



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

*QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016*



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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**



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

	AS AT END OF CURRENT QUARTER 30.06.2016 (UNAUDITED) RM'000	AS AT FINANCIAL YEAR 31.12.2015 (AUDITED) RM'000
<b>ASSETS</b>		
Property, plant and equipment	695,991	643,966
Investment in a subsidiary	-	-
Trade receivables	1,952	2,370
<b>Non-current assets</b>	<b>697,943</b>	<b>646,336</b>
Trade and other receivables	74,123	83,140
Amount due from contract customer	194,786	168,801
Short term deposits	89,571	52,405
Cash and cash equivalents	20,767	33,029
<b>Current assets</b>	<b>379,247</b>	<b>337,375</b>
<b>TOTAL ASSETS</b>	<b>1,077,190</b>	<b>983,711</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	126,000	126,000
Share premium	43,100	43,100
Retained earnings	163,613	127,167
<b>Total equity</b>	<b>332,713</b>	<b>296,267</b>
Loans and borrowings	448,489	403,449
Deferred tax liabilities	12,090	9,398
<b>Non-current liabilities</b>	<b>460,579</b>	<b>412,847</b>
Trade and other payables	82,042	81,613
Tax payable	14,327	14,922
Loans and borrowings	187,529	178,062
<b>Current liabilities</b>	<b>283,898</b>	<b>274,597</b>
<b>TOTAL LIABILITIES</b>	<b>744,477</b>	<b>687,444</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,077,190</b>	<b>983,711</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.66</b>	<b>0.59</b>

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



**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Revenue	137,227	209,444	260,790	282,171
Cost of services	(103,485)	(172,962)	(193,848)	(223,443)
Depreciation and amortisation	(14,270)	(8,598)	(28,258)	(15,880)
Gross profit	19,472	27,884	38,684	42,848
Other operating income / (loss)	233	612	487	966
Administrative expenses	(3,436)	(3,285)	(6,822)	(7,310)
<b>Results from operating activities</b>	<b>16,269</b>	<b>25,211</b>	<b>32,349</b>	<b>36,504</b>
Finance cost	(6,513)	(4,016)	(12,297)	(6,855)
Foreign currency translation differences	(2,670)	-	14,517	-
Interest income	247	285	483	487
Profit/(Loss) before taxation	7,333	21,480	35,052	30,136
Income tax expense	(2,501)	(6,274)	(5,029)	(7,564)
<b>Profit/(Loss) for the period</b>	<b>4,832</b>	<b>15,206</b>	<b>30,023</b>	<b>22,572</b>
Earnings per ordinary share (sen):	Sen	Sen	Sen	Sen
Basic	0.96	3.02	5.96	4.48
Diluted	-	-	-	-

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



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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	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 2015	504,000,000	126,000	43,100		100,767	269,867
Exchange difference				(1,883)		(1,883)
Total comprehensive income for the period	-	-	-		20,689	20,689
Balance as at 30 June 2015	504,000,000	126,000	43,100	(1,883)	121,456	288,673
Balance as at 1 January 2016	504,000,000	126,000	43,100		138,229	307,329
Total comprehensive income for the period	-	-	-		30,023	30,023
Dividend					(5,040)	(5,040)
Balance as at 30 June 2016	504,000,000	126,000	43,100		163,613	332,312

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



<b>CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 30 JUNE 2016</b>		
	<b>AS AT 30.06.2016 RM'000</b>	<b>AS AT 30.06.2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	35,052	30,136
Adjustments for :		
Amortisation and depreciation of:		
- property, plant and equipment	28,258	15,880
(Gain)/Loss on:		
- unrealised foreign exchange	(14,517)	1,883
Finance cost	12,297	6,855
Interest income	(483)	(487)
<b>Operating profit before changes in working capital</b>	<b>60,607</b>	<b>54,267</b>
Changes in working capital:		
Inventories	-	
Receivables	9,435	(9,010)
Amount due from contract customer	(25,985)	-
Payables	429	(7,969)
Cash generated from operations	44,486	37,288
Interest received	483	487
Finance cost	(12,297)	(6,855)
Tax paid	(2,850)	(2,474)
<b>Net cash (used in)/ generated from operating activities</b>	<b>29,822</b>	<b>28,446</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of:		
- property, plant and equipment	(41,180)	(217,751)
Decrease/(Increase) in fixed deposits	(24,904)	40,738
<b>Net cash (used in)/generated from investing activities</b>	<b>(66,084)</b>	<b>(177,013)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to shareholders	(5,040)	-
Proceeds from term loans	37,592	7,782
Proceeds from islamic financing facilities	6,533	176,931
Proceeds from finance lease	133	-
Repayment of term loans	(9,013)	(19,194)
Repayment of islamic term financing facilities	(5,287)	(23,853)
Repayment of finance lease	(42)	(325)
<b>Net cash (used in)/generated from financing activities</b>	<b>24,876</b>	<b>141,341</b>
Net (decrease) in cash and cash equivalents	(11,385)	(7,226)
Cash and cash equivalents at beginning of the financial year	20,127	21,586
<b>Cash and cash equivalents</b>	<b>8,742</b>	<b>14,360</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
Cash and bank balances	8,742	14,360
Short term deposits	89,571	-
Deposits with licensed banks	12,025	9,319
	110,338	23,679
Less:		
Short term deposits	(89,571)	-
Deposits pledged	(12,025)	(9,319)
	8,742	14,360

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



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis of Preparation**

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

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

**A2. Significant Accounting Policies**

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

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

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

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

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

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

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

**A3. Status on Qualification of Audited Financial Statements**

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

**A4. Seasonality or Cyclicity of Operations**

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

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

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

**A6. Change in Accounting Estimates**

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

**A7. Debt and Equity Securities**

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

**A8. Dividend Paid**

In respect of the financial year ended 31 December 2015, 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 30 June 2016.

**A9. Segmental Information**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
1. Marine transportation and offshore storage operations	33,590	25,595	70,826	51,272
2. Port marine services	16,111	15,806	31,684	31,210
3. Engineering, Procurement, Construction, Installation and Commissioning	-	-	-	-
	87,526	168,043	158,280	199,689
	137,227	209,444	260,790	282,171

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



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A10. Valuation of Property, Plant and Equipment**

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

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

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

**A12. Changes in the Composition of the Group**

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

**A13. Changes in Contingent Liabilities or Contingent Assets**

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

**A14. Capital Commitment**

Capital expenditures not provided for in the financial statements as at 30<sup>th</sup> June 2016 are as follows:

	30.06.2016 RM'000
<b>Vessel under construction</b>	
Approved and contracted for	12,704
<b>Shipyard under construction</b>	
Approved but not contracted	4,368
Total	17,072

**A15. Impairment of Assets**

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

**E.A. TECHNIQUE (M) BERHAD**

Company No. 256516-W

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****A16. Related Party Disclosures**

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

	6 months ended	
	30.06.2016	30.06.2015
	RM'000	RM'000
Datin Hamidah binti Omar		
- Rental paid	28	28
<b>Other related parties</b>		
Pro Corporate Management Services Sdn Bhd		
- Secretarial costs	0.4	213
- Registrar costs	1.6	-
Berkat Global Sdn Bhd		
- Survey fees	89	18
Epasa Shipping Agency Sdn Bhd		
- Shipping agency fees	15	52
Kulim (M) Berhad		
- Internal audit fees	27	-

**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 RM137.2 million for the 3 months period under review as compared to RM209.4 million for the corresponding period in 2015, a decrease of approximately 34%. The Group also recorded PBT of RM7.3 million for this quarter compared to PBT of RM21.5 million for the corresponding period in 2015, a decrease of approximately 66%. The Group had recorded unrealized foreign exchange (“forex”) translation loss amounting to RM 2.67 million.

For the cumulative 6 months period, the Group reported revenue of RM260.8 million and PBT of RM35.0 million as compared to revenue of RM282.2 million and PBT of RM30.1 million for same period last year, a decrease of revenue approximately 8% and an increase of PBT approximately 16%.

The decrease in revenue was mainly due to lesser recognition of revenue from Engineering, Procurement, Construction, Installation and Commissioning (“EPCIC”) project. However, for the 6 months period under review, an increase of PBT was mainly due to the Group had recorded unrealized forex exchange (“forex”) translation gain amounting to RM14.5mill.

**B2. Material Changes in the Quarterly Results**

There were no material changes in the quarterly results.

**B3. Current Year Prospects**

The Group has acquired one (1) unit chemical tanker on 13<sup>th</sup> May 2016 and expected to be delivered to client in 3<sup>rd</sup> quarter 2016. The Group also acquired one (1) unit oil tanker on 29<sup>th</sup> June 2016 and expected to be delivered to client in 4<sup>th</sup> quarter 2016.

Recently, the Group has delivered two (2) units harbour tugs namely MV Nautica Tg. Puteri XXIII and MV Nautica Tg. Puteri XXIX to client on 16<sup>th</sup> May 2016 and 16<sup>th</sup> June 2016 respectively and another two (2) units harbour tugs expected to be delivered in 3<sup>rd</sup> quarter 2016 for a client which the contract has been secured. The expansion of the Group’s fleet of marine vessels is expected to enhance the Group’s revenue and profitability.

As at 30<sup>th</sup> June 2016, the Group’s orderbook was approximately RM1.07 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 its high utilization rate is maintained and enable the Group to maximize earnings from the Group’s marine vessels.

In view of this, the Group remains optimistic on the good performance track of the Group.

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

**B4. Profit Forecast/Profit Guarantee**

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

**B5. Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Current Taxation	1,876	4,801	3,772	6,091
Deferred taxation	625	1,473	1,257	1,473
Total	2,501	6,274	5,029	7,564

Group ETR	34%	29%	14%	25%
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**B6. Other operating income / (expenses)**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Insurance claim	-	360	6	360
Lease interest	233	430	481	784
Written back/(Written off) doubtful debts	-	(178)	-	(178)
Total other operating income / (losses)	233	612	487	966

**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.

As at to-date, a financial institution has approved the financing of the acquisition of the vessel and topside equipment by EMF. Extraordinary General Meeting (EGM) will be held in 3<sup>rd</sup> quarter 2016 for shareholder's approval.



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

**B8. Borrowings and Debt Securities**

	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
<b>Non-current</b>		
<b>Secured:</b>		
Obligations under finance leases	563	515
Islamic financing facilities	254,941	231,112
Conventional financing facilities	192,985	171,822
<b>Non-current loans and borrowings</b>	448,489	403,449
<b>Current</b>		
<b>Secured:</b>		
Bank overdrafts	12	3,218
Obligations under finance leases	208	208
Islamic financing facilities	142,958	149,527
Conventional financing facilities	44,351	25,109
<b>Current loans and borrowings</b>	187,529	178,062
<b>Total loans and borrowings</b>	<b>636,018</b>	<b>581,511</b>

**B9. Derivative Financial Instruments**

The Group does not have any derivative financial instruments for the quarter ended 30<sup>th</sup> June 2016.

**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 payment**

There was no dividend payment proposed during the quarter.



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

**B12. Earnings Per Share (“EPS”)**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	Units ('000) / RM'000		Units ('000) / RM'000	
Net profit for the period	4,832	15,206	30,023	22,572
Weighted average no of share in issue	504,000	504,000	504,000	504,000
Basic earnings per share (sen)	0.96	3.02	5.96	4.48
Diluted earnings per share (sen)	-	-	-	-

**B13. Realised and unrealised profits or losses**

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

	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
The retained profits of the Group is made up as follows:		
- realised	188,135	166,206
- unrealised	(24,522)	(39,039)
	163,613	127,167
Add: Consolidation adjustments	-	-
Total retained earnings	163,613	127,167

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

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

Dated: August 2016