E.A. TECHNIQUE (M) BERHAD (256516-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

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

Unaudited Condensed Consolidated Statement of Profit or Loss
For The Second Quarter And Period Ended 30 June 2018

	Note	Quarter Ended 30.06.2018 RM'000	Quarter Ended 30.06.2017 RM'000	Changes %	Year-To-Date Ended 30.06.2018 RM'000	Year-To-Date Ended 30.06.2017 RM'000	Changes %
Revenue	B1	69,128	113,400	(39)	132,949	209,919	(37)
Cost of sales	B1	36,224	(150,409)	124	(10,212)	(302,012)	97
Gross profit/(loss)		105,352	(37,009)	385	122,737	(92,093)	233
Other operating (expenses) / income :							
- Net (loss) / gain on foreign exchange		(11,649)	9,815	(219)	(2,627)	13,023	(120)
- Other income	B3	292	2,819	(90)	641	6,942	(91)
Administrative expenses		(4,758)	(8,179)	42	(9,249)	(15,454)	40
Result from operating activities		89,237	(32,554)	374	111,502	(87,582)	227
Finance income		121	154	(21)	159	275	(42)
Finance cost		(6,156)	(4,209)	(46)	(11,016)	(11,063)	0
Profit / (Loss) before tax		83,202	(36,609)	327	100,645	(98,370)	202
Taxation	B6	(47)	(106)	56	(283)	(219)	(29)
Profit / (Loss) for the period		83,155	(36,715)	326	100,362	(98,589)	202
Profit / (Loss) attributable to:							
Owner of the Company		83,155	(36,715)	326	100,362	(98,589)	202

	Note	Quarter Ended 30.06.2018	Quarter Ended 30.06.2017	Year-To-Date Ended 30.06.2018	Year-To-Date Ended 30.06.2017
Earnings/(Loss) Per Share attributable to owners of the Company					
Basic EPS (sen)	B12	16.50	(7.28)	19.91	(19.56)

The above Unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

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

Unaudited Condensed Consolidated Statement of Financial Position
as at 30 June 2018

	Note	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000 (Audited)
Assets			
Property, plant and equipment	A9	781,142	807,581
Trade and other receivables		1,670	2,106
Non-current assets		782,812	809,687
Trade and other receivables		37,456	64,392
Tax recoverable		5,841	5,837
Cash, bank balances and deposits		18,922	20,676
Current assets		62,219	90,905
Total assets		**845,031**	**900,592**
Equity and liabilities			
Share capital	A6	169,100	169,100
Retained earnings/ (Accumulated losses)		83,915	(16,447)
Total equity		253,015	152,653
Loans and borrowings	B8	262,464	293,922
Deferred tax liabilities		2,168	2,168
Non-current liabilities		264,632	296,090
Trade and other payables		207,019	328,617
Loans and borrowings	B8	119,793	121,290
Tax payable		572	1,942
Current liabilities		327,384	451,849
Total liabilities		592,016	747,939
Total equity and liabilities		**845,031**	**900,592**
		RM	**RM**
Net assets per share attributable to owners of the Company		**0.50**	**0.30**

The above Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

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

Unaudited Condensed Consolidated Statement of Changes in Equity
For The Period Ended 30 June 2018

	← Non-distributable		→	Distributable retained earnings/ Non-distributable accumulated losses	
	Number of shares '000	Share capital RM'000	Share premium RM'000	RM'000	Total RM'000
At 1 January 2018	504,000	169,100	-	(16,447)	152,653
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	100,362	100,362
At 30 June 2018	504,000	169,100	-	83,915	253,015
At 1 January 2017	504,000	126,000	43,100	104,701	273,801
Adjustments for effects of Companies Act 2016 (Note a)		43,100	(43,100)	-	-
Loss for the financial period, representing total comprehensive income for the financial period	-	-	-	(98,589)	(98,589)
At 30 June 2017	504,000	169,100	-	6,112	175,212

Note a With the Companies Act 2016 coming into effect on 31 January 2017, the credit standing in the share premium account of RM43,100,000 has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the Companies Act 2016, the Group may exercise its right to use the credit amounts being transferred from share premium within 24 months after the commencement of the Companies Act 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as result thereof.

The above Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

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

Unaudited Condensed Consolidated Statement of Cash Flows
For The Period Ended 30 June 2018

	Note	6 months ended 30.06.2018 RM'000	6 months ended 30.06.2017 RM'000
Cash flows from operating activities			
Profit/(Loss) before tax		100,645	(98,370)
Adjustments for:			
Depreciation of property, plant and equipment		36,934	30,671
Amortisation of intangible asset		-	2,719
Bad debt recovered		(12)	-
Finance cost		11,016	11,063
Finance income		(159)	(275)
Unrealised foreign exchange gain		(10,723)	(21,699)
Operating cash flows before changes in working capital		137,701	(75,891)
Changes in working capital:			
(Decrease)/Increase in trade and other receivables		(106,096)	182,037
Increase in trade and other payables		12,506	73,196
Cash generated from operations		44,111	179,342
Interest received		159	275
Interest paid		(11,016)	(11,063)
Tax paid		(1,635)	(4,337)
Net cash from operating activities		**31,619**	**164,217**
Cash flows (used in)/from investing activities			
(Increase)/Decrease in fixed and security deposits		(330)	189,474
Additions to property, plant and equipment		(10,494)	(130,438)
Net cash (used in)/from investing activities		**(10,824)**	**59,036**
Cash flows used in financing activities			
Repayment of conventional term loan		(17,365)	(333,595)
Drawdown from conventional term loan		14,485	102,864
Repayment of Islamic term financing facilities		(19,940)	-
Net repayment of finance lease		(100)	-
Net cash used in financing activities		**(22,920)**	**(230,731)**
Net decrease in cash and cash equivalents		**(2,125)**	**(7,478)**
Cash and cash equivalents at beginning of financial period	(i)	7,749	10,148
Cash and cash equivalents at end of financial period	**(i)**	**5,624**	**2,670**

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

Unaudited Condensed Consolidated Statement of Cash Flows
For The Year-To-Date Ended 30 June 2018 (Continued)

(i) Cash and cash equivalents

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

	30.06.2018 RM'000	30.06.2017 RM'000
Cash and bank balances	11,367	8,729
Fixed and security deposits with licensed banks	7,555	10,436
	18,922	**19,165**
Less: Bank overdrafts	(5,743)	(6,059)
	13,179	13,106
Less: Fixed and security deposits pledged	(7,555)	(10,436)
	5,624	**2,670**

The above Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

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

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

A1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2017

<u>Standards, amendments to published standards and interpretations that are effective</u>

The Group has applied the following amendments for the financial year beginning on 1 January 2018:

- Amendments to MFRS 12 'Disclosure of Interest in Other Entities'.
- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'.
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'.
- MFRS 1 'Amendments to MFRS 1' (Annual improvements to MFRS standards 2014-2016 cycle).
- MFRS 2 'Classification and Measurement of Share-based Payment Transactions' (Amendments to MFRS 2).
- MFRS 9 'Financial Instruments' will replace MFRS 139 "Financial Instruments: Recognition and Measurement".
- MFRS 15 'Revenue from contracts with customers' and 'Clarifications to MFRS 15'.
- Amendments to MFRS 128 'Investment in Associates and Joint Ventures'.

The adoption of these amendments has required additional disclosures. Other than that, the adoption of these amendments did not have any material impact on the financial statements for the current financial period.

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Based on the analysis of the Group's and of the Company's financial assets and liabilities as at 1 January 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

E.A. TECHNIQUE (M) BERHAD (256516-W)
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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

A1 BASIS OF PREPARATION (CONTINUED)

MFRS 9 Financial Instruments (continued)

(a) Classification and measurement

The Group's and the Company's financial assets are all "Loans and Receivables" under MFRS 139. Under MFRS 9, these financial assets are classified as "Amortised Cost" as the Group and the Company assessed these financial assets under the "solely for principal and interest" test and "Business Model" test that indicated that the Group's and the Company's intention is to collect contractual cash flows only. Accordingly, no impact on their statements of financial position or statements on changes in equity on applying the classification and measurement requirements of MFRS 9.

(b) Impairment

MFRS 9 requires the Group and the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all trade receivables. Based on readily available information as at date of this report, there is no significant impact to the Group's and to the Company's financial statements as most of the Group's and the Company's receivables are within 90 days past due category as suggested by MFRS 9's rebuttable presumption of default.

(c) Hedging

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

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(Incorporated in Malaysia)

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

A1 BASIS OF PREPARATION (CONTINUED)

MFRS 15 Revenue from Contracts with Customers (continued)

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

The Group is in the business of owning ships and marine vessels and leasing them to third parties; and provision of procurement, construction, installation and commissioning services. The former is scoped out under MFRS 15 as it is accounted for under MFRS 117 *Leases* .

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

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

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

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

A1 BASIS OF PREPARATION (CONTINUED)

MFRS 15 Revenue from Contracts with Customers (continued)

(i) Significant integration service

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

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

(ii) Significant modification or customisation

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

(iii) Highly interdependent or highly interrelated

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

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

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

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

A1 BASIS OF PREPARATION (CONTINUED)

MFRS 15 Revenue from Contracts with Customers (continued)

(iv) Performance obligation satisfied over time

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

Standards that have been issued but not yet effective

The Group has yet to adopt these new standard.

- MFRS 16 ‘Leases’ (effective from 1 January 2019).

The effects of the above new standards and amendments to standards are currently being assessed by the Directors.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the annual financial statements for the financial year ended 31 December 2017 was unqualified.

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations have not been significantly affected by any seasonal or cyclical trend.

A4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

Except on the EPCIC project cost due to deletion scope of works and settlement with customer, there were no material unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter under review.

A5 CHANGE IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates or errors that have a material effect in the current quarter under review.

A6 DEBT AND EQUITY SECURITIES

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

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

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

A7 DIVIDENDS

There was no dividend paid during the quarter.

A8 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal management reporting as follows:

(i) Marine transport and FSO

Our product tankers are used to transport refined petroleum products from oil refineries to end-users.

FSU/FSOs are typically used as storage facility at offshore Oil & Gas.

Offshore Supply Vessels, namely fast crew boats, are primarily used to transport personnel/light cargoes between shore and platform, platform and platform or other offshore facilities.

(ii) Port Marine Services

The port marine services that we provide at the ports include towage services comprising towing, pushing or manoeuvring vessels.

(iii) Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC")

Marine Engineering services consist of provision of marine engineering solutions and EPCIC activities.

(iv) Others

Other operating segments involve activities of mooring services activities and shipbuilding & ship repair.

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(Incorporated in Malaysia)

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

A8 SEGMENT REPORTING (CONTINUED)

The Group assesses the performance of the operating segments based on revenue and earnings/(loss) before interest, taxation, depreciation and amortisation (EBITDA).

Revenue

	Quarter Ended		Year-To-Date	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Marine transport and FSO	45,332	30,631	89,402	60,346
Port marine services	23,424	20,975	42,826	38,597
EPCIC	-	61,141	-	110,215
Others	372	653	721	761
	69,128	113,400	132,949	209,919

EBITDA

	Quarter Ended		Year-To-Date	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Marine transport and FSO	13,897	5,740	41,600	25,954
Port marine services	7,457	23,982	19,169	30,168
EPCIC	87,516	(46,114)	87,516	(110,445)
Others	60	135	151	130
	108,930	(16,257)	148,436	(54,193)

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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

A10 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.

A11 CHANGES IN THE COMPOSITION OF THE GROUP

There are no material changes in the composition of the Group during the current quarter.

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

A12 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.

A13 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 June 2018 are as follows:

	RM'000
Approved but not contracted	7,539
Analysed as follows:	
Shipyard under construction	7,539

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

B1 OPERATING REVENUE

REVIEW OF THE PERFORMANCE OF THE GROUP

Review of performance for the cumulative quarter 6 months ended 30 June 2018.

	Year-To-Date Ended		
	30.06.2018	**30.06.2017**	**Changes**
	RM'000	**RM'000**	%
Revenue			
- Operation	132,949	99,704	33
- EPCIC	-	110,215	(100)
	132,949	209,919	(37)
Cost of sales			
- Operation	(97,728)	(76,366)	(28)
- EPCIC	87,516	(225,646)	139
	(10,212)	(302,012)	97
Gross profit/(loss)	122,737	(92,093)	233
Profit/(loss) before tax	100,645	(98,370)	202
Profit/(loss) after tax	100,362	(98,589)	202

The Group recorded a revenue of RM132.95 million for the six months period ended 30 June 2018 as compared to RM209.92 million in previous year, a decrease of 37%. The reduction was due to no revenue contribution from EPCIC. However, there was an increase in revenue from Marine transport services due to new charter hire fee derived from FSU Nautica Muar.

The Group posted a profit before tax of RM100.65 million for the six months period, as compared to loss before tax of RM98.37 million in the previous year. The profit was due to reversal of EPCIC project costs as there were some deletion scope of works and settlement of claims with customer.

The Group had also recorded net loss on foreign exchange of RM2.63 million for six months period ended 30 June 2018 compared to net gain of RM13.02 million for six months period ended 30 June 2017.

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B1 OPERATING REVENUE (CONTINUED)

REVIEW OF THE PERFORMANCE OF THE GROUP

Review of performance for the current quarter 3 months ended 30 June 2018

	Quarter Ended		
	30.06.2018	**30.06.2017**	**Changes**
	RM'000	**RM'000**	%
Revenue			
- Operation	69,128	52,259	32
- EPCIC	-	61,141	(100)
	69,128	113,400	(39)
Cost of sales			
- Operation	(51,292)	(40,283)	(27)
- EPCIC	87,516	(110,126)	179
	36,224	(150,409)	124
Gross profit/(loss)	105,352	(37,009)	385
Profit / (Loss) before tax	83,202	(36,609)	327
Profit / (Loss) after tax	83,155	(36,715)	326

The Group recorded a revenue of RM69.13 million for the three months period ended 30 June 2018 as compared to RM113.40 million in the same quarter in the previous year, decrease of 39%. The reduction was due to no revenue contribution from EPCIC. However, there was an increase in revenue from Marine transport services due to new charter hire fee derived from FSU Nautica Muar.

The Group posted a profit before tax of RM83.20 million for the three months period, as compared to loss before tax of RM36.61 million in the previous year. The profit was due to reversal of EPCIC project costs as there were some deletion scope of works and settlement of claims with customer.

The Group had also recorded net loss on foreign exchange of RM11.65 million for three months period ended 30 June 2018 compared to net gain of RM9.82 million for three months period ended 30 June 2017.

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

Review of performance for the current quarter compared to immediate preceding quarter

	Quarter Ended		
	30.06.2018	**31.03.2018**	**Changes**
	RM'000	**RM'000**	%
Revenue			
- Operation	69,128	63,821	8
- EPCIC	-	-	(100)
	69,128	63,821	8
Cost of sales			
- Operation	(51,292)	(46,436)	(10)
- EPCIC	87,516	-	100
	36,224	(46,436)	178
Gross profit	105,352	17,385	506
Profit before tax	83,202	17,443	377
Profit after tax	83,155	17,207	383

Revenue in the current quarter recorded at RM69.13 million, 8% higher compared to immediate preceding quarter of RM63.82 million due to higher activities of offshore support vessels (PFLNG liftings activities) and increase in revenue from FSU Muar.

The Group recorded a profit before tax of RM83.20 million for the current quarter compared to profit before tax of RM17.44 million in the immediate preceding quarter 2018. The profit was due to reversal of EPCIC project costs as there were some deletion scope of works and settlement of claims with customer.

B3. OTHER INCOME

	Quarter Ended			Year-To-Date Ended		
	30.06.2018	**30.06.2017**	**Changes**	**30.06.2018**	**30.06.2017**	**Changes**
	RM'000	**RM'000**	%	**RM'000**	**RM'000**	%
Insurance claim & others	292	2,819	(90)	641	6,942	(91)
Total other income	292	2,819	(90)	641	6,942	(91)

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B4. COMMENTARY OF PROSPECTS

The Group has recently been awarded contracts for the provision of Fast Crew Boats for Petroleum Arrangement Contractors Production Operations. The Contract duration will be for a primary period of three years with two extension options of one year each upon expiry thereof. The Contract is expected to contribute positively to the earnings and net tangible assets of the Group for the financial year ending 31 December 2018 and beyond.

As at 30 June 2018, the Group's orderbook was approximately RM518.53 million with additional RM412.01 million for extension period.

The Group remains optimistic on its operating performance from the respective business segment Marine Transport, FSO and Port Marine Services in view of the higher utilisation of FSU Nautica Muar, Nautica Renggam and Nautica Pagoh in 2018.

B5. PROFIT FORECAST / GUARANTEE

The Group is not subject to any variance of actual profit from forecast profit/profit guarantee for the current financial period under review.

B6. TAXATION

	Quarter Ended			Year-To-Date Ended		
	30.06.2018	30.06.2017	Changes	30.06.2018	30.06.2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Income Tax						
Current taxation	(47)	(106)	56	(283)	(219)	(29)
Total taxation	(47)	(106)	56	(283)	(219)	(29)

The unused tax losses and unabsorbed capital allowances are available for offsetting against future taxable profits of the Group and the Company, subject to approval from the tax authority.

B7. STATUS OF CORPORATE PROPOSALS

There was no corporate proposals that have material effect in the current quarter under review.

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B8. LOANS AND BORROWINGS

Details of the Group's borrowings are as follows:

	As at 30.06.2018					
	Long Term		Short Term		Total Borrowings	
	Foreign RM'000	Ringgit RM'000	Foreign RM'000	Ringgit RM'000	Foreign RM'000	Ringgit RM'000
Secured						
Islamic financing						
Term Loans	89,875	31,445	52,684	25,538	142,559	56,983
Revolving Credits	6,820	-	-	-	6,820	-
Bank Overdraft	-	-	-	5,743	-	5,743
Conventional financing						
Term Loans	-	125,692	-	35,725	-	161,417
Revolving Credits	-	8,429	-	-	-	8,429
Finance lease liabilities	-	203	-	103	-	306
	96,695	165,769	52,684	67,109	149,379	232,878

Note :
Foreign denomination refers to borrowing in USD currency with a foreign exchange of USD/RM:4.0350.

	As at 31.12.2017					
	Long Term		Short Term		Total Borrowings	
	Foreign RM'000	Ringgit RM'000	Foreign RM'000	Ringgit RM'000	Foreign RM'000	Ringgit RM'000
Secured						
Islamic financing						
Term Loans	115,560	35,079	48,580	14,714	164,140	49,793
Revolving Credits	-	-	7,960	-	7,960	-
Bank Overdraft	-	-	-	5,701	-	5,701
Conventional financing						
Term Loans	-	143,074	-	35,738	-	178,812
Revolving Credits	-	-	-	8,400	-	8,400
Finance lease liabilities	-	209	-	197	-	406
	115,560	178,362	56,540	64,750	172,100	243,112

Note :
Foreign denomination refers to borrowing in USD currency with a foreign exchange of USD/RM4.0573.

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B9. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

The Group does not have any derivative financial instruments for the period ended 30 June 2018.

B10. MATERIAL LITIGATIONS

The Group via its solicitor has filed and served a Writ of Summons together with the Statement of Claim, both dated 20 March 2018 against Amaniaga Resources Sdn Bhd ("ARSB"), for a claim arising out of a CIPAA Adjudication Award dated 5 March 2018.

The filing of the Writ of Summons together with the Statement of Claim arises from the Group's claim for damage and losses suffered due to ARSB's breach of the Contract for the 'Provision of Transportation and Offshore Installation Service of FSO Vessel with its Mooring and Riser System for Full Field Development Project, North Malay Basis' which was entered on 29 January 2016.

The Group is claiming the following :

i. The sum of USD 7,062,580.35 or such other sum as the Court deems fit;
ii. Alternatively, damages for breach of obligation under the Agreement to be assessed;
iii. Interest on all sums found to be due to the Group at such rate and for such periods of time the Court deems fit;
iv. Costs; and
v. Such further or other relief as the Court deems fit, fair and just.

To clarify on the above, both the Suit which was filed on the 20 March 2018 and the CIPAA Adjudication arises from the same contract and transaction. While the Adjudication Award dated 5 March 2018, directed the Group to pay to ARSB the sum of RM8,997,206.67, the Group has a larger Counterclaim which is for the sum of USD7,062,580.35 or alternatively damages, as mentioned above.

The Group has filed the necessary summons in the Kuala Lumpur High Court to challenge the validity of the Adjudication Award dated 5 March 2018.

However, the Group's Originating Summons to Set Aside the CIPAA Adjudication Award dated 5 March 2018 and the Application to Stay the Enforcement of the CIPAA Adjudication Award had been heard in the Kuala Lumpur Specialise Construction Court on 20 April 2018 and was dismissed accordingly. Additionally, parties have agreed for the Writ of Summons to be stayed pending final determination by an arbitral tribunal. The Court had directed the Group to issue a Notice of Commencement of Arbitration within 30 days. Following the same, ARSB's Originating Summons of Enforcement of CIPAA Adjudication Award dated 5 March 2018 was allowed. The Adjudication Award has been fully paid to ARSB accordingly.

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B11. DIVIDEND PAYABLE

There was no dividend payment proposed during the quarter.

B12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the Group's net profit/(loss) attributable to ordinary equity holders by the average number of ordinary shares in issue during the financial period.

	Year-To-Date	
	30.06.2018	**30.06.2017**
Profit/(Loss) for the financial period attributable to equity holders of the Company (RM'000)	100,362	(98,589)
Weighted average number of ordinary shares in issue ('000)	504,000	504,000
Basic earnings/(loss) per share (sen)	19.91	(19.56)

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

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(Secretaries)