



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 2020



Company No : 256516-W

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

Unaudited Condensed Consolidated Statements of Comprehensive Income
For The Quarter and Financial Year-To-Date Ended 31 March 2020

	Note	Quarter Ended			Year-To-Date Ended		
		31.03.2020 RM'000	31.03.2019 RM'000	Changes %	31.03.2020 RM'000	31.03.2019 RM'000	Changes %
Revenue	B1	87,700	66,452	32	87,700	66,452	32
Cost of sales		(64,347)	(50,057)	29	(64,347)	(50,057)	29
Gross profit		23,353	16,395	42	23,353	16,395	42
Administrative expenses		(4,533)	(4,495)	1	(4,533)	(4,495)	1
Other operating income :							
- Net (loss) / gain on foreign exchange		(9,322)	2,727	(>100)	(9,322)	2,727	(>100)
- Other income	B3	384	163	>100	384	163	>100
Result from Operating activities		9,882	14,790	(33)	9,882	14,790	(33)
Finance income		115	72	60	115	72	60
Finance cost		(5,396)	(5,731)	(6)	(5,396)	(5,731)	(6)
Profit before tax		4,601	9,131	(50)	4,601	9,131	(50)
Taxation	B6	-	-	-	-	-	-
Profit for the period		4,601	9,131	(50)	4,601	9,131	(50)
Profit attributable to:							
Owners of the Company		4,601	9,131	(50)	4,601	9,131	(50)

	Note	Quarter Ended		Year-To-Date Ended	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
Earnings Per Share attributable to owners of the Company					
Basic EPS (sen)	B12	0.87	1.81	0.87	1.81

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 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)

Unaudited Condensed Consolidated Statement of Financial Position
as at 31 March 2020

	Note	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000 (Audited)
Assets			
Property, plant and equipment	A9	760,504	772,620
Right-of-use asset		54,944	61,352
Deferred tax assets		-	68
Non-current assets		815,448	834,040
Inventories		222	238
Trade and other receivables		50,336	53,703
Tax recoverable		2,922	2,618
Cash, bank balances and deposits		24,862	22,606
Current assets		78,342	79,165
Total assets		893,790	913,205
Equity and liabilities			
Share capital	A6	179,755	169,100
Retained Earnings		98,491	93,890
Total equity		278,246	262,990
Lease liabilities		16,174	22,045
Loans and borrowings	B8	166,291	183,956
Deferred tax liabilities		13,711	13,779
Non-current liabilities		196,176	219,780
Trade and other payables		239,252	232,051
Contract liabilities		-	15,610
Lease liabilities		33,494	33,484
Loans and borrowings	B8	146,617	149,285
Current tax liabilities		5	5
Current liabilities		419,368	430,435
Total liabilities		615,544	650,215
Total equity and liabilities		893,790	913,205
		RM	RM
Net assets per share attributable to owners of the Company		0.52	0.52

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 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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Unaudited Condensed Consolidated Statement of Changes in Equity
For The Year-To-Date Ended 31 March 2020

	← Non-distributable →		Distributable retained earnings	
	Number of shares '000	Share capital RM'000	RM'000	Total RM'000
At 1 January 2020	504,000	169,100	93,890	262,990
Addition during the period	26,500	10,655	-	10,655
Total comprehensive income for the period	-	-	4,601	4,601
At 31 March 2020	530,500	179,755	98,491	278,246
At 31 December 2018/1 January 2019 As previously stated	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 period	-	-	9,131	9,131
At 31 March 2019	504,000	169,100	66,626	235,726

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 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)

Unaudited Condensed Consolidated Statement of Cash Flows
For The Year-To-Date Ended 31 March 2020

	Note	Year-To-Date Ended	
		31.03.2020	31.03.2019
		RM'000	RM'000
Cash flows from operating activities			
Profit before tax		4,601	9,131
Adjustments for:			
Property, plant and equipment			
Depreciation		22,974	19,833
Right-of-use-assets:			
Depreciation		433	-
Finance costs on conventional financing		3,796	3,130
Profit charge on Islamic financing		1,600	2,601
Finance income		(115)	(72)
Unrealised foreign exchange loss / (gain)		8,828	(2,735)
Accretion of interest on lease liabilities		844	-
Operating profit before changes in working capital		42,961	31,888
Changes in working capital:			
Inventories		17	41
Trade and other receivables		9,987	8,958
Trade, other payables and contract liabilities		(23,658)	(5,376)
Cash generated from operations		29,307	35,511
Interest received		115	72
Interest paid on conventional financing		(3,796)	(3,130)
Profit paid on Islamic financing		(1,600)	(2,601)
Tax paid		(304)	(20)
Net cash generated from operating activities		23,722	29,832
Cash flows from investing activities			
Net redemption in short term deposits, fixed and security deposits pledged		22	314
Additions to property, plant and equipment		(10,856)	(658)
Net cash used in investing activities		(10,834)	(344)

E.A. TECHNIQUE (M) BERHAD (256516-W)
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Unaudited Condensed Consolidated Statement of Cash Flows
For The Year-To-Date Ended 31 March 2020 (Continued)

	Note	Year-To-Date Ended	
		31.03.2020	31.03.2019
		RM'000	RM'000
Cash flows from financing activities			
Proceeds from issuance of shares		10,655	-
Repayment of conventional term loan		(8,864)	(3,017)
Repayment of Islamic term financing facilities		(13,235)	(16,615)
Drawdown from conventional term loan		169	-
Drawdown from Islamic term financing facilities		768	-
Net repayment of finance lease		(21)	(35)
Net cash used in financing activities		(10,528)	(19,667)
Net increase in cash and cash equivalents		2,360	9,821
Cash and cash equivalents at beginning of financial year	(i)	9,063	729
Cash and cash equivalents at end of financial year	(i)	11,423	10,550

(i) Cash and cash equivalents

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

	31.03.2020	31.03.2019
	RM'000	RM'000
Cash and bank balances	16,855	15,781
Fixed and security deposits with licensed banks	8,007	7,530
	24,862	23,311
Less: Bank overdrafts	(5,432)	(5,231)
	19,430	18,080
Less: Fixed and security deposits pledged	(8,007)	(7,530)
	11,423	10,550

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

E.A. TECHNIQUE (M) BERHAD (256516-W)
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PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

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 2019.

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 2019.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the financial year beginning 1 January 2020:

- Amendments to MFRS 2 Share-Based Payments
- Amendments to MFRS 3 Business Combinations – Definition of a Business
- Amendments to MFRS 101 Presentation of Financial Statements
- MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to MFRS 134 Interim Financial Reporting
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 138 Intangible Assets
- Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

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.

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)

A1 BASIS OF PREPARATION (CONTINUED)

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.

- 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.

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.

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)

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.

(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

	Quarter Ended		Year-To-Date Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Marine transport and FSO	70,728	44,664	70,728	44,664
Port marine services	16,831	21,665	16,831	21,665
Others	141	123	141	123
	87,700	66,452	87,700	66,452

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

EBITDA

	Quarter Ended		Year-To-Date Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Marine transport and FSO	27,139	25,586	27,139	25,586
Port marine services	6,995	9,048	6,995	9,048
Others	(1)	(11)	(1)	(11)
	<u>34,133</u>	<u>34,623</u>	<u>34,133</u>	<u>34,623</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 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 March 2020 are as follows:

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



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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 2020

B1 REVIEW OF THE PERFORMANCE OF THE GROUP

Review of performance for the current quarter 3 months ended 31 March 2020

	Year-To-Date Ended		
	31.03.2020	31.03.2019	Changes
	RM'000	RM'000	%
Revenue	87,700	66,452	32
Cost of sales	(64,347)	(50,057)	29
Gross profit	23,353	16,395	42
Profit before tax	4,601	9,131	(50)
Profit for the financial year	4,601	9,131	(50)

The Group recorded an increase in revenue to RM87.7 million for the three month period ended 31 March 2020 as compared to RM66.45 million in the previous corresponding period. The increase was due to the commencement of Temporary Storage Tanker (TST) Sepat project.

The Group posted a profit before tax of RM4.6 million for the three month period ended 31 March 2020, as compared to RM9.13 million in the previous corresponding period, a decrease of 50%. The decrease was due to forex losses in the year-to-date ended March 2020.

The Group had recorded a net loss on foreign exchange of RM9.32 million for the three month period ended 31 March 2020 as compared to a net gain of RM2.73 million in the previous corresponding period.

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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 2020 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE GROUP (CONTINUED)

Review of performance for the current quarter 3 months ended 31 March 2020

	Quarter Ended		
	31.03.2020	31.03.2019	Changes
	RM'000	RM'000	%
Revenue	87,700	66,452	32
Cost of sales	(64,347)	(50,057)	29
Gross profit	23,353	16,395	42
Profit before tax	4,601	9,131	(50)
Profit for the financial period	4,601	9,131	(50)

The Group recorded a revenue of RM87.7 million for the three month period ended 31 March 2020 as compared to RM66.45 million in the previous corresponding period, an increase of 32%. The increase was due to the commencement of Temporary Storage Tanker (TST) Sepat project.

The Group posted a profit before tax of RM4.6 million for the three month period ended 31 March 2020, as compared to RM9.13 million in the previous corresponding period, a decrease of 50%. The decrease was due to forex losses in the first quarter of 2020.

The Group had recorded a net loss on foreign exchange of RM9.32 million for the three month period ended 31 March 2020 as compared to a net gain of RM2.73 million in the previous corresponding period.

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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 2020 (CONTINUED)

B2 MATERIAL CHANGES IN THE QUARTERLY RESULTS

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

	Quarter Ended		
	31.03.2020	31.12.2019	Changes
	RM'000	RM'000	%
Revenue			
- Operation	87,700	68,972	27
	87,700	68,972	
Cost of sales			
- Operation	(64,347)	(47,809)	35
- EPCIC	-	87	(100)
	(64,347)	(47,722)	
Gross profit	23,353	21,250	10
Profit before tax	4,601	8,308	(45)
Profit for the financial period	4,601	12,259	(62)

The Group recorded a revenue of RM87.7 million for the three month period ended 31 March 2020 as compared to RM68.97 million in the immediate preceding quarter. The increase was due to the commencement of Temporary Storage Tanker (TST) Sepat project.

The Group posted a profit before tax of RM4.6 million for the three month period ended 31 March 2020, as compared to RM8.31 million in the immediate preceding quarter, a decrease of 45%. The decrease was due to forex losses in the first quarter of 2020.

B3 OTHER INCOME

	Quarter Ended			Year-To-Date Ended		
	31.03.2020	31.03.2019	Changes	31.03.2020	31.03.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Other income	384	163	>100	384	163	>100
Total other income	384	163	>100	384	163	>100



Company No : 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 2020 (CONTINUED)

B4 COMMENTARY ON PROSPECTS

As at 31 March 2020, the Group's orderbook was approximately RM648.5 million with additional RM462.26 million for extension period.

The Company has been awarded a contract on 8 May 2019 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.

Due to the global spread of Covid-19 pandemic and low oil prices, the Company's operation is expected to be affected as well. The Company expects a possibility of a lower revenue due to fewer spot charter, longer maintenance period and adjustment on the charter hire price.

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		
	31.03.2020	31.03.2019	Changes	31.03.2020	31.03.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Income Tax :						
Current taxation	-	-	-	-	-	-
Total taxation	-	-	-	-	-	-

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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 2020 (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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (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 is 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 31.03.2020					
	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	24,133	15,261	49,429	18,357	73,562	33,618
Revolving Credits	-	-	3,169	-	3,169	-
Bank Overdraft	-	-	-	5,432	-	5,432
Conventional financing						
Term Loans	-	83,104	-	40,062	-	123,166
Revolving Credits	-	-	-	8,260	-	8,260
Finance lease liabilities	-	23	-	56	-	79
Loan from Shareholder	-	43,770	-	21,852	-	65,622
	24,133	142,158	52,598	94,019	76,731	236,177

Note :

Foreign denomination refers to borrowing in USD currency with a foreign exchange of USD/RM:4.3345.

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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 2020 (CONTINUED)

B8 LOANS AND BORROWINGS (CONTINUED)

	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
Secured						
Islamic financing						
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
Conventional financing						
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.

B9 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

The Group does not have any derivative financial instruments as at the period ended 31 March 2020.

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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 2020 (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 took place on 6 November 2019 pursuant to the claim made by EAT and counter claim by MMHE.

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.

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 2020 (CONTINUED)

B10 MATERIAL LITIGATIONS (CONTINUED)

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

The date was vacated and the tribunal adjourned the hearing to 16 June 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 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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (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 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 date was vacated and the court has yet to fix new date.

The Board of Directors, based on the advice of 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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (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 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.

	Year-To-Date Ended	
	31.03.2020	31.03.2019
Profit for the financial period attributable to equity holders of the Company (RM'000)	4,601	9,131
Weighted average number of ordinary shares in issue ('000)	530,500	504,000
Basic earnings per share (sen)	0.87	1.81

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

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(Secretaries)