



E.A. TECHNIQUE (M) BERHAD
Company No. 256516-W

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016



E.A. TECHNIQUE (M) BERHAD (256516-W)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	AS AT END OF CURRENT QUARTER 30.09.2016 (UNAUDITED) RM'000	AS AT FINANCIAL YEAR 31.12.2015 (AUDITED) RM'000
ASSETS		
Property, plant and equipment	707,459	643,966
Investment in a subsidiary	-	-
Trade receivables	1,743	2,370
Non-current assets	709,202	646,336
Trade and other receivables	113,828	83,140
Amount due from contract customer	184,104	168,801
Short term deposits	135,254	52,405
Cash and cash equivalents	23,500	33,029
Current assets	456,686	337,375
TOTAL ASSETS	1,165,888	983,711
EQUITY AND LIABILITIES		
Share capital	126,000	126,000
Share premium	43,100	43,100
Retained earnings	152,619	127,167
Total equity	321,719	296,267
Loans and borrowings	459,281	403,449
Deferred tax liabilities	11,630	9,398
Non-current liabilities	470,911	412,847
Trade and other payables	167,010	81,613
Tax payable	14,712	14,922
Loans and borrowings	191,536	178,062
Current liabilities	373,258	274,597
TOTAL LIABILITIES	844,169	687,444
TOTAL EQUITY AND LIABILITIES	1,165,888	983,711
NET ASSETS PER SHARE (RM)	0.64	0.59

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2015



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Revenue	195,268	118,997	456,058	401,168
Cost of services	(162,154)	(72,948)	(356,002)	(296,391)
Depreciation and amortisation	(15,187)	(13,160)	(43,445)	(29,040)
Gross profit	17,927	32,889	56,611	75,737
Other operating income / (loss)	217	275	704	1,241
Administrative expenses	(2,797)	(3,570)	(9,619)	(10,880)
Results from operating activities	15,347	29,594	47,696	66,098
Finance cost	(7,032)	(5,673)	(19,329)	(12,528)
Foreign currency translation differences	(8,699)	(15,536)	5,818	(17,419)
Interest income	1,000	254	1,483	741
Profit/(Loss) before taxation	616	8,639	35,668	36,892
Income tax expense	(147)	(3,134)	(5,176)	(10,698)
Profit/(Loss) for the period	469	5,505	30,492	26,194
Earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
Basic	0.09	1.09	6.05	5.20
Diluted	-	-	-	-

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2015.



E.A. TECHNIQUE (M) BERHAD
Company No. 256516-W

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	NO. OF SHARES	NOMINAL VALUE RM'000	NON DISTRIBUTABLE SHARE PREMIUM RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	TOTAL RM'000
Balance as at 1 January 2015	504,000,000	126,000	43,100	106,013	275,113
Total comprehensive income for the period	-	-	-	26,194	26,194
Dividend				(5,040)	(5,040)
Balance as at 30 September 2015	504,000,000	126,000	43,100	127,167	296,267
Balance as at 1 January 2016	504,000,000	126,000	43,100	127,167	296,267
Total comprehensive income for the period	-	-	-	30,492	30,492
Dividend				(5,040)	(5,040)
Balance as at 30 September 2016	504,000,000	126,000	43,100	152,619	321,719

The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2015.



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016		
	AS AT 30.09.2016 RM'000	AS AT 30.09.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,668	36,892
Adjustments for :		
Amortisation and depreciation of:		
- property, plant and equipment	43,445	29,040
(Gain)/Loss on:		
- unrealised foreign exchange	5,818	17,419
Finance cost	19,329	12,528
Interest income	(1,483)	(741)
Operating profit before changes in working capital	102,777	95,138
Changes in working capital:		
Receivables	(30,061)	4,173
Amount due from contract customer	(18,269)	-
Payables	85,397	(22,362)
Cash generated from operations	139,844	76,949
Interest received	1,483	741
Finance cost	(19,329)	(12,528)
Tax paid	(3,154)	(3,890)
Net cash (used in)/ generated from operating activities	118,844	61,272
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(107,516)	(224,655)
Decrease/(Increase) in fixed deposits	(73,320)	29,651
Net cash (used in)/generated from investing activities	(180,836)	(195,004)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(5,040)	(5,040)
Proceeds from term loans	41,930	7,782
Proceeds from islamic financing facilities	73,454	204,633
Proceeds from finance lease	115	-
Repayment of term loans	(24,021)	(24,895)
Repayment of islamic term financing facilities	(24,992)	(26,179)
Repayment of finance lease	(32)	(325)
Net cash (used in)/generated from financing activities	61,414	155,976
Net (decrease) in cash and cash equivalents	(577)	22,244
Cash and cash equivalents at beginning of the financial year	20,127	21,586
Cash and cash equivalents	19,550	43,830
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
Cash and bank balances	19,550	43,830
Short term deposits	135,254	-
Deposits with licensed banks	3,950	9,369
	158,754	53,199
Less:		
Short term deposits	(135,254)	-
Deposits pledged	(3,950)	(9,369)
	19,550	43,830

The Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2015.



PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial reporting, issued by the Malaysian Accounting Standards Board (“MASB”). The Interim Financial Report should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2015.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2015.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the year ended 31 December 2015.

On 1 January 2016, the Group adopted the following MFRSs, Amendments to MFRSs and IC Interpretations: -

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
Amendments to MFRS 119: Defined Benefit Plans:	
Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joints Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016

The adoption of the above standards did not have any material impact on the financial performance or position of the Group.

At the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 15 Revenue from Contract from Customers	1 January 2018
MFRS 9 Financial instruments	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3. Status on Qualification of Audited Financial Statements

The audit report of the Group's preceding year financial statement and for financial period ended 31 December 2015 was not qualified.

A4. Seasonality or Cyclicity of Operations

There were no abnormal seasonal factors that affect result for the quarter under review.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no significant items which unusually affect assets, liabilities, equity, net income or cash flows during the quarter under review.

A6. Change in Accounting Estimates

There were no changes in the accounting estimates reported in prior interim period or financial year that have material effect in the current financial quarter for the current financial period.

A7. Debt and Equity Securities

There were no cancellation, resale and prepayment of debt and equity securities during the quarter other than on loans repayments in accordance with the Group's loans repayment schedules.

A8. Dividend Paid

There were no dividends paid during the quarter.

A9. Segmental Information

The Group's revenue is derived from three (3) main business segments, namely the following: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
1. Marine transportation and offshore storage operations	36,554	39,588	107,272	90,860
2. Port marine services	20,334	15,920	51,450	47,130
3. Engineering, Procurement, Construction, Installation and Commissioning	138,380	63,489	297,336	263,178
	195,268	118,997	456,058	401,168

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in the marine related industry.



PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A10. Valuation of Property, Plant and Equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter.

A11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of current financial quarter and financial period-to-date that have not been reflected in this interim financial report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter.

A13. Changes in Contingent Liabilities or Contingent Assets

Since the last Statement of Financial Position date, there were no material changes in contingent liabilities and contingent assets.

A14. Capital Commitment

Capital expenditures not provided for in the financial statements as at 30th September 2016 are as follows:

	30.09.2016 RM'000
Vessel under construction	
Approved and contracted for	1,181
Shipyard under construction	
Approved but not contracted	3,811
Total	4,992

A15. Impairment of Assets

In accordance to MFRS136, the Group made its assessments of the assets and recognized all impairment accordingly.



PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A16. Related Party Disclosures

Significant transactions between E.A. Technique (M) Berhad group and its related companies are as follows:

	9 months ended	
	30.09.2016	30.09.2015
	RM'000	RM'000
Datin Hamidah binti Omar		
- Rental paid	40	40
Other related parties		
Johor Corporation		
- Secretarial costs	10.0	232
Pro Corporate Management Services Sdn Bhd		
- Registrar costs	0.6	-
Berkat Global Sdn Bhd		
- Survey fees	30	25
Epasa Shipping Agency Sdn Bhd		
- Shipping agency fees	46	55



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the Performance of the Group

Group Results and update

The Group recorded revenue of RM195.3 million for the 3 months period under review as compared to RM119 million for the corresponding period in 2015, an increase of approximately by 64%. The Group also recorded PBT of RM0.62 million for this quarter compared to RM8.6 million for the corresponding period in 2015, a decrease of approximately by 93%.

For the cumulative 9 months period, the Group reported revenue of RM456.1 million and PBT of RM35.7 million as compared to revenue of RM401.2 million and PBT of RM36.9 million for the same period last year, an increase of revenue approximately by 14% and a decrease of PBT approximately by 3%.

The increase in revenue was mainly due to increase in revenue from Engineering, Procurement, Construction, Installation and Commissioning (“EPCIC”) project, marine transportation and offshore operation and port marine services. However, for the 9 months period under review, a decrease of PBT was mainly due to the recognition of lower margin for the EPCIC project.

B2. Material Changes in the Quarterly Results

There were no material changes in the quarterly results.

B3. Current Year Prospects

The Group has acquired one (1) unit chemical tanker and one (1) unit oil tanker on 13th May 2016 and 29th June 2016 respectively. Both tankers will start its’ contract service to the clients in December 2016.

Recently, the Group has delivered one (1) unit harbour tugs namely MV Nautica Tg. Puteri XXVII to client on 4th September 2016 and another one (1) unit harbour tugs expected to be delivered in 4th quarter 2016. The expansion of the Group’s fleet of marine vessels is expected to enhance the Group’s revenue and profitability.

As at 30th September 2016, the Group’s orderbook was approximately RM0.89 billion with additional RM350 million potential for extension period.

The Group has long term contracts for its marine vessels to provide a stable and recurring revenue stream. The Group remains focus to ensure a consistent high utilization rate to maximize earnings.

In view of this, the Group still remains optimistic on its performance.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
B4. Profit Forecast/Profit Guarantee

The Group is not subjected to any profit forecast or any profit guarantee requirement.

B5. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Current Taxation	110	4,801	3,882	6,091
Deferred taxation	37	(1,667)	1,294	4,607
Total	147	3,134	5,176	10,698

Group ETR	24%	36%	15%	29%
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B6. Other operating income / (expenses)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Insurance claim		-	6	360
Lease interest	217	275	698	1,059
Written back/(Written off) doubtful debts	-	-	-	(178)
Total other operating income / (losses)	217	275	704	1,241

B7. Status of Uncompleted Corporate Announcement

On 14 December 2015, the Group announced entering into a conditional Joint Venture & Shareholders' Agreement with MTC Engineering Sdn. Bhd. ("MTCE") to, inter-alia, subscribe in the equity of EAT MTC Floating Services Sdn. Bhd. ("EMF") for the purpose of joint venture on a 73% (EAT): 27% (MTCE) basis ("Proposed JV"). Under the Proposed JV, EMF will undertake the floating services operation and its related ancillary activities. On 22 November 2016, the Group announced that the Company and the parties to the Joint Venture Agreement have unanimously agreed to have the Joint Venture Agreement terminated and to proceed with a different arrangement to enable an outright transfer of asset belonging to MTCE being effected. The parties further agree that the Joint Venture Agreement shall be deemed to be null and void and neither party shall have any claim against the Proposed JV.

On 22 November 2016, the Group announced entering into a conditional Sale and Purchase Agreement ("SPA") with MTC Engineering Sdn. Bhd. ("MTCE") in relation to the proposed



acquisition of topside equipment currently attached to EAT's vessel known as M.T. Nautica Muar, comprising amongst others, extended well test system, flare tower system, metering skid, cargo pump, quick release hook and helideck (collectively known as the "Topside Equipment") for a total purchase consideration of USD24.0 million.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8. Borrowings and Debt Securities

	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Non-current		
Secured:		
Obligations under finance leases	544	515
Islamic financing facilities	272,281	123,339
Conventional financing facilities	186,456	279,596
Non-current loans and borrowings	459,281	403,450
Current		
Secured:		
Bank overdrafts	3,950	3,218
Obligations under finance leases	208	208
Islamic financing facilities	143,015	143,126
Conventional financing facilities	44,363	31,509
Current loans and borrowings	191,536	178,061
Total loans and borrowings	650,817	581,511

B9. Derivative Financial Instruments

The Group does not have any derivative financial instruments for the quarter ended 30th September 2016.

B10. Material Litigation, Claims and Arbitration

There was none.

B11. Dividend proposed payment

There was no dividend payment proposed during the quarter.



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B12. Earnings Per Share (“EPS”)

The basic EPS has been calculated based on the consolidated net profit for the period and divided by the weighted average number of ordinary shares in issue.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Units ('000) / RM'000		Units ('000) / RM'000	
Net profit for the period	469	5,505	30,492	26,194
Weighted average no of share in issue	504,000	504,000	504,000	504,000
Basic earnings per share (sen)	0.09	1.09	6.05	5.20
Diluted earnings per share (sen)	-	-	-	-

B13. Realised and unrealised profits or losses

Pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, the breakdown of retained profits of the Group as at the reporting date, is as follows: -

	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
The retained profits of the Group is made up as follows:		
- realised	185,840	166,206
- unrealised	(33,221)	(39,039)
	152,619	127,167
Add: Consolidation adjustments	-	-
Total retained earnings	152,619	127,167

By Order of the Board
E.A. TECHNIQUE (M) BERHAD

NURALIZA BINTI A. RAHMAN, MAICSA 7067934
SABARUDIN BIN HARUN, MIA 30423
(Secretaries)



E.A. TECHNIQUE (M) BERHAD

Company No. 256516-W

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

Dated: November 2016