteri XI, XII, XV and XVI. In the same year, our Group also incurred capital expenditure for dry docking of our product tankers, being M.T. Nautica Pontian and M.T. Nautica Batu Pahat as well as our mooring boats, being M.V. Nautica Tg. Puteri VII and VIII. Further, the construction of M.T. Nautica Maharani, was completed early 2011.

In 2012, capital expenditure was primarily incurred for the construction of harbour tugboats, namely M.V. Nautica Tg. Puteri XI, XII, XV and XVI. The construction of M.V. Nautica Tg. Puteri XI, XII and XV was completed in 2012, while M.V. Nautica Tg. Puteri XVI was completed in early 2013. Apart from that, capital expenditure for dry docking of M.T. Princess Sofea (formerly known as M.T. Nautica Kluang) and M.V. Nautica Tg. Puteri V were incurred. The conversion of M.T. Nautica Muar from a product tanker into a FSU also begun at the end of 2012.

11. FINANCIAL INFORMATION (Cont'd)

Capital expenditure in 2013 was mainly incurred for the conversion of M.T. Nautica Muar from a product tanker into a FSU, acquisition of M.V. Nautica Tg. Puteri XVII and XVIII as well as the construction of six (6) harbour tugboats. M.T. Nautica Muar commenced operations as a FSU in August 2013. Other capital expenditure incurred includes dry docking for M.T. Nautica Johor Bahru, M.T. Nautica Kota Tinggi as well as M.V. Nautica Tg. Puteri V and IX. In addition, we also incurred a capital expenditure of approximately RM2.0 million for the construction of our shipyard.

Capital expenditure for the five (5)-month FPE 31 May 2014 was mainly incurred for the construction of six (6) harbour tugboats as well as the acquisition of M.V. Nautica Tg. Puteri XIX and XX. We received a discount amounting to approximately RM0.6 million in 2014 after renegotiating with the contractor in regards to dry docking expenditure incurred for our product tanker, namely M.T. Nautica Kota Tinggi in 2013.

From the five (5)-month FPE 31 May 2014 up to the LPD, we spent a total of RM58.7 million on the construction of new vessels as well as acquisition and refurbishment of an oil tanker, namely M.T. FOIS Nautica Tembikai, into a FSO.

We anticipate the above-mentioned capital expenditures will be financed via a combination of both existing and new borrowings from financial institutions, expected cash flow from operations and proceeds from the Public Issue.

Save as disclosed above and in **Section 11.5.5** of this Prospectus, as at the LPD, we do not have any material capital expenditure currently in progress, within or outside Malaysia.

11.5.5 Commitments**(i) Capital commitments**

Save as disclosed below, there are no other material commitment for capital expenditures:-

	Audited	Unaudited
	As at 31 May 2014	As at the LPD
	RM'000	RM'000
Vessel under construction		
Approved and contracted for	203,125	163,552
Shipyard under construction		
Approved but not contracted for	10,751	10,751
	<u>213,876</u>	<u>174,303</u>

As at the LPD, the capital commitments of our Group relates to the purchase and/or construction of six (6) harbour tugboats to service Malaysian ports, three (3) harbour tugboats to service a floating natural gas liquefaction facility, a fast crew boat as well as refurbishment cost to convert an oil tanker into a FSO. Save for the refurbishment cost which is expected to be partly funded by the proceeds from the IPO, we expect to fund the capital commitments through bank borrowings and internally generated funds.

The contracted capital commitments are expected to be incurred over the next 15 months from the LPD.

11. FINANCIAL INFORMATION (Cont'd)

In addition to the above, we have estimated approximately RM20.0 million for the construction of our shipyard. Out of the total estimated construction cost of RM20.0 million, approximately RM10.7 million has been approved but not contracted for. The estimated cost of building the shipyard is still in the budgeting phase and therefore the entire amount has yet to be reflected as a capital commitment as at the LPD. This amount is expected to be funded via gross proceeds from the IPO as disclosed in **Section 3.9** of this Prospectus as well as bank borrowings and internally generated funds.

(ii) Operating lease commitments

Our Group has entered into charter contracts which are non-cancellable operating lease commitments. These contracts have remaining contract period of between one (1) to ten (10) years. The future payments to be received which have been contracted for (excluding extension options) are as follows:-

	As at 31 May 2014
	(1) RM'000
Not later than 1 year	142,013
2 nd year	190,395
3 rd year	170,863
4 th year	146,872
5 th year	135,512
Later than 5 years	281,511
Total	1,067,167

Note:-

(1) Assuming the vessels achieve 100% chartered days for the remaining contract period.

11.5.6 Material divestures

Save as disclosed below, there have not been any material divestures undertaken by our Group for the FYE 31 December 2011, 2012 and 2013 as well as the five (5)-month FPE 31 May 2014:-

- (i) The disposal of a product tanker, being M.T. Nautica Mersing for RM1.9 million in 2011, of which we realised a gain of RM0.9 million. The product tanker had reached an age of 25 years which is generally the maximum number of years of useful life for a product tanker;
- (ii) The disposal of Orkim for RM66.9 million in 2013, of which our Group realised a gain of RM37.5 million. We seized the opportunity to dispose of our associate company after receiving an attractive offer from a third party; and
- (iii) M.T. Princess Sofea (formerly known as M.T. Nautica Kluang) was chartered out, on a bareboat basis, to a customer in February 2013 under a finance lease arrangement for a period of five (5) years for a total contract sum of RM8.7 million. At the end of the five (5)-year period, the customer has the obligation to purchase the vessel for RM1.0 million. Pursuant thereto, an initial loss of disposal amounting to RM1.3 million, being the difference between the market value and net carrying amount of the vessel, was recognised. Subsequently, revenue and finance income will be recognised monthly until the end of the contract period.

11. FINANCIAL INFORMATION (Cont'd)

Save as disclosed below, as at the LPD, we do not have any material divestures in progress, within or outside Malaysia:-

- (i) The disposal of a product tanker, namely M.T. Nautica Pontian for RM1.7 million was completed in June 2014. The product tanker had reached an age of 25 years which is generally the maximum number of years of useful life for a product tanker.

11.5.7 Contingent liabilities

Our Directors are not aware of any material contingent liabilities as at the LPD, which upon becoming enforceable may have a material impact on the financial position of our Group.

11.5.8 Key financial ratios

	FYE 31 December			Five (5)- month FPE 31 May
	2011	2012	2013	2014
Average trade receivables turnover period (days)	⁽¹⁾ 34	⁽¹⁾ 35	⁽¹⁾⁽⁸⁾ 57	⁽⁴⁾⁽⁸⁾ 70
Average trade payables turnover period (days)	⁽²⁾ 67	⁽²⁾ 72	⁽²⁾ 78	⁽⁵⁾ 62
Average inventory turnover period (days)	⁽³⁾ 6	N/A	N/A	N/A
Current ratio (times) ⁽⁶⁾	0.35	0.42	0.70	0.74
Gearing ratio (times) ⁽⁷⁾	2.36	1.90	1.43	1.52

Notes:-

- (1)
$$\frac{(\text{Opening trade receivables} + \text{closing trade receivables} - \text{allowance for impairment}) / 2}{\text{Revenue}}$$
 X 365 days
- (2)
$$\frac{(\text{Opening trade payables} + \text{closing trade payables}) / 2}{\text{Cost of services}}$$
 X 365 days
- (3)
$$\frac{(\text{Opening inventory} + \text{closing inventory}) / 2}{\text{Cost of services}}$$
 X 365 days
- (4)
$$\frac{(\text{Opening trade receivables} + \text{closing trade receivables} - \text{allowance for impairment}) / 2}{\text{Revenue}}$$
 X 151 days
- (5)
$$\frac{(\text{Opening trade payables} + \text{closing trade payables}) / 2}{\text{Cost of services}}$$
 X 151 days

(6) Current assets over current liabilities

(7) Total borrowings over shareholders' equity

(8) Excludes non-current finance lease receivable

N/A – not applicable

11. FINANCIAL INFORMATION (Cont'd)**Average trade receivables turnover days**

Trade receivables turnover days increased marginally from 34 days in FYE 31 December 2011 to 35 days in FYE 31 December 2012. For FYE 31 December 2013 and the five (5)-month FPE 31 May 2014, the trade receivables turnover days had increased to 57 days and 70 days, respectively. The increase in trade receivables turnover days is primarily due to slower collection from two (2) of our customers.

As at 31 May 2014, the trade receivables of our Group (after allowance for impairment of approximately RM2.4 million) amounted to RM29.8 million which can be analysed as follows:-

	Credit period	Extended credit period		Past due	
	0-29 days⁽¹⁾	30-59 days	60-89 days	More than 90 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	8,790	9,565	5,160	8,651	32,166
Less: Allowance for impairment	(144)	(289)	(435)	(1,536)	(2,404)
Net trade receivables	8,646	9,276	4,725	7,115	29,762
 % of total trade receivables	 29.0%	 31.2%	 15.9%	 23.9%	 100.0%
 Subsequent collections up to 7 November 2014 (RM'000)	 6,423	 5,908	 1,514	 6,978	 20,823

Notes:-

(1) Excludes non-current finance lease receivable amounting to approximately RM3.8 million.

We generally grant our customers credit terms of up to 30 days. As at 31 May 2014, 29.0% of our trade receivables were within the normal credit period. We generally allow the credit terms to be extended to 89 days after taking into consideration, *inter-alia*, the background, payment history and credit-worthiness of the customer and our relationship with them. We constantly remind our customers verbally and/or through written reminders to minimize occurrences for any extension of credit period on our trade receivables. Based on the above, the trade receivables within 30 to 89 days were approximately RM14.0 million, of which approximately RM7.4 million were collected subsequent to 31 May 2014, while the remaining balance was still outstanding due to slower collection from certain customers.

In addition, approximately RM7.1 million representing 23.9% out of the total trade receivables has been due for more than 90 days. This was mainly as a result of slower payment from two (2) of our customers under our marine transportation and offshore storage operations segment. Subsequent to 31 May 2014, we received full payment from one (1) of our above mentioned customer while the second (2nd) customer paid for most of the amount owing past due. We have been following-up closely with our customers for payments and our Board is confident that the remaining amounts are recoverable.

11. FINANCIAL INFORMATION (Cont'd)

The allowance for impairment of approximately RM2.4 million primarily relates to the provision of debts owing from two (2) customers in marine transportation and offshore storage operations segment. As at 7 November 2014, we have subsequently collected approximately RM0.5 million which was previously impaired. Trade receivables are individually determined to be provided for as impairment when customers have defaulted in payments as well as our assessment of the likelihood that such debt may be unrecoverable.

Average trade payables turnover days

The average trade payables turnover days increased from 67 days for the FYE 31 December 2011 to 72 days for the FYE 31 December 2012. The average payables turnover days continued to increase to 78 days for FYE 31 December 2013. The increase in average trade payables turnover days was mainly due to the refurbishment of our product tanker to a FSU coupled with the construction of six (6) harbour tugboats, all of which resulted in an increase in the trade payable balances as at 31 December 2013. These refurbishment and construction costs are accounted for approximately 59.1% of the total trade payables as at 31 December 2013. Further, these costs are not recognised as cost of services but are capitalised as property, plant and equipment in the statement of financial position. The lower cost of services coupled with the higher trade payable balances has consequently increased the average trade payables turnover days recorded for the FYE 31 December 2013 as compared to the FYE 31 December 2012.

For the five (5)-month FPE 31 May 2014, the average trade payables turnover days decreased to 62 days. The decrease in average trade payables turnover days was mainly due payment made to contractors for the construction of tugboats.

The aging analysis for trade payables as at 31 May 2014 are as follows:

	Not due	past due	Past due			Total
			1-29 days	30-59 days	Over 60 days	
	RM'000		RM'000	RM'000	RM'000	RM'000
Trade payables	11,488		512	378	822	13,200
% of total trade payables	87.0%		3.9%	2.9%	6.2%	100.0%
Subsequent payments up to the LPD (RM'000)	7,246		471	183	433	8,333

The credit period extended by our suppliers ranges between 30 to 60 days. As at 31 May 2014, 87.0% of our trade payables were within the credit period. Trade payables past due amounting to RM1.7 million or 13.0% as at 31 May 2014 primarily includes amount owing to our suppliers/contractors for spare parts and maintenance of our vessels. As at the LPD, we have paid RM1.1 million out of the RM1.7 million trade payables past due as at 31 May 2014.

Inventory turnover period (days)

Inventory comprises of bunker for our vessels under voyage charter arrangement. In FYE 31 December 2012 and subsequent financial periods thereof, our customers bear the cost for bunker, hence no inventory was recognised.

11. FINANCIAL INFORMATION (Cont'd)**Current ratio (times)**

Our current ratio improved from 0.35 times as at 31 December 2011 to 0.42 times as at 31 December 2012. The increase is mainly due to the increase in trade and other receivables as well as cash and cash equivalents, which was proportionately higher than the increase in current liabilities.

Our current ratio continued to improve from 0.42 times as at 31 December 2012 to 0.70 times as at 31 December 2013 primarily due to the increase in trade receivables as well as cash and cash equivalents coupled with a marginal decrease in short term loans and borrowings.

For the five (5)-month FPE 31 May 2014, our current ratio increased to 0.74 times primarily due to the decrease in trade and other payables of RM13.0 million.

Gearing ratio (times)

Gearing ratio as at 31 December 2011 was 2.36 times mostly due to the drawdown of borrowings to finance our Group's acquisition and construction of vessels. Our Group's gearing ratio gradually improved to 1.90 times as at 31 December 2012 with the repayment of borrowings totalling RM19.7 million.

While the net drawdown of borrowings amounting to RM23.2 million to fund the expansion of our fleet of vessels were made in 2013, the gearing ratio continued to decline to 1.43 times as at 31 December 2013, as a result of (a) conversion of RCCP Shares and inter- company advances owing to our Promoters into share capital; and (b) the sale of Orkim which raised proceeds of RM66.9 million resulting in a gain on disposal of RM37.5 million.

For the five (5)-month FPE 31 May 2014, our gearing ratio increased to 1.52 times mostly due to the drawdown of borrowings to finance our Group's acquisition and construction of tugboats. Post listing our gearing ratio is expected to be reduced to 1.00 times upon repayment of bank borrowings as disclosed under **Section 3.9** of this Prospectus and increase in shareholders' funds pursuant to the Public Issue.

11.5.9 Type of financial instruments used and Treasury policies and objective

Financial instruments, from an accounting perspective, may include trade and other receivables, cash and bank balances, loans and borrowings as well as trade and other payables, as shown in **Section 12** of this Prospectus. The abovementioned financial instruments are used in our Group's ordinary course of business.

We have been financing our operations through a combination of internal and external sources of funds. Internal source of funds comprise of mainly cash generated from operations, share capital and credit from supplier, while external sources of funds comprise mainly bank borrowings. As set out in **Note 10.20** of **Section 12** of this Prospectus, our Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. The primary objective of our capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support our business and maximise shareholder value.

11. FINANCIAL INFORMATION (Cont'd)

Save for the credit facilities as mentioned in **Section 11.5.3** of this Prospectus, as at the LPD, we do not use any other financial instruments.

We do not have any hedging policies nor have we entered into any forward contracts in respect of any foreign exchange exposure. Our cash and cash equivalents are maintained in RM.

11.6 Trend information

Based on our track record for the past years under review, including our segmental analysis of revenue and profitability, our Board observes and anticipates the following trends:-

- (a) We recorded a revenue compound annual growth rate for the past three (3) FYE 31 December 2011, 2012 and 2013 of 12.3%. Meanwhile, for the five (5)-month FPE 31 May 2014, revenue increased by 45.9% when compared to the corresponding period in 2013. We have a relatively predictable revenue stream in view of our outstanding orderbook which will expire between 2014 and 2025 details of which are set out in **Section 11.3.5** of this Prospectus. In the immediate term, we expect our revenue growth to be driven by a full year's recognition of some of our charter contracts which were secured in the previous financial year. We have also recently secured two (2) contracts which will start contributing to our revenue in 2015 and 2016.

Moving forward, we intend to further grow our business by securing new charter contracts while expanding our fleet of vessels. With 19 years of experience in the O&G shipping industry coupled with the ability to build our own vessels, we are confident of growing our revenue levels further.

- (b) Our main components of cost of services are vessel depreciation, crew costs, maintenance costs and charter in costs. Vessel depreciation, crew costs and maintenance costs are generally expected to move in tandem with the size of our fleet of vessels whereas charter in costs will vary depending on the number of charters contracts secured and the availability of our own vessels to service these contracts. In any event, we expect our cost of services to increase as we continue to develop our business and secure more contracts.
- (c) We have recorded a GP margin of 25.2%, 36.1%, 33.5% and 28.2% for the past three (3) FYE 31 December 2011, 2012 and 2013 as well as the five (5)-month FPE 31 May 2014, respectively. Our Board believes that we can maintain the GP margin within this historical range.

The average GP margins for the operation of our own tugboats and charter in tugboats for the past three (3) financial years are 40.6% and 18.7%, respectively. For the five (5)-month FPE 31 May 2014, the average GP margin for the operation of our own tugboats and charter in tugboats are 48.4% and 9.6%, respectively. Port marine services are expected to obtain higher GP margins upon the replacement of third party vessels with new harbour tugboats currently under construction, which in turn should enhance our overall GP margin. While we strive to achieve higher GP margins for both, our marine transportation and offshore storage operations and port marine services, this will depend on our ability to secure contracts with higher charter rates and our ability to manage cost efficiently.

11. FINANCIAL INFORMATION (Cont'd)

- (d) Our PBT is expected to move in tandem with the growth of our GP. Moving forward, our PBT will largely be affected by our administrative expenses (comprising mostly of staff cost and provisioning for doubtful debts, if any) as well as finance cost. We expect both our staff cost and finance cost to move in tandem with the growth of our business and the level of debt/interest expense incurred as we expand our fleet of vessels and invest in our shipyard facilities.

Save as disclosed above, including our Management's Discussion and Analysis of Financial Conditions and Results of Operations, **Section 4**, **Section 5** and **Section 6** of this Prospectus, our Board believes that there are no other significant known trends, uncertainties, demand, commitments or events that are reasonably likely to have a material favourable or unfavourable impact on our financial information as disclosed in this Prospectus.

11.7 Dividend policy

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Board, and any final dividend for the year is subject to our shareholders' approval. We have not formulated a dividend policy or payout ratio, however, we recognise that it is important to reward our investors with dividends. It is our intention to pay dividends to shareholders in the future depending upon a number of factors, including our financial performance, capital expenditure requirements, general financial conditions and any other factors considered relevant by our Board. Actual dividend proposed and declared may vary depending on our financial performance and cash flow and may be waived if the payment of dividends would adversely affect our cash flow and operations.

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