



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 30.06.2022 RM'000 (unaudited)	3 months ended 30.06.2021 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (unaudited)	12 months ended 30.06.2021 RM'000 (audited)
Revenue	8	58,073	49,273	238,925	161,571
Cost of sales and services		(37,306)	(30,996)	(145,004)	(111,656)
Gross profit		<u>20,767</u>	<u>18,277</u>	<u>93,921</u>	<u>49,915</u>
Other income		82,446	17,920	127,809	47,086
Administrative expenses		(5,847)	(4,132)	(30,243)	(17,333)
Other expenses		(5,032)	(5,855)	(14,055)	(21,178)
Finance costs		(10,539)	(742)	(15,175)	(6,587)
Share of profit of joint venture, net of tax		33,834	-	53,807	-
Profit before tax	8, 19	<u>115,629</u>	<u>25,468</u>	<u>216,064</u>	<u>51,903</u>
Income tax expense	20	(10,418)	(5,158)	(30,077)	(19,283)
Profit for the period		<u><u>105,211</u></u>	<u><u>20,310</u></u>	<u><u>185,987</u></u>	<u><u>32,620</u></u>
Attributable to:					
Owners of the Company		104,409	19,299	182,474	32,375
Non-controlling interests		<u>802</u>	<u>1,011</u>	<u>3,513</u>	<u>245</u>
		<u><u>105,211</u></u>	<u><u>20,310</u></u>	<u><u>185,987</u></u>	<u><u>32,620</u></u>
Earnings per share attributable to owners of the Company:					
- basic (sen)	25	19.86	3.68	34.84	6.17
- diluted (sen)	25	<u>19.11</u>	<u>N/A</u>	<u>34.35</u>	<u>N/A</u>

The above Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD.
Registration No. 200001015043 (517649-A)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 30.06.2022 RM'000 (unaudited)	3 months ended 30.06.2021 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (unaudited)	12 months ended 30.06.2021 RM'000 (audited)
Profit for the period		105,211	20,310	185,987	32,620
Other comprehensive income / (loss):					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Cash flow hedge:					
- Fair value (loss) / gain on derivatives		(49)	7	26	(142)
Currency translation differences arising from consolidation	15(a)	42,676	(1,291)	49,032	(12,114)
Share of other comprehensive income of joint venture:					
- Currency translation differences		4,327	-	6,292	-
Total comprehensive income for the period		<u>152,165</u>	<u>19,026</u>	<u>241,337</u>	<u>20,364</u>
Attributable to:					
Owners of the Company		151,175	17,997	237,613	20,096
Non-controlling interests		990	1,029	3,724	268
		<u>152,165</u>	<u>19,026</u>	<u>241,337</u>	<u>20,364</u>

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD.
Registration No. 200001015043 (517649-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		As at 30.06.2022 RM'000 (unaudited)	As at 30.06.2021 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		714,619	774,350
Right-of-use assets		7,739	8,868
Investment in joint venture		98,067	-
Investment properties		3,240	3,322
Investment securities	14	11,958	12,124
Trade receivables		125,904	-
		<u>961,527</u>	<u>798,664</u>
Current assets			
Inventories		24,936	120,311
Trade receivables	15(b)	111,966	169,670
Contract assets		212	1,233
Other receivables		26,705	31,230
Amount due from joint ventures		650,548	96
Short term investments	14	15,554	111,038
Tax recoverable		253	237
Cash and bank balances		223,114	163,703
		<u>1,053,288</u>	<u>597,518</u>
TOTAL ASSETS	8	<u>2,014,815</u>	<u>1,396,182</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		311,976	307,050
Treasury shares		(13,337)	(12,701)
Share option reserve		10,897	-
Currency translation reserve		321,283	266,170
Cash flow hedge reserve		-	(26)
Retained earnings		725,737	543,241
Equity attributable to owners of the Company		<u>1,356,556</u>	<u>1,103,734</u>
Non-controlling interests		4,779	1,055
Total equity		<u>1,361,335</u>	<u>1,104,789</u>
Non-current liabilities			
Borrowings	22	115,997	48,863
Lease liabilities		183	712
Deferred tax liabilities		4,196	589
		<u>120,376</u>	<u>50,164</u>
Current liabilities			
Borrowings	22	343,766	43,419
Lease liabilities		571	1,013
Trade payables		140,850	134,675
Other payables		45,066	58,118
Derivative liabilities		-	26
Income tax payable		2,851	3,978
		<u>533,104</u>	<u>241,229</u>
Total liabilities	8	<u>653,480</u>	<u>291,393</u>
TOTAL EQUITY AND LIABILITIES		<u>2,014,815</u>	<u>1,396,182</u>
Net assets per share (RM)		<u>2.5763</u>	<u>2.1089</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD.
Registration No. 200001015043 (517649-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

Note	Attributable to owners of the Company						Non-controlling interests	Equity, Total	
	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Cash flow hedge reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
12 months ended 30 June 2021 (audited)									
Balance at 1 July 2020	307,050	(10,400)	27,540	278,307	116	483,326	1,085,939	-	1,085,939
Purchase of treasury shares	-	(2,301)	-	-	-	-	(2,301)	-	(2,301)
Share options granted under ESOS	-	-	(27,540)	-	-	27,540	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	787	787
Total comprehensive (loss) / income for the period	-	-	-	(12,137)	(142)	32,375	20,096	268	20,364
Balance at 30 June 2021	307,050	(12,701)	-	266,170	(26)	543,241	1,103,734	1,055	1,104,789
12 months ended 30 June 2022 (unaudited)									
Balance at 1 July 2021	307,050	(12,701)	-	266,170	(26)	543,241	1,103,734	1,055	1,104,789
Purchase of treasury shares	6	(636)	-	-	-	-	(636)	-	(636)
Issuance of ordinary shares pursuant to the ESOS	4,926	-	(969)	-	-	-	3,957	-	3,957
Share options granted under ESOS	-	-	11,866	-	-	22	11,888	-	11,888
Total comprehensive income for the period	-	-	-	55,113	26	182,474	237,613	3,724	241,337
Balance at 30 June 2022	311,976	(13,337)	10,897	321,283	-	725,737	1,356,556	4,779	1,361,335

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD.
Registration No. 200001015043 (517649-A)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	CUMULATIVE	
	12 months ended 30.06.2022 RM'000 (unaudited)	12 months ended 30.06.2021 RM'000 (audited)
<u>Operating Activities</u>		
Profit before tax	216,064	51,903
Adjustments for non-cash items	(16,385)	89,798
Operating cash flows before changes in working capital	199,679	141,701
Changes in working capital:		
(Increase) / Decrease in inventories	(765)	14,777
Increase in receivables	(104,727)	(26,390)
Increase in payables	12,662	6,755
Cash flows from operations	106,849	136,843
Interest paid	(4,178)	(4,910)
Income tax paid	(21,356)	(17,352)
Net cash flows from operating activities	81,315	114,581
<u>Investing Activities</u>		
Acquisition of right-of-use assets	-	(161)
Interest received	17,827	4,908
Investment in joint venture	(26,088)	-
Loans to joint venture	(560,557)	-
Net purchase of investment securities	(585)	(9,917)
Net proceeds from disposal of short term investments	95,362	149,753
Income received from investments	1,614	2,866
Proceeds from disposal of property, plant and equipment	109,283	54
Purchase of property, plant and equipment	(36,208)	(177,026)
Net cash flows used in investing activities	(399,352)	(29,523)
<u>Financing Activities</u>		
Proceeds from issuance of ordinary shares	3,957	-
Proceeds from issuance of ordinary shares to non-controlling interests	-	809
Purchase of treasury shares	(636)	(2,301)
Payment of lease liabilities	(1,053)	(1,041)
Net proceeds from drawdown/(repayment) of borrowings	354,212	(176,748)
Net cash flows from / (used in) financing activities	356,480	(179,281)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	38,443	(94,223)
Effect of foreign exchange rate changes	31,584	(5,867)
Effect of change in accounting treatment on a joint venture	(10,616)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	163,703	263,793
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	223,114	163,703
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	77,926	19,008
Cash and bank balances	145,188	144,695
Cash and cash equivalents at end of financial period	223,114	163,703

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD.
Registration No. 200001015043 (517649-A)

Explanatory Notes
FOR THE QUARTER ENDED 30 JUNE 2022

1 Basis of Preparation

These condensed consolidated interim financial statements are unaudited and have been prepared under the historical cost convention except for certain financial assets that are stated at fair value.

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2021.

2 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised MFRSs

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2021 except for the adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRSs") where applicable to the Group's financial period beginning 1 July 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform – Phase 2*

The adoption of the abovementioned Amendments to MFRSs, where applicable, will have no material impact on the financial statements of the Group.

3 Seasonal or Cyclical Factors

The Group's performance is affected by volatile crude oil prices as well as the global and regional economic conditions. The demand for vessels and offshore assets for exploration and production as well as shiprepair and charter services are closely associated with the crude oil prices and economic climate.

4 Unusual Items Affecting the Financial Statements

There were no items affecting assets, liabilities, equity, net income or cash flows during the financial period under review that were unusual because of their nature, size or incidence.

5 Change in Accounting Estimate

There were no changes in estimates that have had material effects in the financial period under review.

6 Debt and Equity Securities

There were no issue, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review except for the following:

- (a) During the financial year-to-date, a total of 3,997,040 new ordinary shares were issued pursuant to the Company's Employees' Share Option Scheme.
- (b) For the 12-months period ended 30 June 2022, 829,000 ordinary shares were repurchased in the open market at an average price of RM0.76 per share. The total consideration paid for the repurchase including transaction costs amounted to RM635,935 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 30 June 2022, the total number of treasury shares held was 12,801,500 ordinary shares.



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

7 Dividend Paid

No dividend was paid in the current quarter under review.

8 Segment Information

Segment information is presented in respect of the Group's primary business segments, which is based on the Company's management and internal reporting structure.

	Gas Processing RM'000	Vessel Chartering RM'000	Shipbuilding and Shiprepair RM'000	Eliminations RM'000	Consolidated RM'000
<u>3 months ended 30 June 2022</u>					
<i>Revenue</i>					
External revenue	38,417	19,341	315	-	58,073
Inter-segment revenue		2,679	807	(3,486)	-
Total revenue	<u>38,417</u>	<u>22,020</u>	<u>1,122</u>	<u>(3,486)</u>	<u>58,073</u>
<i>Results</i>					
Profit / (loss) before tax	<u>78,878</u>	<u>37,615</u>	<u>(864)</u>	<u>-</u>	<u>115,629</u>
<u>3 months ended 31 March 2022 (restated) *</u>					
<i>Revenue</i>					
External revenue	35,550	18,281	10	-	53,841
Inter-segment revenue		-	281	(281)	-
Total revenue	<u>35,550</u>	<u>18,281</u>	<u>291</u>	<u>(281)</u>	<u>53,841</u>
<i>Results</i>					
Profit / (loss) before tax	<u>51,276</u>	<u>645</u>	<u>(2,189)</u>	<u>-</u>	<u>49,732</u>
<u>3 months ended 30 June 2021</u>					
<i>Revenue</i>					
External revenue	35,337	13,372	564	-	49,273
Inter-segment revenue	-	662	279	(941)	-
Total revenue	<u>35,337</u>	<u>14,034</u>	<u>843</u>	<u>(941)</u>	<u>49,273</u>
<i>Results</i>					
Profit / (loss) before tax	<u>30,403</u>	<u>(2,909)</u>	<u>(2,026)</u>	<u>-</u>	<u>25,468</u>
<u>12 months ended 30 June 2022</u>					
<i>Revenue</i>					
External revenue	172,981	64,087	1,857	-	238,925
Inter-segment revenue	-	2,679	1,810	(4,489)	-
Total revenue	<u>172,981</u>	<u>66,766</u>	<u>3,667</u>	<u>(4,489)</u>	<u>238,925</u>
<i>Results</i>					
Profit / (loss) before tax	<u>200,377</u>	<u>30,396</u>	<u>(14,709)</u>	<u>-</u>	<u>216,064</u>
<u>9 months ended 31 March 2022 (restated) *</u>					
<i>Revenue</i>					
External revenue	134,564	44,746	1,542	-	180,852
Inter-segment revenue	-	-	1,003	(1,003)	-
Total revenue	<u>134,564</u>	<u>44,746</u>	<u>2,545</u>	<u>(1,003)</u>	<u>180,852</u>
<i>Results</i>					
Profit / (loss) before tax	<u>121,499</u>	<u>(7,219)</u>	<u>(13,845)</u>	<u>-</u>	<u>100,435</u>



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

	Gas Processing RM'000	Vessel Chartering RM'000	Shipbuilding and Shiprepair RM'000	Eliminations RM'000	Consolidated RM'000
<u>12 months ended 30 June 2021</u>					
Revenue					
External revenue	141,735	16,889	2,947	-	161,571
Inter-segment revenue	-	662	2,252	(2,914)	-
Total revenue	141,735	17,551	5,199	(2,914)	161,571
Results					
Profit / (loss) before tax	90,959	(14,013)	(25,043)	-	51,903
Total Assets					
30 June 2022	1,499,558	433,433	81,824	-	2,014,815
31 March 2022 (restated) *	1,071,323	456,670	110,244	-	1,638,237
30 June 2021	823,500	385,198	187,484	-	1,396,182
Total Liabilities					
30 June 2022	365,124	110,585	177,771	-	653,480
31 March 2022 (restated) *	152,521	114,497	163,241	-	430,259
30 June 2021	83,399	46,575	161,419	-	291,393

* The segment information for the quarter ended 31 March 2022 were restated as a result of the change in accounting treatment for the JVC as disclosed in Note 21.

9 Subsequent Event

There was no material event subsequent to the end of the current quarter.

10 Changes in the Composition of the Group

There was no change in the composition of the Group for the financial period under review, except as disclosed in Note 21.

11 Contingent Liabilities and Contingent Assets

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to the Group	293,460

As at 30 June 2022, the Group is contingently liable for RM223,556,000 of banking facilities utilised by the Group.

12 Capital Commitments

	As at 30 June 2022 RM'000
<i>Capital expenditure:</i>	
- Property, plant and equipment of the joint venture	159,665 #

Includes the Group's portion (after the completion of the Shares Sale stated in Note 21) of capital commitment under the Joint Venture Company (defined in Note 21).



COASTAL CONTRACTS BHD.
Registration No. 200001015043 (517649-A)

13 Related Party Transactions

	Individual 3 months ended 30 June 2022 RM'000	Cumulative 12 months ended 30 June 2022 RM'000
<i>Transactions with Directors of the Company:</i>		
- Rent of premises	28	57
<i>Transactions with a company in which the Directors of the Company and of the Group are also directors and have financial interests:</i>		
- Rent of premises	5	21

The above transactions were entered into in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

14 Fair Value of Financial Instruments

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 30 June 2022, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<i>Financial assets</i>				
Investment securities	11,958	-	-	11,958
Short term investments	15,554	-	-	15,554
	<u>27,512</u>	<u>-</u>	<u>-</u>	<u>27,512</u>

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the last financial year ended 30 June 2021.

15 Detailed Analysis of Performance

The Group achieved a higher revenue of RM58.1 million in the current quarter ended 30 June 2022 (4Q2022) as compared to the RM53.8 million (restated) posted in the preceding quarter (3Q2022), an increase of 8%. Year-on-year (4Q2021), the revenue climbed 18% from RM49.3 million.

Gas Processing Division

The division reported a greater revenue of RM38.4 million in 4Q2022 against RM35.6 million (restated) and RM35.3 million recorded in 3Q2022 and 4Q2021, a slight increase of 8% and 9% respectively. The fluctuation in revenue generated over the quarters was mainly attributed to the effect of foreign exchange fluctuation on USD denominated revenue.

The division achieved a higher profit before tax of RM78.9 million in 4Q2022 compared to RM51.3 million (restated) and RM30.4 million reported in 3Q2022 and 4Q2021, respectively. The better showing this quarter was mainly due to the interest income earned from loans granted to a joint venture as well as greater profit shared from the joint venture.

Vessel Chartering Division

The division recorded a fairly consistent revenue of RM19.3 million in 4Q2022, a marginal increase of 5% as compared to the RM18.3 million posted in 3Q2022. Year-on-year, the revenue has jumped 44% from RM13.4 million due to the charter income earned from a new vessel charter contract secured during the current financial year.



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

The profit before tax of the division (RM37.6 million) in 4Q2022 has increased significantly by 62 times as compared to the profit before tax reported in 3Q2022 (RM0.6 million) as a result of the gain on disposal of an offshore support vessel. For 4Q2021, the division posted a loss margin before tax of 22% (RM2.9 million in loss) was mainly due to the impairment loss on receivables as well as the loss on foreign exchange.

Shipbuilding and Shiprepair Division

The revenue generated from this division in 4Q2022 was RM0.3 million. The revenue posted in 3Q2022 and 4Q2021 were RM10,000 and RM0.6 million, respectively. This division's revenue was generated from ship repairing contract works.

The division incurred a lower loss before tax of RM0.9 million in 4Q2022, against the RM2.2 million and RM2.0 million recorded in 3Q2022 and 4Q2021, respectively. The losses incurred was attributed to the underperformance of the division.

- (a) Currency translation differences arising from consolidation were a result of exchange differences arising on the translation of the financial statements of foreign operations.
- (b) Out of the RM112.0 million of short term trade receivables as at 30 June 2022, RM33.5 million was subsequently received by the Group.

16 Material Change in Profit Before Tax

The Group achieved a RM115.6 million of profit before tax in 4Q2022, which was >100% increase compared to the RM49.7 million (restated) and RM25.5 million reported in 3Q2022 and 4Q2021 respectively. The improved performance this quarter was mainly attributed to the gain on disposal of an offshore support vessel by Chartering Division, interest income earned from loans granted to a joint venture, greater profit shared from the joint venture as well as gain on foreign exchange .

17 Prospects

In view of the most rapid vaccine rollout globally, the global economy is expected to recover quickly from the Covid-19 pandemic triggered recession. At the meantime, joint commitment of Organisation of the Petroleum Exporting Countries (OPEC) plus non-OPEC major producers in tightening their supply shall further stabilise the global oil market. Given the strong recovery of oil prices driven by vaccine optimism and oil producers' supply cuts, Coastal Group shall have plenty of opportunities to materialise more deals in the short to medium term.

In accommodating long term demand for fossil fuels, Enhanced Oil Recovery (EOR) technology has been practised immensely since the past few years to ensure optimum exploitation of oil resources. With the Jack-up Gas Compression Service Unit ("JUGCSU") charter contract secured by the Group, which is currently in operation, the Group is able to effectively leverage its competitive advantage and strong foothold in this sector with promising prospects. Recently, Coastal Group diversified its earnings portfolio in Mexico by venturing into gas sweetening processing plant project. Natural gas burns fewer emissions of air pollutants and carbon dioxide compared to other types of fossils to produce equal amount of energy. Globally, the demand trend for natural gas is expected to increase mainly due to the development of industries and growth in electricity demand using natural gas as power generation source. In view of the above, the Management is optimistic with the prospect of our Gas Processing Division.

The Management believes that the OSV market remains oversupplied but the market equilibrium has improved since FY2019 mainly due to the gradual increase in upstream activities and also due to increasing consensus that a large number of vessels which have been laid up during the downturn may not return to service due to high reactivation costs and the reluctance of oil companies to contract vessels which have been out of service for longer period. These circumstances may reduce some of the supply overhang and provide a good opportunity for our shipbuilding division in the next few years. While waiting for the recovery of OSV market, Coastal Group has embarked into liftboat chartering with a long term plan to tap into the wind farm renewable energy sector which is currently the fastest growing energy sources in the world.

Other than the above, Coastal Group shall still continue to pursue new business that suits its growth strategies, such as Floating Production Storage and Offloading (FPSO), Floating Production Unit (FPU), Floating Storage and Offloading (FSO), Floating Storage and Regassification Unit (FSRU) and other O & G related projects.



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

18 Explanatory Notes for Variance of Forecast and Profit Guarantee

The Company did not issue any profit forecast or profit guarantee and therefore, this note is not applicable.

19 Profit Before Tax

The following items have been included in arriving at profit before tax:

	Individual 3 months ended 30 June 2022 RM'000	Cumulative 12 months ended 30 June 2022 RM'000
Interest income	19,300	27,181
Other income	38,882	64,189
Depreciation and amortisation	23,848	95,632
Inventories written down	32	32
Reversal of inventories written down	1,755	1,755
Impairment loss on receivables	3,455	3,455
Reversal of impairment loss on receivables	1,967	1,967
Reversal of impairment loss on property, plant and equipment	6,920	6,920
Fair value gain / (loss) on short term investments	48	(123)
Fair value loss on quoted investments	438	1,006
Foreign exchange gain (net)	12,535	16,424

There were no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain or loss on derivatives and other exceptional items for the current quarter under review and financial year-to-date.

20 Income Tax Expense

	Individual 3 months ended 30 June 2022 RM'000	Cumulative 12 months ended 30 June 2022 RM'000
Income tax expense comprises:		
Current tax charge	6,866	20,056
Deferred tax charge / (reversal)	3,552	10,021
	10,418	30,077

The effective tax rate for the current quarter and the financial year-to-date (excluding the results of joint ventures which is equity accounted net of tax) were lower than the statutory tax rate in Malaysia mainly due to the non-taxable income of certain subsidiaries of the Group in other jurisdiction.

21 Status of Corporate Proposals

On 17 February 2021, the Company and its Mexican strategic business partner, Grupo Empresarial Alfair S.A.P.I. De C.V. ("Alfair"), has entered into a Share Purchase Agreement ("SPA") to sell and transfer its 50% equity interest in its indirect wholly owned subsidiary, Coastoil Dynamic S.A.De C.V. (the Joint Venture Company or "JVC"), to its JV Partner, Alfair. On the same date, a Shareholders Agreement ("SA") was entered among a wholly owned subsidiary of the Company, Coastal Marine Pte Ltd, Alfair and JVC to set out the rights and obligations of Coastal Marine Pte Ltd and Alfair ("JV Partners") under the JVC. The SPA, SA and other executed related documents are collectively known as "Transaction Documents". Pursuant to the Transaction Documents, the JVC shall undertake an onshore gas sweetening plant project in Mexico for Petroleos Mexicanos ("Pemex"), Mexican state-owned petroleum company. The completion of the Joint Venture is subject to the fulfilment and satisfaction of the condition precedents stipulated in the Transaction Documents.



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

On 30 December 2021, the Joint Venture was completed as **all the conditions precedents stipulated in the Transaction Documents have been fulfilled**. The Company is in the progress of selling its 50% equity interests in the JVC to Alfair ("Shares Sale"), which would be delayed to second quarter of FY2023.

During the financial period under review, the Company has re-assessed the adequacy of accounting treatment for the JVC with the Company's auditors. Based on the results of the re-assessment, the JVC shall be accounted for as a "Joint Arrangement" using equity accounting method in accordance with MFRS 11 **upon all the conditions precedents stipulated in the Transaction Documents are fulfilled** (as mentioned in the previous paragraph), the Company shall account the results of the JVC according to its current effective shareholdings in the JVC, which is 100% as at 30 Jun 2022. As the Shares Sale is not completed as at 30 Jun 2022, the Company is required to account **100% of the JVC's results** under equity accounting method and this accounting treatment had been accounted for in the Company's consolidated accounts for the 9 months period ended 31 March 2022 retrospectively. Nevertheless, there is no effect to the profit for the period and earnings per share attributable to the Company for the 9 months period ended 31 March 2022. The restated Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Financial Position are attached as Appendix I and II to this report.

Should the Shares Sale was completed on 30 Jun 2022 and the equity accounting method been applied in accordance with MFRS 11 based on the Company's **eventual effective shareholdings** in the JVC which is 50%, the Effect of the Shares Sale to the profit for the period would have been as follows:

	Individual 3 months ended 30 June 2022 RM'000	Cumulative 12 months ended 30 June 2022 RM'000
Profit for the period	105,211	185,987
Less: Effect of the Shares Sale	(35,810)	(35,810)
Adjusted profit for the period	<u>69,401</u>	<u>150,177</u>

Upon completion of the Shares Sale, the Company shall account **50% of the JVC's results** under equity accounting method. In addition, the abovementioned Effect of the Shares Sale would be accounted for as a **loss on disposal of effective interest in the Joint Arrangement**.

22 Group Borrowings and Debt Securities

The Group's borrowings as at the end of the quarter were as follows:

	As at 30 June 2022 RM'000
Short term	
Secured	27,915
Unsecured	315,851
	<u>343,766</u>
Long term	
Secured	74,989
Unsecured	41,008
	<u>115,997</u>
Total	<u>459,763</u>

Apart from RM7.3 million of secured borrowings which are denominated in Ringgit Malaysia, all the other borrowings are denominated in United States Dollar.

The debt-equity ratio of the Group has increased to 0.339 from last quarter's 0.202. Additional funds were drawn down from new credit facility to finance the Group's gas processing business operations.

The current gearing is within management comfort level.



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

23 Material Litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which may materially affect the position or business of the Group as at 30 August 2022.

24 Dividend Payable

No interim dividend has been declared for the current quarter ended 30 June 2022.

25 Earnings Per Share

Basic earnings per share attributable to owners of the Company

Basic earnings per share of the Group was calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

	Individual 3 months ended 30 June 2022	Cumulative 12 months ended 30 June 2022
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	104,409	182,474
Weighted average number of ordinary shares in issue ('000)	525,856	523,716
Basic earnings per share (sen)	19.86	34.84

Diluted earnings per share attributable to owners of the Company

For diluted earnings per share calculation, the weighted average number of ordinary shares in issue was adjusted to assume that the maximum number of new ordinary shares have been issued pursuant to the share options granted under the ESOS. The dilutive portion of the ordinary shares deemed issued pursuant to the ESOS are accounted for in the diluted earnings per share calculation.

	Individual 3 months ended 30 June 2022	Cumulative 12 months ended 30 June 2022
<i>Diluted earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	104,409	182,474
Weighted average number of ordinary shares in issue ('000)	525,856	523,716
Effect of dilution of ESOS ('000)	20,601	7,431
Adjusted weighted average number of ordinary shares ('000)	<u>546,457</u>	<u>531,147</u>
Diluted earnings per share (sen)	19.11	34.35

As at the end of the quarter, there was only one class of shares in issue and they ranked pari passu among each other.

26 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 30 June 2021 was not subject to any qualification.

27 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 30 August 2022.



COASTAL CONTRACTS BHD.
Registration No. 200001015043 (517649-A)

PROFORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	INDIVIDUAL			CUMULATIVE		
	3 months ended 30.06.2022 RM'000	3 months ended 31.03.2022 RM'000 (As restated)	3 months ended 31.03.2022 RM'000 (As previously stated)	12 months ended 30.06.2022 RM'000	9 months ended 31.03.2022 RM'000 (As restated)	9 months ended 31.03.2022 RM'000 (As previously stated)
Revenue	58,073	53,841	114,444	238,925	180,852	241,455
Cost of sales and services	(37,306)	(33,849)	(58,736)	(145,004)	(107,699)	(132,586)
Gross profit	<u>20,767</u>	<u>19,992</u>	<u>55,708</u>	<u>93,921</u>	<u>73,153</u>	<u>108,869</u>
Other income	82,446	17,843	18,971	127,809	45,363	46,491
Administrative expenses	(5,847)	(4,189)	(4,198)	(30,243)	(24,396)	(24,405)
Other expenses	(5,032)	(528)	(4,749)	(14,055)	(9,023)	(13,244)
Finance costs	(10,539)	(3,359)	(3,360)	(15,175)	(4,635)	(4,636)
Share of profit of joint venture, net of tax	33,834	19,973	-	53,807	19,973	-
Profit before tax	<u>115,629</u>	<u>49,732</u>	<u>62,372</u>	<u>216,064</u>	<u>100,435</u>	<u>113,075</u>
Income tax expense:	(10,418)	(4,431)	(17,071)	(30,077)	(19,659)	(32,299)
Profit for the period	<u><u>105,211</u></u>	<u><u>45,301</u></u>	<u><u>45,301</u></u>	<u><u>185,987</u></u>	<u><u>80,776</u></u>	<u><u>80,776</u></u>
Attributable to:						
Owners of the Company	104,409	44,315	44,315	182,474	78,065	78,065
Non-controlling interests	<u>802</u>	<u>986</u>	<u>986</u>	<u>3,513</u>	<u>2,711</u>	<u>2,711</u>
	<u><u>105,211</u></u>	<u><u>45,301</u></u>	<u><u>45,301</u></u>	<u><u>185,987</u></u>	<u><u>80,776</u></u>	<u><u>80,776</u></u>
Earnings per share attributable to owners of the Company:						
- basic (sen)	19.86	8.46	8.46	34.84	14.93	14.93
- diluted (sen)	<u>19.11</u>	<u>8.12</u>	<u>8.12</u>	<u>34.35</u>	<u>14.81</u>	<u>14.81</u>



COASTAL CONTRACTS BHD.
Registration No. 200001015043 (517649-A)

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.06.2022 RM'000	As at 31.03.2022 RM'000 (As restated)	As at 31.03.2022 RM'000 (As previously stated)
ASSETS			
Non-current assets			
Property, plant and equipment	714,619	752,398	828,521
Right-of-use assets	7,739	8,026	8,026
Investment in joint venture	98,067	67,406	-
Investment properties	3,240	3,261	3,260
Investment securities	11,958	12,156	12,156
Trade receivables	125,904	-	-
	<u>961,527</u>	<u>843,247</u>	<u>851,963</u>
Current assets			
Inventories	24,936	44,437	44,437
Trade receivables	111,966	182,667	276,992
Contract assets	212	-	61,279
Other receivables	26,705	21,892	102,263
Amount due from joint ventures	650,548	308,637	118
Short term investments	15,554	14,976	14,976
Derivative assets	-	49	49
Tax recoverable	253	242	242
Cash and bank balances	223,114	222,090	371,408
	<u>1,053,288</u>	<u>794,990</u>	<u>871,764</u>
TOTAL ASSETS	<u>2,014,815</u>	<u>1,638,237</u>	<u>1,723,727</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	311,976	310,492	310,492
Treasury shares	(13,337)	(13,336)	(13,336)
Share option reserve	10,897	11,211	11,211
Currency translation reserve	321,283	274,467	272,514
Cash flow hedge reserve	-	49	49
Retained earnings	725,737	621,306	621,306
Equity attributable to owners of the Company	<u>1,356,556</u>	<u>1,204,189</u>	<u>1,202,236</u>
Non-controlling interests	<u>4,779</u>	<u>3,789</u>	<u>3,789</u>
Total equity	<u>1,361,335</u>	<u>1,207,978</u>	<u>1,206,025</u>
Non-current liabilities			
Borrowings	115,997	118,996	118,996
Lease liabilities	183	192	192
Deferred tax liabilities	4,196	645	19,686
	<u>120,376</u>	<u>119,833</u>	<u>138,874</u>
Current liabilities			
Borrowings	343,766	124,496	124,496
Lease liabilities	571	809	809
Trade payables	140,850	135,118	161,637
Other payables	45,066	47,775	89,097
Income tax payable	2,851	2,228	2,789
	<u>533,104</u>	<u>310,426</u>	<u>378,828</u>
Total liabilities	<u>653,480</u>	<u>430,259</u>	<u>517,702</u>
TOTAL EQUITY AND LIABILITIES	<u>2,014,815</u>	<u>1,638,237</u>	<u>1,723,727</u>