



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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016



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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**



E.A. TECHNIQUE (M) BERHAD

Company No. 256516-W

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	AS AT END OF CURRENT QUARTER 31.12.2016 (UNAUDITED) RM'000	AS AT FINANCIAL YEAR 31.12.2015 (RESTATED) RM'000
ASSETS		
Property, plant and equipment	707,244	643,966
Intangible assets:	4,776	-
Trade and other receivables	3,027	2,370
Non-current assets	715,047	646,336
Trade and other receivables	72,262	83,139
Amount due from contract customer	153,861	133,862
Short term deposits	189,474	52,405
Cash and cash equivalents	25,334	33,030
Current assets	440,931	302,436
TOTAL ASSETS	1,155,978	948,772
EQUITY AND LIABILITIES		
Share capital	126,000	126,000
Share premium	43,100	43,100
Retained earnings	104,701	100,963
Total equity	273,801	270,063
Loans and borrowings	301,487	403,450
Deferred tax liabilities	9,422	4,513
Non-current liabilities	310,910	407,963
Trade and other payables	175,715	81,612
Tax payable	10,890	11,073
Loans and borrowings	384,663	178,062
Current liabilities	571,268	270,747
TOTAL LIABILITIES	882,177	678,710
TOTAL EQUITY AND LIABILITIES	1,155,978	948,772
NET ASSETS PER SHARE (RM)	0.54	0.54

The Condensed Consolidated Statement of Financial Position 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 FOURTH QUARTER ENDED 31 DECEMBER 2016

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.2016 (UNAUDITED)	31.12.2015 (RESTATED) (NOTE A17)	31.12.2016 (UNAUDITED)	31.12.2015 (RESTATED) (NOTE A17)
	RM'000	RM'000	RM'000	RM'000
Revenue	135,605	135,362	591,663	536,530
Cost of services	(80,161)	(72,998)	(436,163)	(375,368)
Depreciation and amortisation	(12,686)	(13,928)	(56,131)	(42,968)
Gross profit	42,759	48,436	99,370	118,194
Other operating income / (loss)	2,849	3,066	3,553	4,307
Administrative expenses	(19,104)	(38,125)	(28,723)	(49,005)
Results from operating activities	26,503	13,377	74,199	73,496
Finance cost	1,932	(3,174)	(17,397)	(15,702)
Foreign currency translation differences	(43,935)	(26,879)	(38,117)	(44,298)
Interest income	1,372	1,581	2,855	2,322
Profit/(Loss) before taxation	(14,128)	(15,095)	21,540	15,818
Income tax expense	(7,586)	6,417	(12,762)	(4,281)
Profit/(Loss) for the period	(21,714)	(8,678)	8,778	11,537
Earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
Basic	(4.31)	(1.72)	1.74	2.29
Diluted	-	-	-	-

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



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	-----NON DISTRIBUTABLE -----			DISTRIBUTABLE	
	NO. OF SHARES	NOMINAL VALUE RM'000	SHARE PREMIUM RM'000	RETAINED EARNINGS (RESTATED) RM'000	TOTAL (RESTATED) RM'000
Balance as at 1 January 2015	504,000,000	126,000	43,100	100,766	269,866
Total comprehensive income for the year, as restated (Note A17)	-	-	-	11,537	11,537
Dividend	-	-	-	(11,340)	(11,340)
Balance as at 31 December 2015	504,000,000	126,000	43,100	100,963	270,063
Balance as at 1 January 2016	504,000,000	126,000	43,100	100,963	270,063
Total comprehensive income for the year	-	-	-	8,778	8,778
Dividend	-	-	-	(5,040)	(5,040)
Balance as at 31 December 2016	504,000,000	126,000	43,100	104,701	273,801

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 FOURTH QUARTER ENDED 31 DECEMBER 2016		
	AS AT 31.12.2016 (UNAUDITED) RM'000	AS AT 31.12.2015 (RESTATED) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	21,540	15,818
Adjustments for :		
Amortisation and depreciation of:		
- property, plant and equipment	55,563	42,968
- intangible asset	556	-
Loss on:		
- unrealised foreign exchange	38,117	46,073
- disposal of property, plant and equipment	3,078	-
Allowance for impairment losses of trade receivables	5,133	21,935
Reversal of impairment losses on trade receivable	(3)	(1,641)
Finance cost	17,396	15,702
Interest income	(2,855)	(2,322)
Operating profit before changes in working capital	138,525	138,533
Changes in working capital:		
Receivables	(35,258)	(190,712)
Payables	81,673	46,829
Cash generated from operations	184,939	(5,351)
Interest received	1,769	2,254
Finance cost	(17,396)	(15,377)
Tax paid	(10,406)	(6,417)
Net cash generated from/(used in) operating activities	158,907	(24,891)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(123,564)	(23,069)
Proceeds from:		
- disposal of property, plant and equipment	4,485	-
Increase in fixed deposits	(125,860)	(149,963)
Acquisition of a subsidiary-net	(899)	-
Net cash used in investing activities	(245,838)	(173,032)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(5,040)	(11,340)
Proceeds from term loans	105,021	23,100
Proceeds from islamic financing facilities	41,790	261,771
Repayment of term loans	(45,092)	(42,088)
Repayment of islamic term financing facilities	(19,519)	(34,823)
Repayment of finance lease	(208)	(155)
Net cash generated from financing activities	76,953	196,465
Net decrease in cash and cash equivalents	(9,978)	(1,458)
Cash and cash equivalents at the beginning of the financial year	20,127	21,585
Cash and cash equivalents at the end of the financial year	10,149	20,127



**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	AS AT 31.12.2016 (UNAUDITED) RM'000	AS AT 31.12.2015 (RESTATED) RM'000
Cash and cash equivalents:		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
Cash and bank balances	15,493	23,345
Short term deposits	189,474	52,405
Deposits with licensed banks	9,841	9,685
	214,808	85,435
Less:		
Overdraft	(5,344)	(3,218)
Short term deposits	(189,474)	(52,405)
Deposits pledged	(9,841)	(9,685)
	10,149	20,127

The Consolidated Statement of Cash Flows 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	
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.

As at the date of authorisation 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 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 other than as disclosed in Note A17.

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	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
1. Marine transportation and offshore storage operations	31,366	40,165	138,638	131,025
2. Port marine services	20,402	16,157	71,852	63,287
3. Engineering, Procurement, Construction, Installation and Commissioning	83,838	79,040	381,173	342,218
	135,606	135,362	591,663	536,530



PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

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

The acquisition of the Libra Perfex Precision Sdn Bhd (“Libra”) was completed on 22 November 2016 whereby the Company acquired the entire equity of Libra from Tan Sri Datuk Dr. Jemilah Binti Mahmood, Dato’ Dr. Ashar Bin Abdullah, Norrazak Bin Hj. Ismail, Fatimah Binti Mahmood and Ali Noor Razak Bon Mohd Sidek at the total purchase consideration of RM5.0 million, rendering Libra a fully owned subsidiary company of EAT.

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 31 December 2016 are as follows:

	31.12.2016 RM'000
Vessels under construction	
Approved and contracted for	7,200
Shipyard under construction	
Approved but not contracted	7,539
Total	14,739

A15. Impairment of Assets

In accordance to MFRS136, the Group made its assessments of its assets and recognised any necessary impairment accordingly.



A16. Related Party Disclosures

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

	12 months ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
Datin Hamidah binti Omar		
- Rental paid	38	81
Other related parties		
Johor Corporation		
- Secretarial costs	50	89
Pro Corporate Management Services Sdn Bhd		
- Registrar costs	27	154
Berkat Global Sdn Bhd		
- Survey fees and material supply	107	43
Epasa Shipping Agency Sdn Bhd		
- Shipping agency fees	48	52
Kulim Malaysia Berhad		
- Internal Audit Fee	106	105

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A17. Prior year adjustments

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

- a) Over-recognition of revenue from construction contract due to estimated total budgeted costs used to calculate percentage of completion;
- b) The effects of unrealised foreign exchange losses on Amount Due from Customer Contract recognised at reporting date using closing rate; and
- c) Tax effects of the (a) and (b).

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

	As previously stated RM'000	Note (a) RM'000	Note (b) RM'000	Note (c) RM'000	As restated RM'000
At 31 December 2015					
Consolidated statement of financial position					
Amount due from contract customer	168,800	(12,521)	(22,417)	-	133,862
Deferred tax liabilities	9,398	-	-	(4,885)	4,513
Tax payable	14,922	-	-	(3,849)	11,073
Consolidated income statement					
Revenue	549,051	(12,521)	-	-	536,530
Foreign currency translation differences	(23,656)	-	(22,417)	-	(46,073)
Income tax expense	(13,015)	-	-	8,734	(4,281)
Consolidated statement of changes in equity					
Retained earnings	127,167	(12,521)	(22,417)	8,734	100,963

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 RM135.6 million for the 3 months period under review as compared to RM135.4 million for the corresponding period in 2015, an increase of approximately by 0.2%. The Group also recorded Loss Before Tax of RM14.1 million for this quarter compared to Loss Before Tax of RM15.1 million for the corresponding period in 2015, a decrease of approximately by 6.4%.

The Loss Before Tax recorded for the quarter under review was mainly due to dry docking of several of its vessels and refurbishment of one FSO leading to a decrease in revenue from marine transportation and offshore operations, coupled with a decrease in revenue from Engineering, Procurement, Construction, Installation and Commissioning (“EPCIC”) project and an unrealised forex loss of RM 43.9 million.

Unrealised foreign exchange loss was a net result from the unrealized foreign exchange gain and loss from the translation of the Company’s US Dollar denominated assets and liabilities at 31st December 2016, based on the prevailing exchange rate on that date.

For the cumulative 12 months period, the Group reported revenue of RM591.7 million and PBT of RM21.5 million as compared to revenue of RM536.5 million and PBT of RM15.8 million for the same period last year, an increase of revenue approximately by 10.3% and an increase of PBT approximately by 36.2%.

The increase in revenue for the 12 months period under review was mainly due to increase in revenue from EPCIC project, marine transportation and offshore operation and port marine services.

B2. Material Changes in the Quarterly Results

The decrease in profitability recorded for the quarter under review as compared against the preceding quarter was mainly due to the unrealised foreign exchange loss of RM43.9 million.

B3. Current Year Prospects

The Group has acquired one (1) unit chemical tanker and one (1) unit oil tanker on 13th May 2016 and 29 June 2016 respectively. Both tankers are currently being refurbished and will be delivered to clients in April 2017.

Recently, the Group has delivered one (1) unit harbour tug namely MV Nautica Tg. Puteri XXVII to client on 4 September 2016 and one (1) unit harbour tug namely MV Nautica Tg. Puteri XXVIII has been delivered to client on 1st Feb 2017. The expansion of the Group’s fleet of marine vessels is expected to enhance the Group’s revenue and profitability.

As at 31 December 2016, the Group’s orderbook was approximately RM0.95 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	
	31.12.2016 (Unaudited) RM'000	31.12.2015 (Restated) RM'000	31.12.2016 (Unaudited) RM'000	31.12.2015 (Restated) RM'000
Current Taxation	5,690	7,475	7,571	16,441
Deferred taxation	1,897	(13,892)	5,191	(12,160)
Total	7,586	(6,417)	12,762	4,281

Group ETR	-54%	43%	59%	27%
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B6. Other operating income

	CURRENT QUARTER		CUMULATIVE QUARTER	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Insurance claim	1,014	130	1,140	490
Lease interest	-	(1,059)	-	-
Realised gain on foreign exchange	1,123	1,992	1,701	1,992
Negative goodwill (gain on bargain purchase) arising from acquisition of subsidiary	380	-	380	-
Doubtful debt recovered	3	-	3	-
Disposal of fixed assets	-	-	-	-
Written back/ (Written off) doubtful debts	-	2,003	-	1,825
Others	329	-	329	-
Total other operating income	2,849	3,066	3,553	4,307

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.



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

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 the same date, the Group entered 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.

The Circular prepared by the due diligence working group (“DDWG”) for the Proposed Acquisition had been duly approved on 25 January 2017 by Bursa Malaysia. Our independent advisor, Mercury Securities Sdn Bhd had submitted the Independent Advice Letter (IAL) to Bursa Malaysia for approval for the IAL to be issued to the non-interested shareholders of EAT in respect of the Proposed Acquisition. The IAL was duly approved by Bursa Malaysia on 14 February 2017.

The Group will issue a Notice of Extraordinary General Meeting in due course.

B8. Borrowings and Debt Securities

	As at 31 December 2016 RM'000	As at 31 December 2015 RM'000
Non-current		
Secured:		
Obligations under finance leases	327	515
Islamic financing facilities	49,385	231,113
Conventional financing facilities	251,775	171,822
Non-current loans and borrowings	301,487	403,450
Current		
Secured:		
Bank overdrafts	5,344	3,218
Obligations under finance leases	188	208
Islamic financing facilities	336,444	143,127
Conventional financing facilities	42,687	31,509
Current loans and borrowings	384,663	178,062
Total loans and borrowings	686,150	581,512

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

B9. Derivative Financial Instruments

The Group does not have any derivative financial instruments for the quarter ended 31st December 2016.

B10. Material Litigation, Claims and Arbitration

There was none.

B11. Dividend proposed payment

There was no dividend payment proposed during the quarter.

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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	Units ('000) / RM'000		Units ('000) / RM'000	
Net profit for the period	(21,714)	(8,678)	8,778	11,537
Weighted average no of share in issue	504,000	504,000	504,000	504,000
Basic (loss)/earnings per share (sen)	(4.31)	(1.72)	1.74	2.29
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 31 December 2016 (Unaudited) RM'000	As at 31 December 2015 (Restated) RM'000
The retained profits of the Group is made up as follows:		
- realised	152,241	157,534
- unrealised	(47,539)	(56,572)
	104,701	100,963
Add: Consolidation adjustments	-	-
Total retained earnings	104,701	100,963



E.A. TECHNIQUE (M) BERHAD

Company No. 256516-W

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

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

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

Dated: February 2017