



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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015



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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	AS AT END OF CURRENT QUARTER 31.12.2015 (UNAUDITED) RM'000	AS AT FINANCIAL YEAR 31.12.2014 (AUDITED) RM'000
ASSETS		
Property, plant and equipment	643,966	536,698
Trade receivables	2,370	3,207
Non-current assets	646,336	539,905
Trade and other receivables	87,860	58,172
Amount due from contract customer	168,802	-
Cash and cash equivalents	85,435	64,417
Current assets	342,097	122,589
TOTAL ASSETS	988,433	662,494
EQUITY AND LIABILITIES		
Share capital	126,000	126,000
Share premium	43,100	43,100
Retained earnings	126,773	100,767
Total equity	295,873	269,867
Loans and borrowings	295,676	287,005
Deferred tax liabilities	29,436	16,672
Non-current liabilities	325,112	303,677
Trade and other payables	81,612	42,983
Tax payable	-	1,122
Loans and borrowings	285,836	44,845
Current liabilities	367,448	88,950
TOTAL LIABILITIES	692,560	392,627
TOTAL EQUITY AND LIABILITIES	988,433	662,494
NET ASSETS PER SHARE (RM)	0.59	0.54

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2014.



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue	147,883	41,133	549,051	155,657
Cost of services	(78,349)	(20,181)	(374,740)	(84,596)
Depreciation and amortisation	(14,556)	(6,440)	(43,596)	(25,013)
Gross profit	54,978	14,512	130,715	46,048
Other operating income / (loss)	3,066	831	4,307	3,187
Administrative expenses	(38,126)	(7,636)	(49,006)	(17,389)
Results from operating activities	19,918	7,707	86,016	31,846
Finance cost	(3,174)	(3,849)	(15,702)	(14,323)
Foreign currency translation differences	(4,460)	-	(21,879)	-
Interest income	1,581	1,635	2,322	2,163
Share of profit of associate	-	-	-	-
Profit/(Loss) before taxation	13,865	5,493	50,757	19,686
Income tax expense	(2,713)	(2,814)	(13,411)	(5,452)
Profit/(Loss) for the period	11,152	2,679	37,346	14,234
Earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
Basic	2.21	0.64	7.41	3.59
Diluted	-	-	-	-

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2014.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

	NO. OF SHARES	NOMINAL VALUE RM'000	NON DISTRIBUTABLE SHARE PREMIUM RM'000	TRANSLATION RESERVE RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	TOTAL RM'000
Balance as at 1 January 2014	390,000,000	97,500	-	-	86,533	184,033
Total comprehensive income for the period	-	-	-	-	14,234	14,234
Transaction with owners						
Issuance of ordinary shares	114,000,000	28,500	45,600			74,100
Share issuance expenses			(2,500)			(2,500)
Balance as at 31 December 2014	504,000,000	126,000	43,100	-	100,767	269,867
Balance as at 1 January 2015	504,000,000	126,000	43,100	-	100,767	269,867
Total comprehensive income for the period	-	-	-	-	37,346	37,346
Dividend					(11,340)	(11,340)
Balance as at 31 December 2015	504,000,000	126,000	43,100	-	126,773	295,873

The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2014.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015		
	AS AT 31.12.2015	AS AT 31.12.2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	50,757	19,686
Adjustments for :		
Reversal of impairment losses of:		
- receivables	-	(1,603)
Amortisation and depreciation of:		
- property, plant and equipment	43,596	25,013
(Gain) / Loss on:		
- disposal of property, plant and equipment	-	13
- unrealised foreign exchange	21,879	-
Finance cost	15,702	14,323
Interest income	(2,322)	(2,163)
Allowance for impairment on trade receivables	-	3,172
Operating profit before changes in working capital	129,612	58,441
Changes in working capital:		
Receivables	(29,688)	(21,894)
Amount due from contract customer	(168,802)	-
Payables	38,629	6,768
Cash generated from operations	(30,249)	43,315
Interest received	2,322	2,163
Finance cost	(15,702)	(14,323)
Tax paid	(12,450)	(863)
Net cash (used in)/ generated from operating activities	(56,079)	30,292
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(135,535)	(129,022)
Proceeds from:		
- disposal of property, plant and equipment	-	1,722
Decrease/(Increase) in fixed deposits	(22,975)	(27,563)
Net cash (used in)/generated from investing activities	(158,510)	(154,863)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(11,340)	-
Proceeds from term loans	8,686	74,535
Proceeds from islamic financing facilities	280,469	35,893
Repayment of term loans	(30,942)	(26,860)
Repayment of islamic term financing facilities	(30,178)	(15,187)
Proceeds from the issue of ordinary share:		
Share issue expenses	-	(2,500)
Proceeds from finance lease	318	-
Repayment of finance lease	(570)	(120)
Net cash (used in)/generated from financing activities	216,443	139,861
Net (decrease) in cash and cash equivalents	1,854	15,290
Cash and cash equivalents at beginning of the financial year	21,586	6,295
Cash and cash equivalents	23,440	21,585
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
Cash and bank balances	23,440	25,396
Deposits with licensed banks	61,995	39,021
	85,435	64,417
Less:		
Deposits pledged	(61,995)	(39,021)
Bank overdraft	-	(3,811)
	23,440	21,585

The Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31.12.2014.

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 2014.

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 2014.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the year ended 31 December 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

On 1 January 2014, the Group adopted the following MFRSs, Amendments to MFRSs and IC Interpretations:-

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 for Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 January 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations 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:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 9 Financial instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial instruments: Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 2014 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

In respect of the financial year ended 31 December 2014, the Company declared a final tax exempt (single-tier) dividend of 1.0 cent per share on 504,000,000 ordinary share amounting to RM5,040,000. The payment was made on 13 July 2015.

In respect of the financial year ending 31 December 2015, the Board of Directors has declared on 23 November 2015, 1st interim single tier dividend of 1.25 sen per ordinary share of RM0.25 each (previous corresponding quarter ended 30 September 2014: nil) on 504,000,000 ordinary shares amounting to RM6,300,000, The payment was made on 30 December 2015.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134
A9. Segmental Information

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

	CURRENT QUARTER		CUMULATIVE QUARTER	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
1. Marine transportation and offshore storage operations	40,165	24,823	131,025	92,556
2. Port marine services	16,157	16,310	63,287	63,101
3. Engineering, Procurement, Construction, Installation and Commissioning	91,561	-	354,739	-
	147,883	41,133	549,051	155,657

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

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 31 December 2015 are as follows:

	31.12.2015 RM'000
Vessel under construction	
Approved and contracted for	36,742
Shipyard under construction	
Approved but not contracted	4,368
Total	41,110

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A15. Impairment of Assets

In accordance to MFRS136, the Group made its assessments of the assets and recognized all 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	
	31.12.2015	31.12.2014
	RM'000	RM'000
Shareholder		
Sindora Berhad		
- Corporate guarantee fee	849	-
Datin Hamidah binti Omar		
- Rental paid	82	48
Other related parties		
Kulim (M) Berhad		
- Internal audit fees	100	-
Pro Corporate Management Services Sdn Bhd		
- Secretarial costs and Registrar costs	236	34
Tiram Travel Sdn Bhd		
- Travelling expenses	105	291
Berkat Global Sdn Bhd		
- Survey fees	42	338
Epasa Shipping Agency Sdn Bhd		
- Shipping agency fees	77	213

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 RM147.9 million for the 3 months period under review as compared to the corresponding period in 2014 with revenue of RM41.1 million, an increase of approximately 259%. The Group also recorded PBT of RM13.9 million for this quarter compared to PBT of RM5.5 million for the corresponding period in 2014, an increase of approximately 153%.

For the cumulative 12 months period, the Group reported revenue of RM549.1 million and PBT of RM50.8 million as compared to revenue of RM155.7 million and PBT of RM19.7 million for same period last year, an increase of 252% and 158% respectively.

This is mainly due to recognition of revenue from Engineering, Procurement, Construction, Installation and Commissioning (“EPCIC”) project which was secured at the end of last year and Floating Storage Offloading (“FSO”) Nautica Tembikai which was delivered to an oil field in July 2015.

The Group had recognised unrealized forex exchange (“forex”) translation loss for the cumulative 12 months period amounting to RM21.90 million. The loans were naturally hedged where USD loans are taken for contracts which are paid in USD.

B2. Material Changes in the Quarterly Results

The Group reported higher revenue and PBT due to the Company been awarded EPCIC of a FSO facility for Full Field Development (“FFD”) project, North Malay Basin and revenue from FSO Nautica Tembikai starting from July 2015.

B3. Current Year Prospects

This year the Group is expecting to acquire one (1) unit of 10,000 DWT chemical tanker. Four (4) new harbour tugs are under construction and expected to be delivered in the second quarter of 2016 for a client in which the contract has been secured. The expansion of the Company’s fleet of marine vessels is expected to enhance the Company’s revenue and profitability.

As at 1 January 2016, the Group’s orderbook was approximately RM1.3 billion excluding the total potential contract sum of the extension options amounting to approximately RM350.0 million.

The Group remains focus to ensure its high utilization rate is maintained and enable the Company to maximize earnings from the Company’s marine vessels. In addition, the Company’s relatively long term contracts for its marine vessels has provided the Company with a stable and recurring revenue stream.

The EPCIC contract is progressing as per schedule.

In view of this, the Company expects to maintain its performance in the current financial year.

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 Company is not subjected to any profit forecast or any profit guarantee requirement.

B5. Taxation

	CURRENT QUARTER		CUMULATIVE QUARTER	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Current Taxation	(8,319)	(515)	647	1,122
Deferred taxation	11,032	3,329	12,764	4,330
Total	2,713	2,814	13,411	5,452

Group ETR	20%	51%	26%	28%
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The effective tax rate ("ETR") for the period ended 31 December 2015 was 26%.

B6. Other operating income / (expenses)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Insurance claim	130	188	490	1,189
Lease interest	(1,059)	308	-	1,285
Written back/(Written off) doubtful debts	2,003	353	1,825	700
Realised gain on foreign exchange	1,992	-	1,992	-
Disposal of fixed assets	-	(18)	-	13
Total other operating income / (losses)	3,066	831	4,307	3,187

B7. Status of Uncompleted Corporate Announcement

On 14 December 2015, the Company 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.

Up to-date, the Proposed JV is still uncompleted, waiting for approval from financial institution for the financing of the acquisition of the vessel and topside equipment by EMF.

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 31 December 2015 RM'000	As at 31 December 2014 RM'000
Non-current		
Secured:		
Obligations under finance leases	515	186
Islamic financing facilities	122,214	112,216
Conventional financing facilities	172,947	174,603
Non-current loans and borrowings	295,676	287,005
Current		
Secured:		
Bank overdrafts	-	3,811
Obligations under finance leases	207	67
Islamic financing facilities	255,072	15,997
Conventional financing facilities	30,557	24,970
Current loans and borrowings	285,836	44,845
Total loans and borrowings	581,512	331,850

B9. Derivative Financial Instruments

The Group does not have any derivative financial instruments for the quarter ended 31 December 2015.

B10. Material Litigation, Claims and Arbitration

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to legal action.

B11. Dividend Proposed

In respect of the financial year ended 31 December 2015:

- (i) The Board has proposed a final tax exempt (single-tier) dividend of 1.0 sen per ordinary share of RM0.25 each (previous corresponding quarter ended 31 December 2014: 1.0 sen) on 504,000,000 ordinary share amounting to RM5,040,000.00 for the financial year ended 31 December 2015. The proposed final tax exempt (single-tier) dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.
- (ii) Total dividend for the financial year ended 31 December 2015 is 2.25 sen per share.

In respect of deposited securities, the entitlement date to the final tax exempt (single-tier) dividend shall be determined by the Board at a subsequent stage. The date of payment of the proposed dividend shall be determined by the Directors and announced at a later date.

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.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Units ('000) / RM'000		Units ('000) / RM'000	
Net profit for the period	11,152	2,679	37,346	14,234
Weighted average no of share in issue	504,000	416,022	504,000	396,559
Basic earnings per share (sen)	2.21	0.64	7.41	3.59
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	As at
	31 December 2015	31 December 2014
	RM'000	RM'000
The retained profits of the Group is made up as follows:		
- realised	146,659	100,767
- unrealised	(19,886)	-
	126,773	100,767
Add: Consolidation adjustments	-	-
Total retained earnings	126,773	100,767

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

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

Dated : 29 February 2016