



Company No : 256516-W

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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2021**



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 2021

	Note	Quarter Ended			Year-To-Date Ended		
		31.03.2021	31.03.2020	Changes	31.03.2021	31.03.2020	Changes
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	B1	30,870	87,700	(65)	30,870	87,700	(65)
Cost of sales		(36,499)	(64,347)	43	(36,499)	(64,347)	43
Gross (loss) / profit		(5,629)	23,353	(124)	(5,629)	23,353	(124)
Administrative expenses		(11,215)	(4,533)	(147)	(11,215)	(4,533)	(147)
Other operating income :							
- Net gain / (loss) on foreign exchange		(5,545)	(9,322)	41	(5,545)	(9,322)	41
- Other income	B3	23	384	(94)	23	384	(94)
Results from							
Operating activities		(22,366)	9,882	(326)	(22,366)	9,882	(326)
Finance income		58	115	(50)	58	115	(50)
Finance costs		(3,573)	(5,396)	34	(3,573)	(5,396)	34
(Loss) / Profit before tax		(25,881)	4,601	(663)	(25,881)	4,601	(663)
Taxation	B6	-	-	-	-	-	-
(Loss) / Profit for the period		(25,881)	4,601	(663)	(25,881)	4,601	(663)
(Loss) / Profit attributable to:							
Owners of the Company		(25,881)	4,601	(663)	(25,881)	4,601	(663)
	Note	Quarter Ended	Quarter Ended		Year-To-Date Ended	Year-To-Date Ended	
		31.03.2021	31.03.2020		31.03.2021	31.03.2020	
Earnings Per Share attributable to owners of the Company							
Basic EPS (sen)	B12	(4.88)	0.87		(4.88)	0.87	

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 2020 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 2021

	Note	As at 31.03.2021 RM'000	As at 31.12.2020 RM'000 (Audited)
Assets			
Property, plant and equipment	A9	566,783	580,053
Right-of-use asset		6,973	8,686
Deferred tax assets		99	99
Non-current assets		573,855	588,838
Inventories		194	203
Trade and other receivables		22,551	28,761
Tax recoverable		1,093	1,025
Cash, bank balances and deposits		11,121	17,330
Current assets		34,959	47,319
Non-current assets held for sale		90,407	90,407
		125,366	137,726
Total assets		699,221	726,564
Equity and liabilities			
Share capital	A6	179,755	179,755
Retained Earnings / (Accumulated Losses)		(47,971)	(22,090)
Total equity		131,784	157,665
Lease liabilities		2,334	2,336
Loans and borrowings	B8	94,453	35,097
Deferred tax liabilities		427	427
Non-current liabilities		97,214	37,860
Trade and other payables		338,870	322,052
Lease liabilities		5,325	7,013
Loans and borrowings	B8	125,949	201,895
Current tax liabilities		79	79
Current liabilities		470,223	531,039
Total liabilities		567,437	568,899
Total equity and liabilities		699,221	726,564
		RM	RM
Net assets per share attributable to owners of the Company		0.25	0.30

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 2020 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 Changes in Equity
For The Year-To-Date Ended 31 March 2021

	← Non-distributable →		Distributable	
	Number	Share	retained earnings /	Total
	of shares	capital	(accumulated losses)	
	'000	RM'000	RM'000	RM'000
At 1 January 2021	504,000	179,755	(22,090)	157,665
Addition during the year	-	-	-	-
Total comprehensive loss for the year	-	-	(25,881)	(25,881)
At 31 March 2021	504,000	179,755	(47,971)	131,784
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

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 2020 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 2021

	Note	Year-To-Date Ended	
		31.03.2021	31.03.2020
		RM'000	RM'000
Cash flows from operating activities			
(Loss) / Profit before tax		(25,881)	4,601
Adjustments for:			
Property, plant and equipment			
Depreciation		11,166	22,974
Impairment loss		6,904	-
Right-of-use-assets		1,690	433
Finance costs on conventional financing		2,178	3,796
Profit charge on Islamic financing		586	1,600
Finance income		(58)	(115)
Unrealised foreign exchange gain		5,391	8,828
Interest costs of material litigation		506	-
Accretion of interest on lease liabilities		303	844
Operating profit before changes in working capital		2,785	42,961
Changes in working capital:			
Inventories		8	17
Trade and other receivables		4,279	9,987
Trade, other payables and contract liabilities		310	(23,658)
Cash generated from operations		7,382	29,307
Interest received		58	115
Interest paid on conventional financing		(2,178)	(3,796)
Profit paid on Islamic financing		(586)	(1,600)
Tax paid		(68)	(304)
Net cash generated from operating activities		4,608	23,722
Cash flows from investing activities			
Net redemption in short term deposits, fixed and security deposits pledged		279	22
Additions to property, plant and equipment		(4,087)	(10,856)
Net cash used in investing activities		(3,808)	(10,834)

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 2021 (Continued)

	Note	Year-To-Date Ended	
		31.03.2021	31.03.2020
		RM'000	RM'000
Cash flows from financing activities			
Repayment of conventional term loan		(6,727)	(8,864)
Repayment of Islamic term financing facilities		(10,159)	(13,235)
Drawdown from conventional term loan		-	169
Drawdown from Islamic term financing facilities		-	768
Net repayment of finance lease		(5)	(21)
Advance from shareholder		10,000	-
Proceeds from issuance of shares		-	10,655
Net cash used in financing activities		(6,891)	(10,528)
Net increase in cash and cash equivalents			
		(6,091)	2,360
Cash and cash equivalents at beginning of financial year	(i)	4,725	9,063
Cash and cash equivalents at end of financial year	(i)	(1,366)	11,423

(i) Cash and cash equivalents

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

	31.03.2021	31.03.2020
	RM'000	RM'000
Cash and bank balances	4,054	16,855
Fixed and security deposits with licensed banks	7,067	8,007
	11,121	24,862
Less: Bank overdrafts	(5,420)	(5,432)
	5,701	19,430
Less: Fixed and security deposits pledged	(7,067)	(8,007)
	(1,366)	11,423

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 2020 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 QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

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 2020.

The accounting policies adopted are consistent with those of the previous financial year except as follow:

On 1 January 2020, the Group and the Company adopted the following amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
• 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	1 January 2020
• Amendments to MFRS 7 Financial Instruments - Interest Rate Benchmark Reform	1 January 2020
• Amendments to MFRS 9 Financial Instruments - Interest Rate Benchmark Reform	1 January 2020
• Revised Conceptual Framework for Financial Reporting	1 January 2020
• Amendments to MFRS 16: Covid-19 Related Rent Concessions	1 June 2020

The application of these amendments, improvements and interpretation did not have any material impact on the Group's and the Company's current period or any prior period and is not likely to affect future periods financial statements.

E.A. TECHNIQUE (M) BERHAD (256516-W)
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PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

A1 BASIS OF PREPARATION (CONTINUED)

Standards, amendments and interpretations issued but not yet effective

The standards, amendments 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.

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> • Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2 	1 January 2021
<ul style="list-style-type: none"> • Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework 	1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use 	1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract 	1 January 2022
<ul style="list-style-type: none"> • Annual Improvements to MFRS Standards 2018 – 2020 	1 January 2022
<ul style="list-style-type: none"> • MFRS 17 : Insurance Contracts 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current 	1 January 2023
<ul style="list-style-type: none"> • Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 	Deferred

The Directors expect that the adoption of the above standards, amendments and MFRSs 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 PERIOD ENDED 31 MARCH 2021 (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 2020 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 QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Marine transport and FSO	6,975	70,728	6,975	70,728
Port marine services	23,752	16,831	23,752	16,831
Others	143	141	143	141
	30,870	87,700	30,870	87,700

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PART A : NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

EBITDA	Quarter Ended		Year-To-Date Ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Marine transport and FSO	(8,949)	27,139	(8,949)	27,139
Port marine services	6,380	6,995	6,380	6,995
Others	(37)	(1)	(37)	(1)
	<u>(2,606)</u>	<u>34,133</u>	<u>(2,606)</u>	<u>34,133</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 2021 are as follows:

	RM'000
Approved but not contracted	<u>20,609</u>
Analysed as follows:	
Shipyard under construction	<u>20,609</u>

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

B1 REVIEW OF THE PERFORMANCE OF THE GROUP

Review of performance for the cumulative quarter 3 months ended 31 March 2021

	Year-To-Date Ended		
	31.03.2021	31.03.2020	Changes
	RM'000	RM'000	%
Revenue	30,870	87,700	(65)
Cost of sales	(36,499)	(64,347)	43
Gross profit	(5,629)	23,353	(124)
(Loss) / Profit before tax	(25,881)	4,601	(663)
(Loss) / Profit for the financial year	(25,881)	4,601	(663)

The Group recorded a decrease in revenue to RM30.87 million for the period ended 31 March 2021 as compared to RM87.7 million in the previous corresponding period. The decrease was due to lesser charter hire received during the period as Nautica Tembikai was under maintenance and the contract for Nautica Muar and Temporary Storage Tanker (TST) Sepat project were ended.

The Group posted a loss before tax of RM25.88 million for the period ended 31 March 2021, as compared to a profit before tax of RM4.6 million in the previous corresponding period, a decrease of 663%. The decrease was due to the lesser charter hire received from Nautica Tembikai and Nautica Muar and additional provision for impairment loss for one of the vessel under construction as the contract was mutually terminated on 18 March 2021.

The Group also recorded a net loss on foreign exchange of RM5.55 million for the period ended 31 March 2021 as compared to a net loss of RM9.32 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 PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE GROUP (CONTINUED)

Review of performance for the current quarter 3 months ended 31 March 2021

	Quarter Ended		Changes %
	31.03.2021 RM'000	31.03.2020 RM'000	
Revenue	30,870	87,700	(65)
Cost of sales	(36,499)	(64,347)	43
Gross profit	(5,629)	23,353	(124)
(Loss) / Profit before tax	(25,881)	4,601	(663)
(Loss) / Profit for the financial period	(25,881)	4,601	(663)

The Group recorded a revenue of RM30.87 million for the three month period ended 31 March 2021 as compared to RM87.7 million in the previous corresponding period, a decrease of 65%. The decrease was due to lesser charter hire received during the period as Nautica Tembikai was under maintenance and the contract for Nautica Muar and Temporary Storage Tanker (TST) Sepat project were ended.

The Group posted a loss before tax of RM25.88 million for the three month period ended 31 March 2021, as compared to profit before tax of RM4.6 million in the previous corresponding period, a decrease of 663%. The decrease was due to the lesser charter hire received from Nautica Tembikai and Nautica Muar and additional provision for impairment loss for one of the vessel under construction as the contract was mutually terminated on 18 March 2021.

The Group also recorded a net loss on foreign exchange of RM5.55 million for the three month period ended 31 March 2021 as compared to a net loss of RM9.32 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 PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B2 MATERIAL CHANGES IN THE QUARTERLY RESULTS

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

	Quarter Ended		
	31.03.2021 RM'000	31.12.2020 RM'000	Changes %
Revenue	30,870	55,474	(44)
Cost of sales	(36,499)	(54,417)	33
Gross profit / (loss)	(5,629)	1,057	(633)
Loss before tax	(25,881)	(63,249)	59
Loss for the financial period	(25,881)	(50,169)	48

The Group recorded a revenue of RM30.87 million for the three month period ended 31 March 2021 as compared to RM55.47 million in the immediate preceding quarter. The decrease was due to lesser charter hire received during the period as Nautica Tembikai was under maintenance and the contract for Nautica Muar was expired last year.

The Group posted a loss before tax of RM25.88 million for the three month period ended 31 March 2021, as compared to a loss before tax of RM63.25 million in the immediate preceding quarter, a decrease of 59%. The decrease was because in the previous quarter there was an additional provision for impairment loss for the vessels and in this quarter lesser charter hire received from Nautica Tembikai and Nautica Muar.

B3 OTHER INCOME

	Quarter Ended			Year-To-Date Ended		
	31.03.2021 RM'000	31.03.2020 RM'000	Changes %	31.03.2021 RM'000	31.03.2020 RM'000	Changes %
Other income	23	384	(94)	23	384	(94)
Total other income	23	384	(94)	23	384	(94)

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B4 COMMENTARY ON PROSPECTS

As at 31 March 2021, the Group's orderbook was approximately RM373.1 million with additional RM213.3 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 for three new tankers. However on 18 March 2021, the Company have mutually terminated the contract for one of the vessel. 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 for the two vessels is approximately RM159.28 million, excluding the option period. This contract is expected to commence by second half of year 2021 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 continuing 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 and adjustment on the charter hire price. Nonetheless, the Company is continuously looking for new business and contracts which will contribute positively once the Covid-19 situation is under control.

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		
	31.03.2021	31.03.2020	Changes	31.03.2021	31.03.2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Income Tax :						
Current taxation	-	-	-	-	-	-
Under provision of tax in prior year	-	-	-	-	-	-
Deferred tax :						
Temporary differences	-	-	-	-	-	-
Total taxation	-	-	-	-	-	-

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B6 TAXATION (CONTINUED)

The Company has unabsorbed tax losses of RM73.99 million and unutilised capital allowances of RM95.08 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 PERIOD ENDED 31 MARCH 2021 (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.

On 23 July 2020, the Company had submitted an application for a further extension of time to complete the implementation of the Proposals.

On 25 August 2020, Bursa Securities had resolved to grant a further extension of time of six months from 20 August 2020 until 19 February 2021, for the Company to complete the implementation of the Proposals.

On 2 February 2021, the Company had submitted an application for a further extension of time to complete the implementation of the Proposals.

On 26 February 2021, the Company had withdrawn the application to Bursa Securities in relation to the extension of time to complete the implementation of the Proposals, which was submitted on 2 February 2021 ("Withdrawal of EOT Application").

The Withdrawal of EOT Application is after taking into consideration the following:

- i) declining trend in the share price since end of 2019 (approval from Bursa Securities in relation to the Proposals was granted on 20 August 2019) till now have imposed challenges to the Company to secure potential investors at a price not deviating significantly from the historical range prior to that;
- ii) unfavourable prevailing market conditions especially from the unprecedented implementation of the movement control order ("MCO") which first came into effect on 18 March 2020 and implemented in different phases by the Malaysian government following the outbreak of the COVID-19 pandemic in Malaysia has further adversely impacted the Malaysian economy and dampened consumers' as well as investors' sentiments;

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B7 STATUS OF CORPORATE PROPOSALS (CONTINUED)

- iii) the MCO/conditional MCO periods have also hindered the progress of the Company to secure potential independent third party investors. Prior to this unprecedented period, face to face direct meetings are the norm for a company to approach potential investors in order to demonstrate sincerity and to persuade investors on the merits of investing in the company. Further, all parties are primarily focused in adjusting to the new standard operating procedures for businesses and operating activities in order to be able to operate as usual during the MCO/conditional MCO periods. As such, there is hardly any interest shown by the investing community in the Company, in view that efforts tend to focus on minimizing any adverse impact to the financial performance of their various existing businesses and investments; and
- iv) as announced by the Company on 17 June 2020, the Company is not in compliance with the required public shareholding spread pursuant to Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities. Thus, the Company is unable to complete the implementation of the Proposals without further diluting the public shareholding spread.

Premised on the above, the Board also wishes to inform that it has decided not to proceed with the Proposals.

Following the Withdrawal of EOT Application, the Proposals had been lapsed on 19 February 2021, being the last date granted by Bursa Securities to complete the implementation of the Proposals.

B8 LOANS AND BORROWINGS

Details of the Group's borrowings are as follows:

	As at 31.03.2021					
	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	-	11,033	33,273	5,836	33,273	16,869
Revolving Credits	-	-	749	-	749	-
Bank Overdraft	-	-	-	5,420	-	5,420
Conventional financing						
Term Loans	-	51,202	-	35,241	-	86,443
Revolving Credits	-	-	-	8,482	-	8,482
Finance lease liabilities	-	18	-	5	-	23
Loan from Shareholder	-	32,200	-	36,943	-	69,143
	-	94,453	34,022	91,927	34,022	186,380

Note :

Foreign denomination refers to borrowing in USD currency with a foreign exchange of USD/RM:4.1461.

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B8 LOANS AND BORROWINGS (CONTINUED)

	As at 31.12.2020					
	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	-	-	36,281	22,227	36,281	22,227
Revolving Credits	-	-	1,281	-	1,281	-
Bank Overdraft	-	-	-	5,259	-	5,259
Conventional financing						
Term Loans	-	-	-	95,283	-	95,283
Revolving Credits	-	-	-	8,448	-	8,448
Finance lease liabilities	-	7	-	21	-	28
Loan from Shareholder	-	35,090	-	33,095	-	68,185
	-	35,097	37,562	164,333	37,562	199,430

Note :

Foreign denomination refers to borrowing in USD currency with a foreign exchange of USD/RM:4.0357.

B9 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

The Group does not have any derivative financial instruments as at the period ended 31 March 2021.

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.

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B10 MATERIAL LITIGATIONS (CONTINUED)

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

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 was fixed on 24 February 2020.

The date was vacated and the tribunal adjourned the hearing to 16 June 2020.

Arbitral Tribunal has formally declared the arbitral proceedings closed on 10 July 2020. Under the AIAC Rules, the parties may not submit further evidence or submissions upon close of proceedings and the arbitral award was expected to be delivered by the Tribunal within the next 3 months.

On 10 November 2020, the Arbitral Tribunal has delivered its Final Award and ordered the following :-

- a. the Company shall pay the sum of USD29,520,172.65 to MMHE;
- b. the Company shall pay costs of RM4,686,398.16 to MMHE;
- c. the Company shall pay interest on the said sums of USD29,520,172.65 and RM4,686,398.16 at the rate of 5 % per annum calculated from the date of the Final award to the date of full payment;

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B10 MATERIAL LITIGATIONS (CONTINUED)

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

- d. the Company's claim for a declaration that MMHE is not entitled to payment in relation to the AWOs is dismissed; and
- e. MMHE do deliver to EAT the original documents of title to the following tug boats and barges within 30 days from the date of publication of the Final Award :-
 - i. Tug Boat known as Nautica Tg Puteri I;
 - ii. Tug Boat known as Nautica Tg Puteri XXXIII;
 - iii. Tug Boat known as Nautica Tg Puteri XXXIV; and
 - iv. Crane Barge known as Nautica Air Hitam.

On 14 December 2020, the Company had filed an originating summons for certain questions of law to be determined by the High Court, pursuant to Section 42 of the Arbitration Act 2005, and subsequently for the Final Award to be set aside or varied or remitted to the Arbitral Tribunal for reconsideration together with the determination on the said questions of law.

By Order of the High Court (ex-parte) dated 15 February 2021, the Final Award has been recognised as binding and MMHE has been granted permission to enforce the Final Award as a judgment of the High Court in terms of the Final Award pursuant to Section 38 of the Arbitration Act 2005 ("the Judgment").

On 8 March 2021, the Company and MMHE have executed a Settlement Agreement ("the Settlement Agreement").

The terms of the settlement include, amongst others, the following:

- a. The parties have agreed, without admission of liability, to settle the disputes and differences that have arisen between themselves.
- b. The Company has agreed to pay and MMHE has agreed to accept the sum of USD25,500,000.00 ("the Settlement Sum") as full and final settlement of the disputes between the parties, including MMHE's rights under the 1st Adjudication Decision, the 2nd Adjudication Decision and the Final Award.
- c. MMHE's acceptance of the Settlement Sum is subject to MMHE's rights to enforce and/or execute the Judgment, which is the full sum awarded in the Final Award, less all payments made in the event the Company commits defaults under the Settlement Agreement and fails to remedy the same.
- d. The parties have also agreed to withdraw and/or discontinue the court proceedings filed in respect of the 1st Adjudication Decision, the 2nd Adjudication Decision and the Final Award.

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PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B10 MATERIAL LITIGATIONS (CONTINUED)

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.

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.

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**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (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 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.

On 1 June 2020, the High Court dismissed EAT's application to set aside the adjudication decision and allowed MMHE's enforcement application.

On 13 July 2020, hearing for EAT's stay application has been held. YA Dato' Lim Chong Fong has fixed the date to deliver its decision on 24 August 2020.

On 24 August 2020, the decision for the Company's application to stay the Adjudication Decision dated 27 May 2019 has been fixed on 27 October 2020.

On 27 October 2020, the decision for the Company's application to stay the Adjudication Decision dated 27 May 2019 has been dismissed by the Court.

In addition, the principal amount has been provided for in the accounts.

The decision of First CIPAA Payment Claim shall be overtaken by the Arbitral Award.

The parties have withdrawn and/or discontinued the court proceedings filed in respect of the 1st Adjudication Decision, the 2nd Adjudication Decision and the Final Award as a result of Settlement Agreement executed on 8 March 2021.

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FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

B10 MATERIAL LITIGATIONS (CONTINUED)

**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;
- 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 .

EAT has filed transfer application to transfer EAT's application to set aside and stay the adjudication decision to Johor Bahru High Court to be heard together with MMHE application to enforce the adjudication decision.

The Judge fixed the hearing for all three applications on 23 September 2020.

On 23 September 2020, the Judge postponed the hearing to 28 October 2020.

The Johor Bahru High Court has vacated the hearing on 28 October 2020. The next hearing date is fixed on 3 December 2020.



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FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (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)

The Johor Bahru High Court has vacated the hearing on 3 December 2020. The next hearing date is fixed on 24 February 2021.

The decision of Second CIPAA Payment Claim shall be overtaken by the Arbitral Award.

The parties have withdrawn and/or discontinued the court proceedings filed in respect of the 1st Adjudication Decision, the 2nd Adjudication Decision and the Final Award as a result of Settlement Agreement executed on 8 March 2021.

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	
	31.03.2021	31.03.2020
(Loss) / Profit for the financial period attributable to equity holders of the Company (RM'000)	(25,881)	4,601
Weighted average number of ordinary shares in issue ('000)	530,500	530,500
Basic earnings per share (sen)	(4.88)	0.87

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

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