



Company No : 256516-W

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2019



Company No : 256516-W

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

Unaudited Condensed Consolidated Statements of Comprehensive Income
For The First Quarter and Financial Year-To-Date Ended 31 March 2019

	Note	Quarter Ended			Year-To-Date Ended		
		31.03.2019 RM'000	31.03.2018 RM'000	Changes %	31.03.2019 RM'000	31.03.2018 RM'000	Changes %
Revenue	B1	66,452	63,821	4	66,452	63,821	4
Cost of sales		(50,057)	(46,436)	8	(50,057)	(46,436)	8
Gross profit		16,395	17,385	(6)	16,395	17,385	(6)
Administrative expenses		(4,495)	(4,491)	0	(4,495)	(4,491)	0
Other operating income :							
- Net gain on foreign exchange		2,727	9,022	(70)	2,727	9,022	(70)
- Other income	B3	163	349	(53)	163	349	(53)
Result from Operating activities		14,790	22,265	(34)	14,790	22,265	(34)
Finance income		72	38	89	72	38	89
Finance cost		(5,731)	(4,860)	18	(5,731)	(4,860)	18
Profit before tax		9,131	17,443	(48)	9,131	17,443	(48)
Taxation	B6	-	(236)	(100)	-	(236)	(100)
Profit for the period		9,131	17,207	(47)	9,131	17,207	(47)
Profit attributable to:							
Owner of the Company		9,131	17,207	(47)	9,131	17,207	(47)

	Note	Quarter Ended		Year-To-Date Ended	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
Earnings Per Share attributable to owners of the Company					
Basic EPS (sen)	B12	1.81	3.41	1.81	3.41

The above Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.



Company No : 256516-W

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

Unaudited Condensed Consolidated Statement of Financial Position
as at 31 March 2019

	Note	As at 31.03.2019 RM'000	As at 31.12.2018 RM'000 (Audited)
Assets			
Property, plant and equipment	A9	778,342	794,646
Trade and other receivables		1,313	1,314
Non-current assets		779,655	795,960
Inventories		246	287
Trade and other receivables		34,919	46,177
Tax recoverable		2,525	2,498
Short term deposits		706	702
Cash, bank balances and deposits		22,605	13,777
Current assets		61,001	63,441
Total assets		840,656	859,401
Equity and liabilities			
Share capital	A6	169,100	169,100
Retained Earnings		66,916	57,785
Total equity		236,016	226,885
Loans and borrowings	B8	229,889	261,830
Deferred tax liabilities		18,081	18,378
Non-current liabilities		247,970	280,208
Trade and other payables		208,055	213,715
Loans and borrowings	B8	148,608	138,586
Current tax liabilities		7	7
Current liabilities		356,670	352,308
Total liabilities		604,640	632,516
Total equity and liabilities		840,656	859,401
		RM	RM
Net assets per share attributable to owners			
of the Company		0.47	0.45

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 2018 and the accompanying explanatory notes attached to these interim financial statements.



Company No : 256516-W

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

Unaudited Condensed Consolidated Statement of Changes in Equity
For The Year-To-Date Ended 31 March 2019

	← Non-distributable →		Distributable	Total
	Number of shares '000	Share capital RM'000	retained earnings/ Non-distributable accumulated losses RM'000	
At 1 January 2019	504,000	169,100	57,785	226,885
Profit for the financial period, representing total comprehensive income for the financial period	-	-	9,131	9,131
At 31 March 2019	504,000	169,100	66,916	236,016
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	-	-	17,207	17,207
At 31 March 2018	504,000	169,100	760	169,860

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 2018 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 Year-To-Date Ended 31 March 2019

	Note	Year-To-Date Ended	
		31.03.2019	31.03.2018
		RM'000	RM'000
Cash flows from operating activities			
Profit before tax		9,131	17,443
Adjustments for:			
Depreciation of property, plant and equipment		19,833	17,241
Bad debt recovered		-	(6)
Finance costs		5,731	4,860
Finance income		(72)	(38)
Unrealised foreign exchange gain		(2,735)	(10,160)
Operating profit before changes in working capital		31,888	29,340
Changes in working capital:			
Inventories		41	-
Trade and other receivables		8,958	(109,209)
Trade and other payables		(5,376)	113,736
Cash generated from operations		35,511	33,867
Interest received		72	38
Interest paid		(5,731)	(4,860)
Tax paid		(20)	(1,695)
Net cash generated from operating activities		29,832	27,350
Cash flows from investing activities			
Net placement / (redemption) in short term deposits, fixed and security deposits pledged		314	(172)
Additions to property, plant and equipment		(658)	(386)
Net cash used in investing activities		(344)	(558)
Cash flows from financing activities			
Repayment of conventional term loan		(3,017)	(12,163)
Repayment of Islamic term financing facilities		(16,615)	(18,503)
Net repayment of finance lease		(35)	(52)
Net cash used in financing activities		(19,667)	(30,718)
Net increase / (decrease) in cash and cash equivalents		9,821	(3,926)
Cash and cash equivalents at beginning of financial period	(i)	729	7,749
Cash and cash equivalents at end of financial period	(i)	10,550	3,823



Company No : 256516-W

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

Unaudited Condensed Consolidated Statement of Cash Flows
For The Year-To-Date Ended 31 March 2019 (Continued)

(i) Cash and cash equivalents

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

	31.03.2019	31.03.2018
	RM'000	RM'000
Cash and bank balances	15,781	10,007
Fixed and security deposits with licensed banks	7,530	7,397
	23,311	17,404
Less: Bank overdrafts	(5,231)	(6,184)
	18,080	11,220
Less: Fixed and security deposits pledged	(7,530)	(7,397)
	10,550	3,823

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 2018 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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019**

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 ("IFRS") 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 2018.

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 2018.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the financial year beginning on 1 January 2019:

- MFRS 16 : Leases
- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'
- IC Interpretation 23 : Uncertainty over Income Tax Treatments
- Amendments to MFRS 9 'Financial Instrument – Prepayment Features with Negative Compensation'
- Annual Improvements to MFRSs 2015 – 2017 Cycle: Amendments to MFRS 3 'Business Combination', MFRS 11 'Joint Arrangements', MFRS 112 'Income Taxes' and MFRS 123 'Borrowing Costs'
- Amendments to MFRS 119 'Employee Benefits – Plan Amendment, Curtailment or Settlement'

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 16 Leases

MFRS 16 affects primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

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

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)

A1 BASIS OF PREPARATION (CONTINUED)

MFRS 16 Leases (Continued)

The statement of profit or loss also affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense is replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows is higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to present as operating cash flows.

The Group has assessed the financial impact on its financial statements upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparatives and the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 January 2019.

The impact from the initial application of MFRS 16 is immaterial to the Group.

Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and interpretations, if applicable, when they become effective.

- | | |
|--|----------------|
| • Amendments to MFRS 3 'Business Combinations – Definition of a Business' | 1 January 2020 |
| • Amendments to MFRS 101 'Presentation of Financial Statements' | 1 January 2020 |
| • MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material' | 1 January 2020 |
| • MFRS 17 Insurance Contracts | 1 January 2021 |
| • Amendments to MFRS 10 and MFRS 128 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' | Deferred |

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

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

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the annual financial statements for the financial year ended 31 December 2018 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

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 loans repayments in accordance with the Group's loans repayment schedules.

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 Floating Storage Unit / Floating, Storage and Offloading Vessel (FSU/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.

Fast crew boats are primarily used to transport personnel between shore and platform, platform and platform or other offshore facilities.

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(Incorporated in Malaysia)

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

(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.

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

Revenue

	Quarter Ended		Year-To-Date	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Marine transport and FSO	44,664	44,070	44,664	44,070
Port marine services	21,665	19,402	21,665	19,402
EPCIC	-	-	-	-
Others	123	349	123	349
	66,452	63,821	66,452	63,821

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(Incorporated in Malaysia)

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

EBITDA

	Quarter Ended		Year-To-Date	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Marine transport and FSO	25,586	27,703	25,586	27,703
Port marine services	9,048	11,712	9,048	11,712
Others	(11)	91	(11)	91
	<u>34,623</u>	<u>39,506</u>	<u>34,623</u>	<u>39,506</u>

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.

A12 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Since the last Statement of Financial Position, 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 31 March 2019 are as follows:

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



Company No : 256516-W

E.A. TECHNIQUE (M) BERHAD (256516-W)
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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019

B1 REVIEW OF THE PERFORMANCE OF THE GROUP

Review of performance for the current quarter 3 months ended 31 March 2019

	Year-To-Date Ended		
	31.03.2019	31.03.2018	Changes
	RM'000	RM'000	%
Revenue	66,452	63,821	4
Cost of sales	(50,057)	(46,436)	8
Gross profit	16,395	17,385	(6)
Profit before tax	9,131	17,443	(48)
Profit for the financial period	9,131	17,207	(47)

The Group recorded a revenue of RM66.45 million for the three months period ended 31 March 2019 as compared to RM63.82 million in the previous corresponding period, an increase of 4%. The slight increase was due to increase in revenue from Marine transport services mainly from Nautica Tembikai, Nautica Renggam, Nautica Pagoh and new charter hire fee from Nautica Gambir and Nautica Langsat.

The Group posted a profit before tax of RM9.13 million for the three months period ended 31 March 2019, as compared to RM17.44 million in the previous corresponding period, a decrease of 48%. The decrease was due to lower forex gain and higher interest expense.

The Group had also recorded a net gain on foreign exchange of RM2.73 million for the three months period ended 31 March 2019 as compared to a net gain of RM9.02 million in the previous corresponding period.



Company No : 256516-W

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

PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE GROUP (CONTINUED)

Review of performance for the current quarter 3 months ended 31 March 2019

	Quarter Ended		
	31.03.2019	31.03.2018	Changes
	RM'000	RM'000	%
Revenue	66,452	63,821	4
Cost of sales	(50,057)	(46,436)	8
Gross profit	16,395	17,385	(6)
Profit before tax	9,131	17,443	(48)
Profit for the financial period	9,131	17,207	(47)

The Group recorded a revenue of RM66.45 million for the three months period ended 31 March 2019 as compared to RM63.82 million in the previous corresponding period, an increase of 4%. The slight increase was due to increase in revenue from Marine transport services mainly from Nautica Tembikai, Nautica Renggam, Nautica Pagoh and new charter hire fee from Nautica Gambir and Nautica Langsat.

The Group posted a profit before tax of RM9.13 million for the three months period ended 31 March 2019, as compared to RM17.44 million in the previous corresponding period, a decrease of 48%. The decrease was due to lower forex gain and higher interest expense.

The Group had also recorded a net gain on foreign exchange of RM2.73 million for the three months period ended 31 March 2019 as compared to a net gain of RM9.02 million in the previous corresponding period.

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

PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

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

	Quarter Ended		
	31.03.2019 RM'000	31.12.2018 RM'000	Changes %
Revenue			
- Operation	66,452	77,804	(15)
- EPCIC	-	140,693	(100)
	66,452	218,497	(70)
Cost of sales			
- Operation	(50,057)	(62,766)	(20)
- EPCIC	-	(157,446)	(100)
	(50,057)	(220,212)	(77)
Gross profit / (loss)	16,395	(1,715)	1,056
Profit / (Loss) before tax	9,131	(17,832)	151
Profit / (Loss) for the financial period	9,131	(33,431)	127

The Group recorded a revenue of RM66.45 million for the three months period ended 31 March 2019 as compared to RM218.49 million in the immediate preceding quarter, a decrease of 70%. The decrease was due to no contribution from EPCIC project in this quarter.

The Group posted a profit before tax of RM9.13 million for the three months period ended 31 March 2019, as compared to a loss before tax of RM17.83 million in the immediate preceding quarter. This is because there is no more cost arising from EPCIC project in this quarter.

B3. OTHER INCOME

	Quarter Ended			Year-To-Date Ended		
	31.03.2019 RM'000	31.03.2018 RM'000	Changes %	31.03.2019 RM'000	31.03.2018 RM'000	Changes %
Insurance claim	-	349	(100)	-	349	(100)
Others income	163	-	100	163	-	100
Total other income	163	349	(53)	163	349	(53)



Company No : 256516-W

E.A. TECHNIQUE (M) BERHAD (256516-W)
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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)

B4. COMMENTARY OF PROSPECTS

As at 31 March 2019, the Group's orderbook was approximately RM777.88 million with additional RM459 million for extension period.

The Group remain fairly optimistic on its operating performance from the respective business segment Marine Transport and FSO in view of the higher utilisation of FSU Nautica Muar, Nautica Renggam, Nautica Pagoh, Nautica Gambir and Nautica Langsat in 2019.

The company has recently been awarded a contract by PETCO Trading Labuan Company Limited ("PTLCL") for Provision of Long-term Charter Coastal Vessel Services. The duration of the contract is for a primary period of five years with five extension options of one year each at PTLCL's option. The contract value is approximately RM239.12 million, excluding the option period. This contract is expected to commence by end of year 2020 with the delivery of the first vessel, hence it is expected to contribute positively to the earnings and net tangible assets of the company for the financial year ending 31 December 2021 and beyond.

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		
	31.03.2019	31.03.2018	Changes	31.03.2019	31.03.2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Income Tax :						
Current taxation	-	(236)	(100)	-	(236)	(100)
Total taxation	-	(236)	(100)	-	(236)	(100)

The unabsorbed tax losses will expire in year 2025 under the current tax legislation. The unutilised capital allowances do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

B7. STATUS OF CORPORATE PROPOSALS

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

E.A. TECHNIQUE (M) BERHAD (256516-W)
(Incorporated in Malaysia)
PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)
B8. LOANS AND BORROWINGS

Details of the Group's borrowings are as follows:

	As at 31.03.2019					
	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	59,094	18,768	57,690	26,226	116,784	44,994
Revolving Credits	-	-	2,974	-	2,974	-
Bank Overdraft	-	-	-	5,231	-	5,231
Conventional financing						
Term Loans	-	100,306	-	37,825	-	138,131
Revolving Credits	-	-	-	8,489	-	8,489
Finance lease liabilities	-	100	-	73	-	173
Loan from Shareholder	-	51,621	-	10,100	-	61,721
	59,094	170,795	60,664	87,944	119,758	258,739

Note :

Foreign denomination refers to borrowing in USD currency with a foreign exchange of USD/RM:4.0800

	As at 31.12.2018					
	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	73,487	25,950	52,684	25,625	126,171	51,575
Revolving Credits	-	-	5,872	-	5,872	-
Bank Overdraft	-	-	-	5,908	-	5,908
Conventional financing						
Term Loans	-	108,588	-	32,874	-	141,462
Revolving Credits	-	-	-	8,457	-	8,457
Finance lease liabilities	-	100	-	109	-	209
Loan from Shareholder	-	53,705	-	7,057	-	60,762
	73,487	188,343	58,556	80,030	132,043	268,373

Note :

Foreign denomination refers to borrowing in USD currency with a foreign exchange of USD/RM:4.151.

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)

B9. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

The Group does not have any derivative financial instruments for the period ended 31 March 2019.

B10. MATERIAL LITIGATIONS

i) NOTICE OF ARBITRATION WITH MALAYSIA MARINE AND HEAVY ENGINEERING SDN BHD & CLAIM UNDER CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012 BY MALAYSIA MARINE AND HEAVY ENGINEERING SDN BHD

The Group via its solicitor has filed a Notice of Arbitration dated 27 September 2018 with the Director of Asian International Arbitration Centre ("AIAC") against Malaysia Marine and Heavy Engineering Sdn Bhd. ("MMHE").

The Company commenced arbitration against MMHE in relation to a dispute arising out of a contract in relation to the provision of demolition, refurbishment and conversion of a donor vessel into a floating storage and offloading facility dated 9 June 2015 (the "Conversion Contract") entered into between the Company and MMHE.

Prior to the Conversion Contract, the Company entered into an engineering, procurement, construction installation and commissioning contract (the "EPCIC Contract") with HESS Exploration & Production Malaysia B.V. ("HESS") on 22 December 2014 for the engineering, procurement, construction, installation and commissioning of a floating storage and offloading facility (the "FSO Facility") to be deployed in the full field project in the North Malay Basin, located approximately 150 km North East off the shore of Kota Bharu in the state of Kelantan.

Pursuant to the Conversion Contract, MMHE as the Contractor agreed to undertake the demolition, refurbishment and conversion of the Vessel into the FSO Facility, which forms a portion of the scope of works under the EPCIC Contract. Disputes arose relating to change orders (variations) under the Conversion Contract.

On 22 June 2018, the Company and MMHE executed a letter of undertaking ("LOU") to settle the disputes amicably but failed to reach settlement. Based on Clause 10 of the LOU, in the event that both parties are unable to reach a full and final settlement on the amount of additional work order, both parties agreed to resolve the dispute by way of Arbitration under Clause 37 of the Main Contract.

The Company's claims against MMHE include:

- (a) The recovery of overpayment of US\$ 8,733,753.97 in respect of contract price for the Conversion Contract;
- (b) The claim for an amount of US\$ 4,009,643.75 being the back-charges under the Conversion Contract; and
- (c) The recovery of US\$ 9,000,000 paid to MMHE pursuant to the LOU due to unsubstantiated change orders.

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

**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

B10. MATERIAL LITIGATIONS (CONTINUED)

Further to and in connection with the LOU and the Arbitration proceeding, the Company had on 8 October 2018 received a Payment Claim pursuant to Section 5 of the Construction Industry Payment and Adjudication Act 2012 dated 5 October 2018 from Malaysia Marine Heavy Engineering Sdn Bhd ("MMHE") via its solicitor, Messrs Mohanadass Partnership for a total amount of US\$30,221,301.42 ("CIPAA Payment Claim").

The CIPAA Payment Claim is in relation to the disputes over the alleged non-payment of works done by MMHE and invoices purportedly issued by MMHE in relation to the additional work order under the Conversion Contract.

The payments of the additional work order appear to be the common subject matter and issue under the CIPAA Payment Claim, LOU and the Arbitration.

On 27 May 2019, the Adjudicator delivered its Adjudication Decision. In the Adjudication Decision, the Adjudicator ordered the following: -

- a) the Company shall pay the sum of US\$21,607,206.38 including 6% of GST to MMHE ("Adjudication Sum");
- b) the Adjudication Sum shall be paid by the Company on or before 28 June 2019;
- c) the Company shall pay interest at the rate of 1.5% per month on the Adjudication Sum from the date of Payment Claim (5 October 2018) until the full and final settlement of the Adjudicated Sum;
- d) the Company shall bear the costs of adjudication which includes the following:-
 - i. RM89,615.00 and RM500 being the cost and expense of the Adjudicator;
 - ii. RM18,998.38 being the AIAC fees; and
 - iii. RM200,000.00 being the cost to be paid to the MMHE.

The adjudication decision is not expected to have any potential business or operational impact on the company. At this juncture, the Adjudication Sum to be paid by the Company to MMHE has sufficiently been provided for in the Company's account. The Company is in a midst of reviewing the Adjudication Decision to determine whether there are clear and unequivocal errors in the Adjudication Decision.

The Board of Directors of the Company wishes to announce that the Company intends to file an application to set aside the Adjudication Decision and/or an application for stay of execution of the Adjudication Decision pursuant to the Construction Industry Payment and Adjudication Act 2012.

In addition, the principal amount has been provided for in the accounts, whereas the interest portion shall be included in the accounts once the company receives judgement of the above application.



Company No : 256516-W

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

PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)

B11. DIVIDEND PAYABLE

There was no dividend payment proposed during the quarter.

B12. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings per share

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

	Quarter and Year-To-Date	
	31.03.2019	31.03.2018
Profit for the financial period attributable to equity holders of the Company (RM'000)	9,131	17,207
Weighted average number of ordinary shares in issue ('000)	504,000	504,000
Basic earnings per share (sen)	1.81	3.41

By Order of the Board

E.A. TECHNIQUE (M) BERHAD

NURALIZA BINTI A. RAHMAN, MAICSA 7067934

SABARUDIN BIN HARUN, MIA 30423

(Secretaries)