COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 31.03.2010 RM'000 (unaudited)	3 months ended 31.03.2009 RM'000 (unaudited)	3 months ended 31.03.2010 RM'000 (unaudited)	3 months ended 31.03.2009 RM'000 (unaudited)
Revenue	9	141,142	80,162	141,142	80,162
Cost of sales and services		(94,844)	(53,223)	(94,844)	(53,223)
Gross profit		46,298	26,939	46,298	26,939
Other income		1,643	4,089	1,643	4,089
Administrative expenses		(1,907)	(1,697)	(1,907)	(1,697)
Other expenses		(2,277)	(990)	(2,277)	(990)
Finance costs		(736)	(991)	(736)	(991)
Profit before tax	9	43,021	27,350	43,021	27,350
Income tax expense	19	285	416	285	416
Profit for the period		43,306	27,766	43,306	27,766
Attributable to:					
Equity holders of the Company		43,306	27,766	43,306	27,766
Earnings per share attributable to equity holders of the Company:					
- basic (sen)	27	11.95	7.87	11.95	7.87

The above Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

		INDIVIDUAL		CUMULATIVE	
	Note	3 months ended 31.03.2010 RM'000 (unaudited)	3 months ended 31.03.2009 RM'000 (unaudited)	3 months ended 31.03.2010 RM'000 (unaudited)	3 months ended 31.03.2009 RM'000 (unaudited)
Profit for the period		43,306	27,766	43,306	27,766
Other comprehensive (loss) / income :					
Currency translation differences arising from consolidation	15	(15,346)	9,574	(15,346)	9,574
Total comprehensive income for the period		27,960	37,340	27,960	37,340
Attributable to:					
Equity holders of the Company		27,960	37,340	27,960	37,340

The above Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010

	Note	As at 31.03.2010 RM'000 (unaudited)	As at 31.12.2009 RM'000 (audited) (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	2 (c)	103,330	107,806
Intangible asset		5,884	5,884
Deferred tax assets		81	-
		109,295	113,690
Current assets			
Inventories	15	749,589	781,225
Trade receivables	15	12,862	90,484
Other receivables	15	51,522	54,258
Tax refundable		882	934
Cash and bank balances		76,437	102,894
		891,292	1,029,795
TOTAL ASSETS	9	1,000,587	1,143,485
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		72,490	72,223
Share premium		18,664	18,250
Currency translation reserve		(20,732)	(5,386)
Retained earnings		417,009	373,388
Total equity		487,431	458,475
Non-current liabilities			
Borrowings	23	17,223	18,018
Deferred tax liabilities		5,559	5,847
		22,782	23,865
Current liabilities			
Borrowings	23	89,613	85,186
Trade payables		8,493	42,223
Other payables	15	391,889	533,387
Current tax payable		379	349
		490,374	661,145
Total liabilities		513,156	685,010
TOTAL EQUITY AND LIABILITIES		1,000,587	1,143,485
Net assets per share (RM)		1.3448	1.2696

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

		Attributable to equity holders of the Company				
		Non distributable			Distributable	
		Share capital	Share premium	Currency translation reserve	Retained earnings	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 March 2009 (unaudited)						
Balance at 1 January 2009		70,561	15,675	174	221,561	307,971
Effects of adopting FRS 117	2 (c)	-	-	-	120	120
Balance at 1 January 2009 (restated)		70,561	15,675	174	221,681	308,091
Issuance of ordinary shares pursuant to the Employees' Share Option Scheme		72	112	-	-	184
Total comprehensive income for the period		-	-	9,574	27,766	37,340
Balance at 31 March 2009		70,633	15,787	9,748	249,447	345,615
3 months ended 31 March 2010 (unaudited)						
Balance at 1 January 2010		72,223	18,250	(5,386)	373,186	458,273
Effects of adopting FRS 117	2 (c)	-	-	-	202	202
Effects of adopting FRS 139	2 (e)	-	-	-	315	315
Balance at 1 January 2010 (restated)		72,223	18,250	(5,386)	373,703	458,790
Issuance of ordinary shares pursuant to the Employees' Share Option Scheme	7	267	414	-	-	681
Total comprehensive (loss) / income for the period		-	-	(15,346)	43,306	27,960
Balance at 31 March 2010		72,490	18,664	(20,732)	417,009	487,431

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

	CUMULATIVE	
	3 months ended 31.03.2010 RM'000 (unaudited)	3 months ended 31.03.2009 RM'000 (unaudited)
Net cash used in operating activities	(18,979)	(19,502)
Net cash generated from / (used in) investing activities	2,029	(1,141)
Net cash generated from financing activities	6,702	9,757
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,248)	(10,886)
Effect of exchange rate changes	(16,237)	9,711
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	102,780	72,728
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	76,295	71,553

* Cash and cash equivalents at end of financial period comprise the following:

Fixed deposits	44,842	59,535
Cash and bank balances	31,595	13,149
	76,437	72,684
Bank overdrafts	(142)	(1,131)
Cash and cash equivalents at end of financial period	76,295	71,553

Out of the total fixed deposits of RM44.8 million, RM37.2 million were held under lien as securities for guarantees and documentary credits issued by banks in favour of third parties and for a credit facility granted to a subsidiary.

The above Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

Explanatory Notes
FOR THE QUARTER ENDED 31 MARCH 2010

1 **Basis of Preparation**

The interim financial statements are unaudited and have been prepared under the historical cost convention and in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. These explanatory notes attached to the 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 year ended 31 December 2009.

2 **Changes in Accounting Policies and Effects Arising from Adoption of Revised FRSs**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009 except for the adoption of the following new Financial Reporting Standards ("FRSs") and Interpretations, and amendments to certain FRSs and Interpretations effective for financial period beginning 1 January 2010:

FRS 4 *Insurance Contracts*
FRS 7 *Financial Instruments: Disclosures*
FRS 8 *Operating Segments*
FRS 101 *Presentation of Financial Statements (Revised)*
FRS 123 *Borrowing Costs*
FRS 139 *Financial Instruments: Recognition and Measurement*
Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*
Amendments to FRS 132 *Financial Instruments: Presentation*
Amendments to FRS 139 *Financial Instruments: Recognition and Measurement* , FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*
Improvements to FRS issued in 2009
IC Interpretation 9 *Reassessment of Embedded Derivatives*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 11 *FRS 2 - Group and Treasury Share Transactions*
IC Interpretation 13 *Customer Loyalty Programmes*
IC Interpretation 14 *FRS119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of the abovementioned FRSs, Interpretations, Amendments to FRS and Interpretation will have no material impact on the financial statements of the Group except for the following:

(a) **FRS 8 : *Operating Segments***

FRS 8, which replaces FRS 114 *Segment Reporting,* specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively.

(b) **FRS 101 : *Presentation of Financial Statements (revised)***

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement in two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group.

(c) **Amendments to FRS 117 : *Leases***

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 *Leases* clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated as follows:

Group	Previously stated	Adjustments	Restated
	RM'000	RM'000	RM'000
At 31 December 2009			
Property, plant and equipment	101,733	6,073	107,806
Prepaid lease payments	5,852	(5,852)	-
Retained earnings	373,186	202	373,388
Deferred tax liabilities	5,828	19	5,847
At 1 January 2009			
Property, plant and equipment	103,501	6,073	109,574
Prepaid lease payments	5,940	(5,940)	-
Retained earnings	221,561	120	221,681
Deferred tax liabilities	6,548	13	6,561

(d) **FRS 123:** ***Borrowing Costs***
FRS 123 has been revised to require capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. The Group has amended its accounting policy based on the revised FRS 123. In accordance with the transitional provisions of the Standard, the Group has adopted this as a prospective change. Therefore, borrowing costs have been capitalised on qualifying assets with a commencement date on or after 1 January 2010. No changes have been made for borrowing costs incurred prior to this date that have been expensed.

(e) **FRS 139:** ***Financial Instruments: Recognition and Measurement***
FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated.

Prior to 1 January 2010, borrowings were recorded at cost in the financial statements of the Group. Upon the adoption of FRS 139, borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. As at 1 January 2010, the Group has remeasured such borrowings at their respective amortised cost. The effects on the adjustments to the previous carrying amounts of these borrowings are as follows:

Group	Previously stated	Adjustments	Restated
	RM'000	RM'000	RM'000
At 1 January 2010			
Retained earnings	373,186	315	373,501
Borrowings	103,204	(392)	102,812
Deferred tax liabilities	5,828	77	5,905

(f) **FRS 7:** ***Financial Instruments: Disclosures***
Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures will included throughout the Group's financial statements for the year ending 31 December 2010.

3 **Auditors' Report on Preceding Annual Financial Statements**
The auditors' report on the Group's most recent annual audited financial statements for the year ended 31 December 2009 was not subject to any qualification.

4 **Seasonal or Cyclical Factors**
The Group's performance is affected by the regional economic conditions. The demand for vessels as well as shiprepair and charter services are closely associated with the regional economic climate.

5 **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.

6 **Change in Accounting Estimate**

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

7 **Debt and Equity Securities**

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

On 14 June 2005, the Company offered 33,400,000 new ordinary shares in the Company pursuant to the Company's Employees' Share Option Scheme ("ESOS") at an exercise price of RM0.51 per share to the eligible employees and Directors of the Company and its subsidiaries. 30,482,000 of the options offered were accepted and subsequently granted on 14 July 2005.

During the financial year-to-date, a total of 1,336,000 new ordinary shares were issued pursuant to the Company's ESOS.

The total options granted, terminated and exercised pursuant to the ESOS from 14 July 2005 to 31 March 2010 are as follows:

	No. of shares ('000)
Granted	30,482
Terminated	(2,030)
Exercised	(28,452)
Balance as at 31 March 2010	-

The Company's ESOS had expired on 17 January 2010.

8 **Dividends Paid**

No dividend has been paid in the current quarter under review.

9 **Segmental Reporting**

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.

	Shipbuilding and Shiprepair RM'000	Vessel Chartering RM'000	Eliminations RM'000	Consolidated RM'000
3 months ended 31 March 2010				
Revenue				
External revenue	134,011	7,131	-	141,142
Inter-segment revenue	-	189	(189)	-
Total revenue	134,011	7,320	(189)	141,142
Results				
Profit before tax	39,738	3,283	-	43,021
Total Assets	928,325	72,262	-	1,000,587

10 Subsequent Event

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

11 Changes in the Composition of the Group

There was no change in the composition of the Group for the financial period under review.

12 Contingent Liabilities and Contingent Assets

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiaries	212,075
Corporate guarantee to a financial institution in respect of documentary credits issued on behalf of a subsidiary	80,647
	292,722

As at 31 March 2010, the Company is contingently liable for RM106,168,000 of banking facilities utilised by its subsidiaries and RM73,732,000 of documentary credits issued on behalf of the subsidiary.

13 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2010 is as follows:

	RM'000
Approved and contracted for	611

14 Related Party Transactions

	Individual 3 months ended 31 March 2010 RM'000	Cumulative 3 months ended 31 March 2010 RM'000
Transactions with a company in which certain Directors of the Company have financial interests:		
- Top Pride Sdn. Bhd.		
Rent of premises	4	4
Transactions with a company in which a director is the spouse of a person connected with the Directors of the Company:		
- PT. Prima Armada Nusantara		
Agency service fees charged	22	22
Transactions with a person connected with certain Directors of the Company:		
- Ng Lai Whoon		
Rent of premises	5	5
Transactions with a Director of the Company:		
- Ng Chin Shin		
Rent of premises	5	5

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.

15 **Review of Performance**

The revenue of the Group for the 3 months ended 31 March 2010 eased by 6% to RM141.1 million from the preceding quarter's RM150.9 million. Compared to corresponding quarter a year earlier, the Group's revenue has jumped by almost 76% from RM80.2 million.

Currency translation differences arising from consolidation were attributed to exchange differences arising on the translation of the financial statements of foreign operations.

Included in inventories of the Group are finished goods totalling RM228.8 million (31 December 2009: RM328.5 million) and vessels work-in-progress amounting to RM501.6 million (31 December 2009: RM433.7 million). For the current quarter under review, there are no provisions made for obsolete or slow-moving inventories or work-in-progress write-off.

Out of the RM12.9 million of trade receivables as at 31 March 2010, RM5.2 million was subsequently received by the Group.

Included in other receivables of the Group are payments made to suppliers and contractors totalling RM43.4 million (31 December 2009: RM45.8 million) to secure the supply of input materials, equipment and services intended for the Group's rolling vessel building programme.

Included in other payables are deposits received from vessel buyers totalling RM384.1 million (31 December 2009: RM524.1 million), reflecting a healthy vessel sales order book with deliveries through 2011.

Shipbuilding and Shiprepair Division

The revenue generated from this division in the current quarter stood at RM134.0 million, a reduction of RM9.6 million (or 7%) from RM143.6 million in the preceding quarter. Against the same period of last year, the division's revenue was up by 79% from RM74.9 million. 8 units of vessels were delivered in both the current quarter and the preceding quarter, compared to 6 units for the corresponding quarter of last year. The variation in the quarter-on-quarter revenue performance was mainly the result of different vessel sales mix.

Vessel Chartering Division

The division achieved marginally lower revenue of RM7.1 million in the current quarter compared to RM7.3 million in the immediate preceding quarter. Year-on-year, the division's revenue this quarter climbed 37% from RM5.2 million. This was mainly due to the inclusion of a new stream of shipping agency income into the Group.

16 **Material Change in Profit Before Taxation**

The Group made a profit before tax of RM43.0 million in the current quarter which was 21% lower compared to the RM54.2 million achieved in the previous quarter. Against the corresponding quarter a year ago, the profit before tax was up by 57% from RM27.4 million. On the whole, current quarter's profit margin before tax of 30% was lower than the 36% achieved in the immediate preceding quarter due to comparatively smaller margins derived from the sale of lower-end vessels. Profit margin before tax in the same period last year was relatively higher at 34% due to foreign exchange gain arising from a stronger United States Dollar.

17 **Prospects**

The improving economic scene in the U.S., the world’s biggest economy and largest oil consuming nation, as well as worldwide had been the main driver of the oil rally that saw the commodity breaching the USD85 per barrel level earlier this month. However, in recent days, concerns about the European debt woes have dragged down crude prices to around USD70 a barrel. Despite this, the growing appetite for energy in emerging and developing economies led by Asia would buoy the medium-term outlook for offshore exploration, development and production activities. This will in turn pep up buying interest on offshore support vessels (“OSVs”).

With major new oilfield developments off the western coast of Sabah gaining traction, the Group will continuously pursue opportunities to diversify into offshore structure fabrication and gain industry knowledge of the oil and gas engineering, procurement and construction business. Central to this new venture are the Group's expertise in marine structures and the geographical proximity of the Group's 52-acre fabrication yard to the heart of Sabah's growing oil and gas activities. Upgrading and improvement works are currently underway to expand the fabrication yard's capabilities.

Moving forward, Coastal Group has modest optimism of securing new contracts to add to its vessel sales order book especially in the OSVs category, as well as reaping recurring returns from its chartering division through optimal deployment of the Group's fleet in energy transportation and in various oil and gas support services. The Group is also anticipating any future participation in the oil and gas fabrication business to further broaden its revenue base and boost its bottomline.

Barring adverse changes in the global and regional economic outlook, Coastal Group expects to achieve positive revenue and earnings growth in 2010, backed by the strength of the shipbuilding division's vessel sales order book and a healthy financial position with low level of borrowings.

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 **Income Tax Expense**

	Individual 3 months ended 31 March 2010 RM'000	Cumulative 3 months ended 31 March 2010 RM'000
Income tax expense comprises:		
Estimated tax payable	142	142
Foreign tax	20	20
Deferred tax charge / (reversal)	(447)	(447)
	(285)	(285)

The effective tax rates for the current quarter and the financial year-to-date were lower than the statutory tax rate in Malaysia due to the reversal of deferred tax relating to temporary differences as well as the different income tax rate applicable to subsidiaries of the Group in other jurisdictions.

20 **Sale of Unquoted Investments and/or Properties**

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

21 **Purchase or Disposal of Quoted Securities**

There was no purchase or sale of quoted securities for the current quarter and financial year-to-date. In addition, the Group did not own any quoted security as at the end of the reporting period.

22 **Status of Corporate Proposals**

There are no corporate proposals announced but not completed as at 25 May 2010.

23 **Group Borrowings and Debt Securities**

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

	As at 31 March 2010 RM'000
Secured	
Short term	89,613
Long term	17,223
Total	106,836

Apart from RM58.3 million of short term secured borrowings which are denominated in United States Dollar, all the other borrowings are denominated in Ringgit Malaysia.

The debt-equity ratio of the Group has reduced marginally to 0.219 from last quarter's 0.225. A moderate amount of external borrowings was utilised to sustain the Group's working capital requirements during the quarter under review.

With renewed domestic and regional demand from oil and gas and related services as well as commodity transportation sectors, the Group will continue to strategically invest both internal and external funds into its vessel building programme intended for eventual sale and also for its fleet development for charter purposes.

The current gearing is within management comfort level.

24 **Financial Instruments**

(a) Derivatives

There were no outstanding derivatives as at 31 March 2010.

(b) Gains or Losses Arising from Fair Value Changes of Financial Liabilities

As the Group did not have any financial liabilities measured at fair value through profit or loss, there were no gains or losses arising from fair value changes of financial liabilities for the current quarter and financial year-to-date.

25 **Material Litigation**

(a) Further to the announcements dated 10 February 2009, 12 February 2009 and 3 September 2009, on 19 May 2010 the Company had announced that due to the default of pleadings by PT Internusa Hasta Buana ("PTIHB"), the Arbitral Tribunal has affirmed its Order for termination of the arbitration proceedings instigated by PTIHB against the Company's wholly-owned subsidiary, Pleasant Engineering Sdn Bhd ("PESB"), subject to the payment by PTIHB and PESB of fees, remuneration, expenses and disbursements of the Arbitral Tribunal ("Costs") on an equal share basis. The aforesaid Order has made the termination of the arbitration proceedings conditional to avert the re-commencement of fresh proceedings without a proper conclusion to the current arbitration proceedings. PESB had duly paid its share of the Costs amounting to RM5,650. There is no other financial or operational impact on PESB arising from the Arbitral Tribunal's Order for termination of the arbitration proceedings.

(b) As announced on 19 May 2009, 29 January 2010, 19 March 2010 and 13 May 2010, the Company's wholly-owned subsidiary, Thaumas Marine Ltd ("TML"), a party to a Memorandum of Agreement ("MOA") with Scorpio Logistics Pte Ltd (as subsequently assigned to Zeus Logistics Company Limited) ("Buyer") relating to the sale of one unit flat top barge ("Vessel"), had on 6 May 2009 received a notice from the Buyer to refer a dispute to arbitration. The arbitration proceedings was instigated following a dispute over an allegation by the Buyer that the Vessel was not in conformance with a certain specification. The Buyer claims for the sum of USD722,164, interest, cost and such further and other relief as may be appropriate or just. This case is still pending before the Arbitral Tribunal.

The Group is not engaged in other material litigation and is not aware of any proceedings which materially affect the position or business of the Group as at 25 May 2010.

26 **Dividend Payable**

No interim dividend has been declared for the current quarter ended 31 March 2010.

On 23 April 2010, the Board has recommended a first and final tax exempt dividend of 12% and a special tax exempt dividend of 13% (or 5 sen in aggregate per share) in respect of the financial year ended 31 December 2009 for the approval of the shareholders at the forthcoming Annual General Meeting.

27 **Earnings Per Share**

Basic earnings per share attributable to equity holders of the Company

Basic earnings per share of the Group is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual 3 months ended 31 March 2010	Cumulative 3 months ended 31 March 2010
Basic earnings per share		
Profit attributable to equity holders of the Company (RM'000)	43,306	43,306
Weighted average number of ordinary shares in issue ('000)	362,244	362,244
Basic earnings per share (sen)	11.95	11.95

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

28 **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 25 May 2010.