E.A. TECHNIQUE (M) BERHAD (256516-W)

(Incorporated in Malaysia)

AUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Audited Condensed Consolidated Statement of Profit or Loss
For The Quarter and Financial Year Ended 31 December 2018

	Note	Quarter Ended			Year-To-Date Ended		
		31.12.2018 RM'000	31.12.2017 RM'000	Changes %	31.12.2018 RM'000	31.12.2017 RM'000	Changes %
Revenue	B1	218,497	70,337	211	419,000	366,970	14
Cost of sales		(220,212)	(66,233)	232	(283,171)	(492,301)	(42)
Gross profit/(loss)		(1,715)	4,104	(142)	135,829	(125,331)	208
Administrative expenses		(7,617)	(10,651)	(28)	(21,575)	(31,931)	(32)
Other operating (Expenses) / income :							
- Net (Loss) / gain on foreign exchange		(1,998)	12,214	(116)	(6,378)	29,509	(122)
- Other income	B3	698	137	409	4,675	16,544	(72)
Result from Operating activities		(10,632)	5,804	(283)	112,551	(111,209)	201
Finance income		7	164	(96)	249	508	(51)
Finance cost		(7,207)	(4,940)	46	(22,439)	(21,201)	6
Profit / (Loss) before tax		(17,832)	1,028	(1,835)	90,361	(131,902)	169
Taxation	B6	(15,599)	6,633	(335)	(16,129)	10,754	(250)
Profit / (Loss) for the period		(33,431)	7,661	(536)	74,232	(121,148)	161
Profit / (Loss) attributable to:							
Owner of the Company		(33,431)	7,661	(536)	74,232	(121,148)	161

	Note	Quarter Ended		Year-To-Date Ended	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
Earnings/(Loss) Per Share attributable to owners of the Company					
Basic EPS (sen)	B12	(6.63)	1.52	14.73	(24.04)

The above Audited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

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

Audited Condensed Consolidated Statement of Financial Position as at 31 December 2018

	Note	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000 (Audited)
Assets			
Property, plant and equipment	A9	794,646	807,582
Trade and other receivables		1,314	2,106
Non-current assets		795,960	809,688
Inventories		287	-
Trade and other receivables		46,177	64,392
Tax recoverable		2,498	5,837
Short term deposits		702	647
Cash, bank balances and deposits		13,777	20,028
Current assets		63,441	90,904
Total assets		**859,401**	**900,592**
Equity and liabilities			
Share capital	A6	169,100	169,100
Retained Earnings / (Accumulated losses)		57,785	(16,447)
Total equity		226,885	152,653
Loans and borrowings	B8	261,830	293,922
Deferred tax liabilities		18,378	2,168
Non-current liabilities		280,208	296,090
Trade and other payables		213,715	197,023
Contract liabilities		-	131,594
Loans and borrowings	B8	138,586	121,290
Current tax liabilities		7	1,942
Current liabilities		352,308	451,849
Total liabilities		632,516	747,939
Total equity and liabilities		**859,401**	**900,592**
		RM	**RM**
Net assets per share attributable to owners of the Company		**0.45**	**0.30**

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 2017 and the accompanying explanatory notes attached to these interim financial statements.

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

Audited Condensed Consolidated Statement of Changes in Equity
For The Financial Year Ended 31 December 2018

	← Non-distributable		→	Distributable retained earnings/ Non-distributable	
	Number of shares '000	Share capital RM'000	Share premium RM'000	accumulated losses RM'000	Total RM'000
At 1 January 2018	504,000	169,100	-	(16,447)	152,653
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	74,232	74,232
At 31 December 2018	504,000	169,100	-	57,785	226,885
At 1 January 2017	504,000	126,000	43,100	104,701	273,801
Adjustments for effects of Companies Act 2016 (Note a)		43,100	(43,100)	-	-
Loss for the financial period, representing total comprehensive income for the financial period	-	-	-	(121,148)	(121,148)
At 31 December 2017	504,000	169,100	-	(16,447)	152,653

Note a With the Companies Act 2016 coming into effect on 31 January 2017, the credit standing in the share premium account of RM43,100,000 has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the Companies Act 2016, the Group may exercise its right to use the credit amounts being transferred from share premium within 24 months after the commencement of the Companies Act 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as result thereof.

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 2017 and the accompanying explanatory notes attached to these interim financial statements.

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

Audited Condensed Consolidated Statement of Cash Flows
For The Financial Year Ended 31 December 2018

	Note	Year-To-Date Ended 31.12.2018 RM'000	31.12.2017 RM'000
Cash flows from operating activities			
Profit/(Loss) before tax		90,361	(131,902)
Adjustments for:			
Property, plant and equipment:			
Loss on disposal		520	-
Depreciation		74,093	59,617
Impairment loss		2,128	3,145
Amortisation of intangible asset		-	4,775
Finance costs		22,439	21,201
Finance income		(249)	(508)
Allowance for impairment losses on trade receivables		-	2,764
Reversal of impairment losses on trade receivables		(20)	(24)
Unrealised foreign exchange gain		(1,625)	(27,972)
Operating profit/(loss) before changes in working capital		187,647	(68,904)
Changes in working capital:			
Increase in inventories		(287)	-
Decrease in trade and other receivables		19,000	155,220
(Decrease)/increase in trade and other payables		(98,507)	168,504
Cash generated from operations		107,853	254,820
Interest received		249	965
Interest paid		(19,215)	(20,615)
Tax recovered/(paid)		1,405	(11,719)
Net cash generated from operating activities		**90,292**	**223,451**
Cash flows from investing activities			
Net redemption in short term deposits, fixed and security deposits pledged		(823)	192,090
Additions to property, plant and equipment		(65,471)	(163,005)
Proceeds from disposal of property, plant and equipment		1,665	-
Net cash (used in)/generated from investing activities		**(64,629)**	**29,085**
Cash flows used in financing activities			
Proceeds from loan from shareholders		35,250	-
Repayment of conventional term loan		(37,318)	(36,653)
Repayment of Islamic term financing facilities		(49,354)	(316,497)
Drawdown from Islamic term financing facilities		18,937	98,417
Net repayment of finance lease		(197)	(203)
Net cash used in financing activities		**(32,682)**	**(254,936)**
Net decrease in cash and cash equivalents		**(7,019)**	**(2,400)**
Cash and cash equivalents at beginning of financial period	(i)	7,749	10,149
Cash and cash equivalents at end of financial period	**(i)**	**730**	**7,749**

E.A. TECHNIQUE (M) BERHAD (256516-W)
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Audited Condensed Consolidated Statement of Cash Flows
For The Financial Year Ended 31 December 2018 (Continued)

(i) Cash and cash equivalents

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

	31.12.2018 RM'000	31.12.2017 RM'000
Cash and bank balances	6,638	13,450
Fixed and security deposits with licensed banks	7,139	6,578
	13,777	**20,028**
Less: Bank overdrafts	(5,908)	(5,701)
	7,869	14,327
Less: Fixed and security deposits pledged	(7,139)	(6,578)
	730	**7,749**

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 2017 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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2017.

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 2017.

<u>Standards, amendments to published standards and interpretations that are effective</u>

The Group has applied the following amendments for the financial year beginning on 1 January 2018:

- Amendments to MFRS 12 ‘Disclosure of Interest in Other Entities’.
- Amendments to MFRS 107 ‘Statement of Cash Flows – Disclosure Initiative’.
- Amendments to MFRS 112 ‘Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses’.
- MFRS 1 ‘Amendments to MFRS 1’ (Annual improvements to MFRS standards 2014-2016 cycle).
- MFRS 2 ‘Classification and Measurement of Share-based Payment Transactions’ (Amendments to MFRS 2).
- MFRS 9 ‘Financial Instruments’ will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.
- MFRS 15 ‘Revenue from contracts with customers’ and ‘Clarifications to MFRS 15’.
- Amendments to MFRS 128 ‘Investment in Associates and Joint Ventures’.

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 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Based on the analysis of the Group’s and of the Company's financial assets and liabilities as at 1 January 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group’s financial statements as follows:

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

A1 BASIS OF PREPARATION (CONTINUED)

MFRS 9 Financial Instruments (continued)

(a) Classification and measurement

The Group's and the Company's financial assets were previously classified as "Loans and Receivables" under MFRS 139. Under MFRS 9, these financial assets are classified as "Amortised Cost" as the Group and the Company assessed these financial assets under the "solely for principal and interest" test and "Business Model" test that indicated that the Group's and the Company's intention is to collect contractual cash flows only. Accordingly, no impact on their statements of financial position or statements on changes in equity on applying the classification and measurement requirements of MFRS 9.

(b) Impairment

MFRS 9 requires the Group and the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all trade receivables. Based on readily available information as at date of this report, there is no significant impact to the Group's and to the Company's financial statements as most of the Group's and the Company's receivables are within 90 days past due category as suggested by MFRS 9's rebuttable presumption of default.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 supersedes the previous revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, such as when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

A1 BASIS OF PREPARATION (CONTINUED)

MFRS 15 Revenue from Contracts with Customers (continued)

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group adopted the new standard on the required effective date using the modified retrospective method.

The Group is in the business of owning ships and marine vessels and leasing them to third parties; and provision of procurement, construction, installation and commissioning services. The former is scoped out under MFRS 15 as it is accounted for under MFRS 117 Leases.

The Group and Company provide engineering, procurement, construction, installation and commissioning services. These services are sold either on their own in contracts with the customers or bundled together up to the delivery of a completed vessel to a customer. Currently, the Group and the Company account for these services as one performance obligation and revenue is recognised under MFRS 111 Construction Contracts.

The Group and the Company, based on relevant facts and circumstances considered the interrelationship of those goods or services under the Engineering, procurement, construction, installation and commissioning ("EPCIC") contract to apply the second criterion (i.e., distinct within the context of the contract) and determine the performance obligations within a contract. To determine whether promised goods or services are separately identifiable (i.e., whether a promise to transfer a good or service is distinct within the context of the contract), the Group and the Company evaluated whether its promise is to transfer each good or service individually or a combined item (or items) that comprises the individual goods or services promised in the contract. The Group and the Company evaluated whether the promised goods or services in the contract are outputs or they are inputs to a combined item (or items).

The evaluation of whether the Group's and the Company's promise is separately identifiable considers the relationship between the various goods or services in the context of the process to fulfil the EPCIC contract. Therefore, the Group and the Company considered the level of integration, interrelation or interdependence among the promises to transfer goods or services. The Group and the Company evaluated whether there is a transformative relationship between the two or more items in the process of fulfilling the EPCIC contract. The Group and the Company concluded that identifying all of the individual goods and services as separate performance obligations would be impractical and would not faithfully represent the nature of the Group's and the Company's promise to the customer. That is, the Group and the Company would recognise revenue when the materials and other inputs to the construction process are provided rather than when they perform (and use those inputs) in the construction of the vessel that the customer has contracted to receive. As such, when determining whether a promised good or service is distinct, the Group and the Company determines whether the good or service is capable of being distinct and whether the promise to transfer the good or service is distinct within the context of the contract.

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
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A1 BASIS OF PREPARATION (CONTINUED)

MFRS 15 Revenue from Contracts with Customers (continued)

(i) Significant integration service

The first factor (included in MFRS 15.29(a)) is the presence of a significant integrated service. The Group and the Company determined that they provide a significant service of integrating a good or service with other goods or services in the EPCIC contract, the bundle of integrated goods or services represents a combined output or outputs. In other words, as the Group and the Company provide a significant integrated service, the risk of transferring individual goods or services is inseparable from the bundle of integrated goods or services because a substantial part of the Group's and the Company's promise to the customer is to make sure the individual goods or services are incorporated into the combined output or outputs.

The Group and the Company provide an integrated (or contract management) service to manage and coordinate the various construction tasks and to assume the risks associated with the integration of those tasks. An integrated service provided by the Group and the Company often includes coordinating the activities performed by any subcontractors and making sure the quality of the work performed is in compliance with contract specifications and that the individual goods or services are appropriately integrated into the combined item that the customer has contracted to receive.

(ii) Significant modification or customisation

The second factor in MFRS 15.29(b) is the presence of significant modification or customisation. MFRS 15 provides that the notion of inseparable risks is more clearly illustrated by assessing whether one good or service significantly modifies or customises another. This is because if a good or service modifies or customises another good or service in a contract, each good or service is being assembled together (as an input) to produce a combined output.

(iii) Highly interdependent or highly interrelated

The third factor in MFRS 15.29(c) is whether the promised goods or services are highly interdependent or highly interrelated. Promised goods or services are highly interdependent or highly interrelated if each of the promised goods or services is significantly affected by one or more of the other goods or services in the contract. The Group and the Company determined that there is a two-way dependency or transformative relationship between the promised goods or services under the EPCIC contract to determine whether the promises are highly interdependent or highly interrelated.

The Group and the Company, based on the relevant facts and circumstances, concluded that the services under the EPCIC contract form part as one performance obligation.

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
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A1 BASIS OF PREPARATION (CONTINUED)

MFRS 15 Revenue from Contracts with Customers (continued)

(iv) Performance obligation satisfied over time

The Group and the Company determined that control of the goods and services under the EPCIC contract is transferred over time as performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced. Consequently, under MFRS 15, the Group and the Company would continue to recognise revenue from EPCIC over time.

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 16 : Leases	1 January 2019
• Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'	1 January 2019
• IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019
• Amendments to MFRS 9 'Financial Instrument – Prepayment Features with Negative Compensation'	1 January 2019
• 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'	1 January 2019
• Amendments to MFRS 119 'Employee Benefits – Plan Amendment, Curtailment or Settlement'	1 January 2019
• Amendments to MFRS 3 'Business Combinations – Definition of a Business'	1 January 2020
• Amendments to MFRS 101 'Presentation of Financial Statements'	1 January 2020
• MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material'	1 January 2020
• MFRS 17 Insurance Contracts	1 January 2021
• Amendments to MFRS 10 and MFRS 128 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	Deferred

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

A1 BASIS OF PREPARATION (CONTINUED)

Standards and interpretations issued but not yet effective (continued)

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 except as discussed below:

MFRS 16 Leases

MFRS 16 will affect 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.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be 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 be presented as operating cash flows.

During the financial year ended 31 December 2018, the Group and the Company performed a detailed impact assessment of the aspects of MFRS 16. The assessment is based on present available information and may subject to changes arisng from further reasonable and supportable information being made available to the Group and the Company in the financial year ending 31 December 2019 when the Group and the Company adopt MFRS 16.

Based on the analysis of the Group's and of the Company's leases as at 31 December 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 16 to the Group's financial statements and the summary of the impact as below:

Impact on statement of financial position for 2018:

	RM
Assets	
Property, plant and equipment *(right-to-use asset)*	2,132,243
Liabilities	
Lease libilities	2,056,088
Net impact on equity	76,155

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
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A1 BASIS OF PREPARATION (CONTINUED)

Standards and interpretations issued but not yet effective (continued)

MFRS 16 Leases (continued)

Impact on statement of profit or loss (increase/(decrease)) for FY2018

	RM
Depreciation expense	(88,844)
Addministrative expense (previously rental expense)	176,400
Finance cost	(11,401)
Net impact on profit	76,155

Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

The amendments shall be applied retrospectively.

IC Interpretation 23 Uncertainty over Income Tax Treatments

IC Interpretation 23 provides guidance on how to recognise and measure deferrred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

Amendments to MFRS 9 Prepayment Features with Negative Compensation

Amendments to MFRS 9 allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

The amendments will be applied retrospectively.

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
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A1 BASIS OF PREPARATION (CONTINUED)

Standards and interpretations issued but not yet effective (continued)

Annual Improvements to MFRSs 2015 – 2017 Cycle:

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the annual financial statements for the financial year ended 31 December 2017 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.

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
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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 on 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 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 that we provide at the ports include towage services comprising towing, pushing or manoeuvring vessels.

(iii) Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC")

Marine Engineering services consist of provision of marine engineering solutions and EPCIC activities.

(iv) Others

Other operating segments involve activities of mooring services activities and shipbuilding & ship repair.

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT
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A8 SEGMENT REPORTING (CONTINUED)

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

Revenue

	Quarter Ended		Year-To-Date	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Marine transport and FSO	47,081	30,158	178,981	134,397
Port marine services	30,597	37,121	98,179	87,698
EPCIC	140,693	2,669	140,693	143,295
Others	126	389	1,147	1,580
	218,497	70,337	419,000	366,970

EBITDA

	Quarter Ended		Year-To-Date	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Marine transport and FSO	16,141	38,626	80,800	96,845
Port marine services	18,383	1,436	43,838	33,503
EPCIC	(23,033)	(17,347)	64,483	(174,448)
Others	(30)	80	151	428
	11,461	22,795	189,272	(43,672)

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

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

A11 CHANGES IN THE COMPOSITION OF THE GROUP

There are no material changes in the composition of the Group during the current quarter.

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

PART A : NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

A12 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.

A13 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 December 2018 are as follows:

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

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

B1 REVIEW OF THE PERFORMANCE OF THE GROUP

Review of performance for the cumulative quarter 12 months ended 31 December 2018.

	Year-To-Date Ended		
	31.12.2018	**31.12.2017**	**Changes**
	RM'000	**RM'000**	%
Revenue			
- Operation	278,307	223,675	24
- EPCIC	140,693	143,295	(2)
	419,000	366,970	14
Cost of sales			
- Operation	(213,241)	(174,256)	22
- EPCIC	(69,930)	(318,045)	(78)
	(283,171)	(492,301)	(42)
Gross profit/(loss)	135,829	(125,331)	208
Profit/(loss) before tax	90,361	(131,902)	169
Profit/(loss) for the financial period	74,232	(121,148)	161

The Group recorded a revenue of RM419.00 million for the twelve months period ended 31 December 2018 as compared to RM366.97 million in the previous corresponding period, an increase of 14%. The increase was due to contribution from EPCIC business. Notwithstanding, there was an increased in revenue from Marine transport services due to new charter hire fee derived from FSU Nautica Muar and Nautica Gambir.

The Group posted a profit before tax of RM90.36 million for the twelve months period ended 31 December 2018, as compared to loss before tax of RM131.90 million in the previous corresponding period. The profit was mainly due to reversal of EPCIC project cost as there were some deletion scope of works and setlement of claims from customer.

The Group had also recorded net loss on foreign exchange of RM6.38 million for the twelve months period ended 31 December 2018 as compared to net gain of RM29.51 million in the previous corresponding period.

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

B1 REVIEW OF THE PERFORMANCE OF THE GROUP (CONTINUED)

Review of performance for the current quarter 3 months ended 31 December 2018

	Quarter Ended		
	31.12.2018	**31.12.2017**	**Changes**
	RM'000	**RM'000**	%
Revenue			
- Operation	77,804	67,667	15
- EPCIC	140,693	2,670	5,169
	218,497	70,337	211
Cost of sales			
- Operation	(62,766)	(49,725)	26
- EPCIC	(157,446)	(16,508)	854
	(220,212)	(66,233)	232
Gross (loss)/profit	(1,715)	4,104	(142)
(Loss)/Profit before tax	(17,832)	1,028	(1,835)
(Loss)/Profit for the financial period	(33,431)	7,661	(536)

The Group recorded a revenue of RM218.50 million for the three months period ended 31 December 2018 as compared to RM70.34 million in the previous corresponding quarter, an increase of 211%. The increase was due to increase in revenue from Marine transport services derived from new charter hire fee from FSU Nautica Muar and Nautica Gambir and the increase in EPCIC project.

The Group posted a loss before tax of RM17.83 million for the three months period ended 31 December 2018, as compared to a profit before tax of RM1.03 million in the previous corresponding quarter. This was resulted from a reversal of EPCIC project cost due to deletion of certain scope of works and some additional invoices in the current quarter.

The Group had also recorded net loss on foreign exchange of RM1.99 million for the quarter ended 31 December 2018 as compared to net gain of RM12.21 million for the previous corresponding quarter.

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

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS

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

	Quarter Ended		
	31.12.2018	**30.09.2018**	**Changes**
	RM'000	**RM'000**	%
Revenue			
- Operation	77,804	67,554	15
- EPCIC	140,693	-	(100)
	218,497	67,554	223
Cost of sales			
- Operation	(62,766)	(52,747)	19
- EPCIC	(157,446)	-	100
	(220,212)	(52,747)	317
Gross (loss)/profit	(1,715)	14,807	(112)
(Loss)/Profit before tax	(17,832)	7,548	(336)
(Loss)/Profit for the financial period	(33,431)	7,301	(558)

The Group recorded a revenue of RM218.50 million for the three months period ended 31 December 2018 as compared to RM67.55 million in the previous corresponding quarter, an increase of 223%. The increase was due to increase in revenue from Marine transport services derived from new charter hire fee from FSU Nautica Muar and Nautica Gambir and the increase in EPCIC project..

The Group posted a loss before tax of RM17.83 million for the three months period ended 31 December 2018, as compared to a profit before tax of RM7.55 million in the previous corresponding quarter. This was resulted from a reversal of EPCIC project cost due to deletion of certain scope of works and some additional invoices in the current quarter.

B3. OTHER INCOME

	Quarter Ended			Year-To-Date Ended		
	31.12.2018	**31.12.2017**	**Changes**	**31.12.2018**	**31.12.2017**	**Changes**
	RM'000	**RM'000**	%	**RM'000**	**RM'000**	%
Insurance claim	511	-	100	3,702	12,760	(71)
Others income	187	137	36	973	3,784	(74)
Total other income	698	137	409	4,675	16,544	(72)

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

B4. COMMENTARY OF PROSPECTS

The Group has recently been awarded contracts for the provision of Fast Crew Boats for Petroleum Arrangement Contractors Production Operations. The Contract duration will be for a primary period of three (3) years with two (2) extension options of one (1) year each upon expiry thereof. The Contract is expected to contribute positively to the earnings and net tangible assets of the Group for the financial year ended 31 December 2018 and beyond.

The Group has recently also been awarded contracts for the provision of three (3) Harbour Tugs and one (1) Multipurpose Mooring Boats for Sungai Udang Port Sdn Bhd Regasification Terminal. The Contract duration will be for a primary period six (6) months with six (6) months extension option for one of the tugboats and for a primary period two (2) years with one (1) extension options for the rest of the boats upon expiry thereof. The Contract is expected to contribute positively to the earnings and net tangible assets of the Group for the financial year ended 31 December 2019 and beyond.

The Group has recently also been awarded contracts for the provision of Harbour Tugs for Kerteh Port Sdn Bhd for a primary period of five (5) years. The Contract is expected to contribute positively to the earnings and net tangible assets of the Group for the financial year ended 31 December 2019 and beyond.

As at 31 December 2018, the Group's orderbook was approximately RM572.49 million with additional RM216.65 million for extension period.

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

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**		
	31.12.2018	**31.12.2017**	**Changes**	**31.12.2018**	**31.12.2017**	**Changes**
	RM'000	**RM'000**	%	**RM'000**	**RM'000**	%
Income Tax :						
Current taxation	(197)	(1,165)	83	(197)	(1,491)	87
Over provision of tax in prior year	257	544	(53)	257	4,991	(95)
Deferred tax :						
Temporary differences	(15,659)	7,254	(316)	(16,189)	7,254	(323)
Total taxation	(15,599)	6,633	(335)	(16,129)	10,754	(250)

The Company has unused tax losses and unabsorbed capital allowances that are available for offsetting against future taxable profits, subject to approval from the tax authority.

B7. STATUS OF CORPORATE PROPOSALS

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

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

B8. LOANS AND BORROWINGS

Details of the Group's borrowings are as follows:

	As at 31.12.2018					
	Long Term		Short Term		Total Borrowings	
	Foreign RM'000	Ringgit RM'000	Foreign RM'000	Ringgit RM'000	Foreign RM'000	Ringgit RM'000
Secured						
Islamic financing						
Term Loans	73,487	25,950	52,684	25,625	126,171	51,575
Revolving Credits	-	-	5,872	-	5,872	-
Bank Overdraft	-	-	-	5,908	-	5,908
Conventional financing						
Term Loans	-	108,588	-	34,903	-	143,491
Revolving Credits	-	-	-	6,428	-	6,428
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.

	As at 31.12.2017					
	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	115,560	35,079	48,580	14,714	164,140	49,793
Revolving Credits	-	-	7,960	-	7,960	-
Bank Overdraft	-	-	-	5,701	-	5,701
Conventional financing						
Term Loans	-	143,074	-	35,738	-	178,812
Revolving Credits	-	-	-	8,400	-	8,400
Finance lease liabilities	-	209	-	197	-	406
	115,560	178,362	56,540	64,750	172,100	243,112

Note :
Foreign denomination refers to borrowing in USD currency with a foreign exchange of USD/RM:4.0573.

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

B9. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

The Group does not have any derivative financial instruments for the period ended 31 December 2018.

B10. MATERIAL LITIGATIONS

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

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

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

Prior to the Conversion Contract, the Company entered into an engineering, procurement, construction installation and commissioning contract (the "EPCIC Contract") with HESS Exploration & Production Malaysia B.V. ("HESS") on 13 February 2015 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 ConversionContract.

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

The Company's claims against MMHE include:

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

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

B10. MATERIAL LITIGATIONS (CONTINUED)

Further to and in connection with the LOU and the Arbitration proceeding, the Company had on 8 October 2018 received a Payment Claim pursuant to Section 5 of the Construction Industry Payment and Adjudication Act 2012 dated 5 October 2018 from Malaysia Marine Heavy Engineering Sdn Bhd ("MMHE") 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.

The arbitration proceedings and CIPAA Payment Claim are not expected to have any potential business or operational impact on the Company. At this juncture, the Company is unable to determine reliably the financial impact of the arbitration proceedings and CIPAA Payment Claim as this is subject to any counterclaim that may be raised by MMHE and the Company is seeking advice and consultation from its solicitor to contest the matter.

ii) WRIT OF SUMMONS AND STATEMENT OF CLAIMS AGAINST AMANIAGA RESOURCES SDN BHD

The Company via its solicitor has filed and served a Writ of Summons together with the Statement of Claim, both dated 20 March 2018 against Amaniaga Resources Sdn Bhd ("ARSB"), for a claim arising out of a CIPAA Adjudication Award dated 5 March 2018.

The filing of the Writ of Summons together with the Statement of Claim arises from the Company's claim for damage and losses suffered due to ARSB's breach of the Contract for the 'Provision of Transportation and Offshore Installation Service of FSO Vessel with its Mooring and Riser System for Full Field Development Project, North Malay Basis' which was entered on 29 January 2016.

The Company is claiming the following :

i. The sum of USD 7,062,580.35 or such other sum as the Court deems fit;
ii. Alternatively, damages for breach of obligation under the Agreement to be assessed;
iii. Interest on all sums found to be due to the Group at such rate and for such periods of time as the Court deems fit;
iv. Costs; and
v. Such further or other relief as the Court deems fit, fair and just.

To clarify on the above, all the proceedings arises from the same contract and transaction. While the Adjudication Award dated 5 March 2018, directed the Group to pay to ARSB the sum of RM8,997,206.67, the Group has a larger Counterclaim which is for the sum of USD 7,062,580.35 or alternatively damages, as mentioned above.

The Group has filed the necessary summons in the Kuala Lumpur High Court to challenge the validity of the Adjudication Award dated 5 March 2018.

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

B10. MATERIAL LITIGATIONS (CONTINUED)

However, the Group's Originating Summons to Set Aside the CIPAA Adjudication Award dated 5 March 2018 and the Application to Stay the Enforcement of the CIPAA Adjudication Award had been heard in the Kuala Lumpur Construction Court on 20 April 2018 and was dismissed accordingly. Additionally, parties have agreed for the Writ of Summons to be stayed pending final determination by an arbitral tribunal. The Court had directed the Group to issue a Notice of Commencement of Arbitration within 30 days. Following the same, ARSB's Originating Summons of Enforcement of CIPAA Adjudication Award dated 5 March 2018 was allowed. The Adjudication Award has been fully paid to ARSB accordingly.

On 22nd November 2018, EAT has reached an amicable resolution with Amaniaga Resources (M) Sdn Bhd ("ARSB"/ "Respondent") towards a full & final settlement of RM0.60 million of the dispute between the Parties in accordance with the terms and conditions of a Settlement Agreement entered on that date. In light of the same, the abovementioned arbitration proceeding has been withdrawn.

B11. DIVIDEND PAYABLE

There was no dividend payment proposed during the quarter.

B12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings/(loss) per share

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

	Year-To-Date	
	31.12.2018	**31.12.2017**
Profit/(Loss) for the financial period attributable to equity holders of the Company (RM'000)	74,232	(121,148)
Weighted average number of ordinary shares in issue ('000)	504,000	504,000
Basic earnings/(loss) per share (sen)	14.73	(24.04)

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

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