



Company No : 256516-W

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2019**

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

**Audited Condensed Consolidated Statements of Comprehensive Income**  
**For The Quarter and Financial Year Ended 31 December 2019**

	Note	Quarter Ended			Year Ended		
		31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	Changes %
Revenue	B1	68,972	218,497	(68)	271,872	419,000	(35)
Cost of sales		(47,722)	(220,212)	(78)	(194,933)	(283,171)	(31)
Gross profit		21,250	(1,715)	1,339	76,939	135,829	(43)
Administrative expenses		(14,497)	(7,617)	90	(30,624)	(21,575)	42
Other operating income :							
- Net gain / (loss) on foreign exchange		2,305	(1,998)	>100	(1,641)	(6,378)	(74)
- Other income	B3	5,189	698	>100	10,303	4,675	>100
Result from Operating activities		14,247	(10,632)	>100	54,977	112,551	(51)
Finance income		74	7	>100	269	249	8
Finance cost		(6,013)	(7,207)	(17)	(22,567)	(22,439)	1
Profit / (Loss) before tax		8,308	(17,832)	>100	32,679	90,361	(64)
Taxation	B6	3,951	(15,599)	>(100)	3,716	(16,129)	>(100)
Profit / (Loss) for the period		12,259	(33,431)	>100	36,395	74,232	(51)
Profit attributable to: Owners of the Company		12,259	(33,431)	>100	36,395	74,232	(51)

  

	Note	Quarter Ended		Year Ended	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
Earnings Per Share attributable to owners of the Company Basic EPS (sen)	B12	2.43	(6.63)	7.22	14.73

*The above Audited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2019 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)**

**Audited Condensed Consolidated Statement of Financial Position**  
**as at 31 December 2019**

	Note	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000 (Audited)
<b>Assets</b>			
Property, plant and equipment	A9	772,620	794,646
Right-of-use asset		61,352	-
Trade and other receivables		-	1,314
Deferred tax assets		68	8
<b>Non-current assets</b>		<b>834,040</b>	<b>795,968</b>
Inventories		238	287
Trade and other receivables		53,703	46,177
Tax recoverable		2,618	2,498
Cash, bank balances and deposits		22,606	14,479
<b>Current assets</b>		<b>79,165</b>	<b>63,441</b>
<b>Total assets</b>		<b>913,205</b>	<b>859,409</b>
<b>Equity and liabilities</b>			
Share capital	A6	169,100	169,100
Retained Earnings		93,890	57,785
<b>Total equity</b>		<b>262,990</b>	<b>226,885</b>
Lease liabilities		22,045	-
Loans and borrowings	B8	183,956	261,830
Deferred tax liabilities		13,779	18,386
<b>Non-current liabilities</b>		<b>219,780</b>	<b>280,216</b>
Trade and other payables		232,051	213,715
Contract liabilities		15,610	-
Lease liabilities		33,484	-
Loans and borrowings	B8	149,285	138,586
Current tax liabilities		5	7
<b>Current liabilities</b>		<b>430,435</b>	<b>352,308</b>
<b>Total liabilities</b>		<b>650,215</b>	<b>632,524</b>
<b>Total equity and liabilities</b>		<b>913,205</b>	<b>859,409</b>
		<b>RM</b>	<b>RM</b>
<b>Net assets per share attributable to owners of the Company</b>		<b>0.52</b>	<b>0.45</b>

*The above Audited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.*



Company No : 256516-W

**E.A. TECHNIQUE (M) BERHAD (256516-W)**  
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**Audited Condensed Consolidated Statement of Changes in Equity**  
**For The Year Ended 31 December 2019**

	← Non-distributable →		Distributable retained earnings/ Non-distributable accumulated losses	Total
	Number of shares '000	Share capital RM'000		
<b>At 1 January 2018</b>	504,000	169,100	(16,447)	152,653
Total comprehensive income for the year	-	-	74,232	74,232
<b>At 31 December 2018/1 January 2019 (as previously stated)</b>	504,000	169,100	57,785	226,885
Effect of adoption of MFRS16	-	-	(290)	(290)
Restated balance at 1 January 2019	504,000	169,100	57,495	226,595
Total comprehensive income for the year	-	-	36,395	36,395
<b>At 31 December 2019</b>	504,000	169,100	93,890	262,990

*The above Audited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 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)**

**Audited Condensed Consolidated Statement of Cash Flows**  
**For The Year Ended 31 December 2019**

	Note	Year Ended	
		31.12.2019	31.12.2018
		RM'000	RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		32,679	90,361
Adjustments for:			
Property, plant and equipment			
Loss on disposal		-	520
Depreciation		79,155	74,093
Impairment loss		2,905	2,128
Right-of-use-assets:			
Depreciation		7,419	-
Finance costs on conventional financing		12,446	13,669
Profit charge on Islamic financing		8,351	8,770
Finance income		(268)	(249)
Allowance for impairment losses on receivable		23	-
Reversal of impairment losses on trade receivables		(615)	(20)
Unrealised foreign exchange gain		(3,867)	(1,625)
Accretion of interest on lease liabilities		1,770	-
Operating profit before changes in working capital		139,998	187,647
Changes in working capital:			
Inventories		49	(287)
Trade and other receivables		(5,609)	19,000
Trade, other payables and contract liabilities		30,441	(98,507)
Cash generated from operations		164,879	107,853
Interest received		268	249
Interest paid on conventional financing		(12,446)	(11,705)
Profit paid on Islamic financing		(8,351)	(7,510)
Tax (paid) / recovered		(981)	1,405
<b>Net cash generated from operating activities</b>		<b>143,369</b>	<b>90,292</b>
<b>Cash flows from investing activities</b>			
Net redemption in short term deposits, fixed and security deposits pledged		(188)	(823)
Additions to property, plant and equipment		(60,034)	(65,471)
Proceeds from disposal of property, plant and equipment		-	1,665
<b>Net cash used in investing activities</b>		<b>(60,222)</b>	<b>(64,629)</b>

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

**Audited Condensed Consolidated Statement of Cash Flows**  
**For The Year Ended 31 December 2019 (Continued)**

	Note	Year Ended	
		31.12.2019	31.12.2018
		RM'000	RM'000
<b>Cash flows from financing activities</b>			
Proceeds from loan from shareholders		-	35,250
Repayment of conventional term loan		(33,655)	(37,318)
Repayment of Islamic term financing facilities		(71,322)	(49,354)
Drawdown from conventional term loan		27,680	-
Drawdown from Islamic term financing facilities		13,162	18,937
Net repayment of finance lease		(102)	(197)
Repayment of lease liabilities		(10,577)	-
<b>Net cash used in financing activities</b>		<b>(74,814)</b>	<b>(32,682)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>8,333</b>	<b>(7,019)</b>
Cash and cash equivalents at beginning of financial year	(i)	730	7,749
<b>Cash and cash equivalents at end of financial year</b>	<b>(i)</b>	<b>9,063</b>	<b>730</b>

(i) Cash and cash equivalents

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

	31.12.2019	31.12.2018
	RM'000	RM'000
Cash and bank balances	14,577	6,638
Fixed and security deposits with licensed banks	8,029	7,841
	<b>22,606</b>	<b>14,479</b>
Less: Bank overdrafts	(5,514)	(5,908)
	17,092	8,571
Less: Fixed and security deposits pledged	(8,029)	(7,841)
	<b>9,063</b>	<b>730</b>

*The above Audited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019 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 QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 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.

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**PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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

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)**  
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**PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 2019 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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**PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**A8 SEGMENT REPORTING (CONTINUED)**

**(ii) Port Marine Services**

The port marine services provided by the Company are towage services comprising of towing, pushing or manoeuvring vessels.

**(iii) Marine Engineering Services**

Marine Engineering services include the provision of marine engineering solutions and Engineering, Procurement, Construction, Installation and Commissioning (“EPCIC”) activities.

**(iv) Others**

Other operating segments include 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**

	<b>Quarter Ended</b>		<b>Year Ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Marine transport and FSO	45,921	47,081	177,592	178,981
Port marine services	22,939	30,597	93,795	98,179
EPCIC	-	140,693	-	140,693
Others	112	126	485	1,147
	<b>68,972</b>	<b>218,497</b>	<b>271,872</b>	<b>419,000</b>

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**PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**A8 SEGMENT REPORTING (CONTINUED)**

**EBITDA**

	Quarter Ended		Year Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Marine transport and FSO	23,609	16,141	92,065	80,800
Port marine services	20,280	18,383	49,852	43,838
EPCIC	87	(23,033)	2,003	64,483
Others	(18)	(30)	(55)	151
	43,958	11,461	143,865	189,272

**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 financial year 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 December 2019 are as follows:

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

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

**B1 REVIEW OF THE PERFORMANCE OF THE GROUP**

**Review of performance for the year ended 31 December 2019**

	Year Ended		Changes %
	31.12.2019 RM'000	31.12.2018 RM'000	
Revenue			
- Operation	271,872	278,307	(2)
- EPCIC	-	140,693	(100)
	271,872	419,000	(35)
Cost of sales			
- Operation	(196,936)	(213,241)	(8)
- EPCIC	2,003	(69,930)	>(100)
	(194,933)	(283,171)	(31)
Gross profit	76,939	135,829	(43)
Profit before tax	32,679	90,361	(64)
Profit for the financial year	36,395	74,232	(51)

The Group recorded a decrease in revenue of RM271.87 million for the twelve month period ended 31 December 2019 as compared to RM419 million in the previous year. The decrease was due to no contribution from EPCIC business throughout 2019. There was a lower offtake from Petronas Floating Liquefied Natural Gas 1 tugboat operation as the client shifted its operation to Sabah in March 2019 and one of the short term charter hire contract expired.

The Group posted a profit before tax of RM32.68 million for the twelve month period ended 31 December 2019, as compared to RM90.36 million in the previous year, a decrease of 64%. Apart from no contribution of EPCIC business, the decrease was due to reversal of EPCIC project costs in the previous year that lifted PBT to much higher level as compared to twelve months period of 2019.

The Group had recorded a net loss on foreign exchange of RM1.64 million for the twelve month period ended 31 December 2019 as compared to a net loss of RM6.38 million in the previous year.

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

**B1 REVIEW OF THE PERFORMANCE OF THE GROUP (CONTINUED)**

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

	<b>Quarter Ended</b>		<b>Changes</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Revenue			
- Operation	68,972	77,804	(11)
- EPCIC	-	140,693	(100)
	68,972	218,497	(68)
Cost of sales			
- Operation	(47,809)	(62,766)	(24)
- EPCIC	87	(157,446)	(100)
	(47,722)	(220,212)	(78)
Gross profit / (loss)	21,250	(1,715)	>100
Profit / (Loss) before tax	8,308	(17,832)	>100
Profit / (Loss) for the financial period	12,259	(33,431)	>100

The Group recorded a revenue of RM68.97 million for the three month period ended 31 December 2019 as compared to RM218.49 million in the previous corresponding period, a decrease of 68%. The decrease was due to no contribution from EPCIC business during this period.

The Group posted a profit before tax of RM8.31 million for the three month period ended 31 December 2019, as compared to loss before tax of RM17.82 million in the previous corresponding period, an increase of 147% due to additional invoices of EPCIC business in the previous corresponding quarter.

The Group had recorded a net gain on foreign exchange of RM2.31 million for the three month period ended 31 December 2019 as compared to a net loss of RM1.99 million in the previous corresponding period.

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**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B2 MATERIAL CHANGES IN THE QUARTERLY RESULTS**

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

	Quarter Ended		
	31.12.2019	30.09.2019	Changes
	RM'000	RM'000	%
Revenue			
- Operation	68,972	70,128	(2)
	68,972	70,128	
Cost of sales			
- Operation	(47,809)	(51,716)	(8)
- EPCIC	87	-	100
	(47,722)	(51,716)	
Gross profit	21,250	18,412	15
Profit before tax	8,308	6,903	20
Profit for the financial period	12,259	6,698	83

The Group recorded a revenue of RM68.97 million for the three month period ended 31 December 2019 as compared to RM70.13 million in the immediate preceding quarter. The slight decrease was due to less offtake from Petronas Floating Liquefied Natural Gas 1 tugboat operation and the lower charter hire for it has started in Dec 2019.

The Group posted a profit before tax of RM8.31 million for the three month period ended 31 December 2019, as compared to RM6.90 million in the immediate preceding quarter, an increase of 20%. The increase was due to higher forex gain compared to the previous quarter.

**B3 OTHER INCOME**

	Quarter Ended			Year Ended		
	31.12.2019	31.12.2018	Changes	31.12.2019	31.12.2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Insurance claim	568	511	11	5,267	3,702	42
Other income	4,621	187	>100	5,036	973	>100
Total other income	5,189	698	>100	10,303	4,675	>100

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

**B4 COMMENTARY ON PROSPECTS**

As at 31 December 2019, the Group's orderbook was approximately RM730.89 million with additional RM434.5 million for extension period.

The Group remains fairly optimistic on its operating performance from the respective business segment Marine Transport and FSO in view of 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.

The Company has also received a Letter of Award dated 31 May 2019 from PETRONAS Carigali Sdn Bhd ("PCSB") for the Provision of Temporary Storage Tanker (TST) including Station Keeping and Flexible Riser Tie-In for Sepat Derisk and Early Production System (DEPS) Project ("Contract"). The Contract duration will be for a primary period of twelve (12) months with extension options of six (6) months from expiry date and a further six (6) months upon PCSB's discretion at an agreed fixed schedule of rates and shall commence in January 2020. The value of the Contract is approximately RM84.18 million for the primary period including mobilisation and demobilisation fees and is expected to contribute positively to the earnings and net tangible assets of the Company.

**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 Ended		
	31.12.2019	31.12.2018	Changes	31.12.2019	31.12.2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Income Tax :						
Current taxation	(484)	(197)	>100	(719)	(197)	>100
Over provision of tax in prior year	(140)	257	>100	(140)	257	>100
Deferred tax :						
Temporary differences	4,575	(15,659)	>(100)	4,575	(16,189)	>(100)
<b>Total taxation</b>	<b>3,951</b>	<b>(15,599)</b>	<b>&gt;(100)</b>	<b>3,716</b>	<b>(16,129)</b>	<b>&gt;(100)</b>

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

**B6 TAXATION (CONTINUED)**

The Company has unabsorbed tax losses of RM68.96 million and unutilised capital allowances of RM107.38 million from tugboats, Non-Malaysian ships and EPCIC segment. Pursuant to the Finance Act 2018, unabsorbed tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. 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**

The Company has submitted an application to Bursa Securities on the following proposal and the announcement has been made on 2 July 2019: -

- i) proposed settlement of debt owing to the major shareholder, Sindora Berhad ("Sindora"), via the issuance of 121,622,400 new ordinary shares in E.A. Technique ("Shares") ("Settlement Shares") ("Proposed Debt Capitalisation");
- ii) proposed private placement of up to 106,355,800 new Shares ("Placement Shares"), representing approximately 17.0% of the Company's enlarged total number of issued Shares (excluding treasury shares, if any) ("Proposed Private Placement") that had assumed the completion of the Proposed Debt Capitalisation; and
- iii) proposed issue of up to 365,989,100 free warrants in E.A. Technique ("Warrants") on the basis of one Warrant for every two existing Shares (excluding treasury shares, if any) held on the entitlement date to be determined later ("Proposed Free Warrants Issue").

The Company has obtained the approval for the above proposal on 20 August 2019. The resolutions in respect of E.A. Technique Corporate Proposal were tabled and duly passed at the Extraordinary General Meeting on 25 September 2019.

On 3 February 2020, the Company had submitted an application for an extension of time to complete the implementation of the Proposals.

On 18 February 2020, Bursa Securities had resolved to grant an extension of time of six months from 20 February 2020 until 19 August 2020, for the Company to complete the implementation of the Proposals.

On 19 February 2020, the Company announced that the issue price of the first tranche of the Placement Shares to independent third party investors has been fixed at RM0.35 per Placement Share, representing a discount of RM0.0167 or approximately 4.55% to the five-day volume weighted average market price of Shares up to and including 18 February 2020, being the last trading day immediately preceding the price-fixing date of RM0.3667.

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**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B7 STATUS OF CORPORATE PROPOSALS (CONTINUED)**

On 27 February 2020, the Company announced the private placement of new ordinary shares representing approximately 21.1% of the Company's total number of issued shares (excluding treasury shares, if any) :

- i) 11,500,000 units of new ordinary shares of RM0.47 each per share in which 1,000,000 units were placed to Dato' Ir. Abdul Hak bin Md Amin and 10,500,000 units were placed to Sindora Berhad.
- ii) 15,000,000 units of new ordinary shares of RM0.35 each per share were placed to independent third party investors.

Latest issued share capital after the above corporate proposals are 530,500,000 units valued at RM179,755,000.00.

**B8 LOANS AND BORROWINGS**

Details of the Group's borrowings are as follows:

	As at 31.12.2019					
	Long Term		Short Term		Total Borrowings	
	Foreign RM'000	Ringgit RM'000	Foreign RM'000	Ringgit RM'000	Foreign RM'000	Ringgit RM'000
<b>Secured</b>						
<b>Islamic financing</b>						
Term Loans	27,460	17,814	52,684	21,112	80,144	38,926
Revolving Credits	-	-	3,563	-	3,563	-
Bank Overdraft	-	-	-	5,514	-	5,514
<b>Conventional financing</b>						
Term Loans	-	93,287	-	38,628	-	131,915
Revolving Credits	-	-	-	8,425	-	8,425
Finance lease liabilities	-	23	-	78	-	101
Loan from Shareholder	-	45,372	-	19,281	-	64,653
	27,460	156,496	56,247	93,038	83,707	249,534

Note :

Foreign denomination refers to borrowing in USD currency with a foreign exchange of USD/RM:4.1073.

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**B8 LOANS AND BORROWINGS (CONTINUED)**

	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
<b>Secured</b>						
<b>Islamic financing</b>						
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
<b>Conventional financing</b>						
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.

**B9 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK**

The Group does not have any derivative financial instruments as at the period ended 31 December 2019.

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**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B10 MATERIAL LITIGATIONS**

**a) NOTICE OF ARBITRATION WITH 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:

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

On 15 February 2019, EAT served its Statement of Claim to MMHE amounting to USD21,656,198. MMHE filed a counter claim against EAT in the AIAC Arbitration amounting to USD49,105,096 and is due to file its Defence for Counterclaim by 15 March 2019.

The last evidentiary hearing has taken place on 6 November 2019 pursuant to the claim made by EAT and counter claim by MMHE.

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**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B10 MATERIAL LITIGATIONS (CONTINUED)**

**a) NOTICE OF ARBITRATION WITH MALAYSIA MARINE AND HEAVY ENGINEERING SDN BHD (CONTINUED)**

On 10 January 2020, EAT and MMHE have filed their respective written submission. Subsequently, EAT and MMHE has replied the counterpart written submission on 10 February 2020. The date for clarification hearing is fixed on 24 February 2020.

The Group will vigorously defend the claims made by MMHE and pursue its counter claims. The Board of Directors believe that the Group has provided sufficient amounts in relation to the works performed to date.

**b) FIRST CLAIM UNDER CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012 BY MALAYSIA MARINE AND HEAVY ENGINEERING SDN BHD**

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: -

- i) the Company shall pay the sum of US\$21,607,206.38 including 6% of GST to MMHE ("Adjudication Sum");
- ii) the Adjudication Sum shall be paid by the Company on or before 28 June 2019;
- iii) 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;
- iv) the Company shall bear the costs of adjudication which includes the following:-
  - a. RM89,615.00 and RM500 being the cost and expense of the Adjudicator;
  - b. RM18,998.38 being the AIAC fees; and
  - c. RM200,000.00 being the cost to be paid to the MMHE.

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**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS  
FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B10 MATERIAL LITIGATIONS (CONTINUED)**

**b) FIRST CLAIM UNDER CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012  
BY MALAYSIA MARINE AND HEAVY ENGINEERING SDN BHD (CONTINUED)**

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.

On 4 June 2019, the Company filed an application to set aside the Adjudication Decision pursuant to the Construction Industry Payment and Adjudication Act, 2012 encompassing the following :-

- i) Originating Summons in respect of EAT's application to set aside the Adjudication Decision;
- ii) Affidavit in Support of EAT's application to set aside the Adjudication Decision; and
- iii) Certificate of Urgency requesting for the hearing of EAT's application to be heard before 28 June 2019 which is the due date for payment of the Adjudication Sum.

On 5 July 2019, the Company received a sealed Originating Summons dated 2 July 2019 from Malaysia Marine Heavy Engineering Sdn Bhd ("MMHE") to enforce the Adjudication Decision dated 27 May 2019.

The hearing of the Company's application to set aside the Adjudication Decision has been fixed on 6 August 2019 and the hearing on the enforcement of the Adjudication Decision initially will be held tentatively in August 2019.

On 16 July 2019, the Company filed an application to stay the Adjudication Decision pursuant to the Construction Industry Payment and Adjudication Act 2012, encompassing the following:

- i) the Notice of Application in respect of the Company's application to stay the Adjudication Decision; and
- ii) the Affidavit in Support of the Company's application to stay the Adjudication Decision.

In respect of the three (3) said application, the hearing had been fixed on 30 August 2019:

- i) the Company's applications to set aside the Adjudication Decision and to stay the Adjudication Decision; and
- ii) Malaysia Marine and Heavy Engineering Sdn Bhd's application to enforce the Adjudication Decision.

On 30 August 2019, the hearing has been adjourned to 11 October 2019.

On 11 October 2019, the hearing has been further adjourned to 23 October 2019.

On 23 October 2019, the hearing has been further adjourned to 14 November 2019.

On 14 November 2019, the hearing has been fixed for Continued Hearing on 18 December 2019.

On 18 December 2019, after the Parties had completed their respective submission, the Court fixed the case on 18 March 2020.

The Board of Directors, based on the advice of its legal advisor, is of the view that EAT has a strong basis for the application of the setting aside of the Adjudication Decision.

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**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS  
FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B10 MATERIAL LITIGATIONS (CONTINUED)**

**b) FIRST CLAIM UNDER CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012  
BY MALAYSIA MARINE AND HEAVY ENGINEERING SDN BHD (CONTINUED)**

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.

Thus, the Adjudication Decision is expected to have a financial impact of approximately RM11.87 million (the interest portion) to the Company by reducing its future profit and cashflow position.

Further announcement will be made in respect of any material development thereof.

**c) SECOND CLAIM UNDER CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT  
2012 BY MALAYSIA MARINE AND HEAVY ENGINEERING SDN BHD**

On 29 May 2019, the Company received a Payment Claim pursuant to section 5 of the Construction Industry Payment and Adjudication Act 2012 from Malaysia Marine Heavy Engineering Sdn Bhd ("MMHE") via its solicitors, Messrs. Mohanadass Partnership for a total amount of US\$6,096,791.91 ("Second CIPAA Payment Claim").

The Second CIPAA Payment Claim is in relation to disputes over the alleged non-payment of additional works done by MMHE and the invoices purportedly issued by MMHE under the the Conversion Contract which issued after the adjudication decision on 27 May 2019.

On 4 December 2019, the Adjudicator delivered its Adjudication Decision. In the Adjudication Decision, the Adjudicator ordered the following:-

- i) the Company shall pay the sum of US\$6,066,995.71 including 6% of GST to MMHE ("Adjudication Sum");
- ii) The Adjudication Sum shall be paid by the Company on or before 3 January 2020;
- iii) the Company shall pay interest at the rate of 5% per annum on the Adjudication Sum from the date of Adjudication Decision (4 December 2019) until the full and final settlement of the Adjudication Sum;
- iv) the Company shall bear the costs of adjudication which includes the following:-
  - a. RM150,000.00 being the cost to be paid to MMHE;
  - b. RM54,555.69 being the reimbursement of sums paid to the AIAC by MMHE.

On 31 December 2019, the Company filed an application to set aside and/or stay the Adjudication Decision pursuant to the Construction Industry Payment and Adjudication Act 2012, encompassing the following:-

- i) Originating Summons in respect of EAT's application to set aside and/or stay the Adjudication Decision;

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**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B10 MATERIAL LITIGATIONS (CONTINUED)**

**c) SECOND CLAIM UNDER CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012 BY MALAYSIA MARINE AND HEAVY ENGINEERING SDN BHD (CONTINUED)**

- ii) Affidavit in Support of EAT's application to set aside and/or stay the Adjudication Decision; and
- iii) Certificate of Urgency requesting for EAT's application to be heard urgently .

The Second CIPAA Payment Claim is not expected to have any potential business or operational impact on the Company. At this juncture, the Company has not made any provision in the accounts as the Company is seeking advice and consultation from its solicitor to contest the matter. However, the Second CIPAA Payment Claim is expected to have a financial impact of approximately RM25.48 million to the Company by reducing its future profit and cashflow position.

The Board of Directors, based on the advice of its legal advisor, is of the view that EAT has a strong basis for the application of the setting aside of the Adjudication Decision.

**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.

	<b>Year Ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
Profit for the financial period attributable to equity holders of the Company (RM'000)	36,395	74,232
Weighted average number of ordinary shares in issue ('000)	504,000	504,000
Basic earnings per share (sen)	7.22	14.73

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

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