COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

		INDIVIDUAL		CUMULATIVE	
	Note	3 months ended 30.09.2010 RM'000 (unaudited)	3 months ended 30.09.2009 RM'000 (unaudited)	9 months ended 30.09.2010 RM'000 (unaudited)	9 months ended 30.09.2009 RM'000 (unaudited)
Revenue	9	192,091	140,077	471,852	315,178
Cost of sales and services		(133,882)	(91,292)	(318,334)	(204,506)
Gross profit		58,209	48,785	153,518	110,672
Other income		359	3,191	4,602	9,389
Administrative expenses		(1,573)	(1,539)	(5,104)	(4,808)
Other expenses		(2,297)	(1,266)	(4,738)	(3,263)
Finance costs		(1,097)	(984)	(3,073)	(2,811)
Profit before tax	9	53,601	48,187	145,205	109,179
Income tax expense	19	33	(237)	10	(494)
Profit for the period		53,634	47,950	145,215	108,685
Attributable to: Equity holders of the Company		53,634	47,950	145,215	108,685
Earnings per share attributable to equity holders of the Company:					
- basic (sen)	27	14.80	13.31	40.07	30.54

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 30 SEPTEMBER 2010

		INDIVIDUAL		CUMULATIVE	
	Note	3 months ended 30.09.2010 RM'000 (unaudited)	3 months ended 30.09.2009 RM'000 (unaudited)	9 months ended 30.09.2010 RM'000 (unaudited)	9 months ended 30.09.2009 RM'000 (unaudited)
Profit for the period		53,634	47,950	145,215	108,685
Other comprehensive (loss) / income :					
Currency translation differences arising from consolidation	15(a)	(21,040)	(3,903)	(38,217)	(1,418)
Total comprehensive income for the period		32,594	44,047	106,998	107,267
Attributable to:					
Equity holders of the Company		32,594	44,047	106,998	107,267

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 30 SEPTEMBER 2010

	Note	As at 30.09.2010 RM'000 (unaudited)	As at 31.12.2009 RM'000 (audited) (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	2 (c)	104,398	107,806
Intangible asset		5,884	5,884
Deferred tax assets		245	-
		110,527	113,690
Current assets			
Inventories	15(b)	852,451	781,225
Trade receivables	15(c)	17,714	90,484
Other receivables	15(d)	28,813	54,258
Tax refundable		439	934
Cash and bank balances		59,243	102,894
		958,660	1,029,795
TOTAL ASSETS	9	1,069,187	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		(43,603)	(5,386)
Retained earnings		500,795	373,388
Total equity		548,346	458,475
Non-current liabilities			
Borrowings	23	15,650	18,018
Deferred tax liabilities		5,433	5,847
		21,083	23,865
Current liabilities			
Borrowings	23	49,983	85,186
Trade payables		6,981	42,223
Other payables	15(e)	442,312	533,387
Current tax payable		482	349
		499,758	661,145
Total liabilities		520,841	685,010
TOTAL EQUITY AND LIABILITIES		1,069,187	1,143,485
Net assets per share (RM)		1.5129	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 30 SEPTEMBER 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
9 months ended 30 September 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		1,601	2,482	-	-	4,083
Transaction costs		-	(1)	-	-	(1)
Total comprehensive (loss) / income for the period		-	-	(1,418)	108,685	107,267
First and final dividend for the financial year ended 31 December 2008		-	-	-	(8,654)	(8,654)
Special dividend for the financial year ended 31 December 2008		-	-	-	(2,164)	(2,164)
Balance at 30 September 2009		72,162	18,156	(1,244)	319,548	408,622
9 months ended 30 September 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		-	-	(38,217)	145,215	106,998
First and final dividend for the financial year ended 31 December 2009	8	-	-	-	(8,699)	(8,699)
Special dividend for the financial year ended 31 December 2009	8	-	-	-	(9,424)	(9,424)
Balance at 30 September 2010		72,490	18,664	(43,603)	500,795	548,346

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 30 SEPTEMBER 2010

	CUMULATIVE	
	9 months ended 30.09.2010 RM'000 (unaudited)	9 months ended 30.09.2009 RM'000 (unaudited)
Net cash generated from operating activities	20,575	54,748
Net cash used in investing activities	(4,226)	(2,757)
Net cash used in financing activities	(51,841)	(114)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(35,492)	51,877
Effect of exchange rate changes	(8,243)	(1,663)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	102,780	72,728
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	59,045	122,942

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

Fixed deposits	46,709	50,609
Cash and bank balances	12,534	73,286
	59,243	123,895
Bank overdrafts	(198)	(953)
Cash and cash equivalents at end of financial period	59,045	122,942

Out of the total fixed deposits of RM46.7 million, RM6.9 million were held under lien as securities for guarantee and documentary credits issued by banks in favour of third parties. Subsequent to 30 September 2010, RM13.6 million of fixed deposits were utilised for payment to contractors and suppliers.

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 30 SEPTEMBER 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 be included in the Group's financial statements for the year ended 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 Company's ESOS had expired on 17 January 2010.

8 **Dividends Paid**

The following dividends were paid during the financial year-to-date:

	RM'000
In respect of the financial year ended 31 December 2009:	
- First and final dividend of 12% tax exempt (or 2.4 sen per ordinary share) paid on 3 September 2010	8,699
- Special dividend of 13% tax exempt (or 2.6 sen per ordinary share) paid on 3 September 2010	9,424
	18,123

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
<u>3 months ended 30 September 2010</u>				
Revenue				
External revenue	187,980	4,111	-	192,091
Inter-segment revenue	-	(34)	34	-
Total revenue	187,980	4,077	34	192,091
Results				
Profit before tax	52,008	1,593	-	53,601
<u>9 months ended 30 September 2010</u>				
Revenue				
External revenue	455,260	16,592	-	471,852
Inter-segment revenue	225	1,874	(2,099)	-
Total revenue	455,485	18,466	(2,099)	471,852
Results				
Profit before tax	138,594	6,611	-	145,205
Total Assets				
30 September 2010	1,001,972	67,215	-	1,069,187
31 December 2009	1,064,131	79,354	-	1,143,485

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	252,944
Corporate guarantee to a financial institution in respect of documentary credits issued on behalf of a subsidiary	76,076
	329,020

As at 30 September 2010, the Company is contingently liable for RM64,974,000 of banking facilities utilised by its subsidiaries and RM28,822,000 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 30 September 2010 is as follows:

	RM'000
Approved and contracted for	408

14 **Related Party Transactions**

	Individual 3 months ended 30 September 2010 RM'000	Cumulative 9 months ended 30 September 2010 RM'000
Transactions with a company in which certain Directors of the Company have financial interests:		
- Top Pride Sdn. Bhd.		
Rent of premises	5	13
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	-	44
Transactions with a person connected with certain Directors of the Company:		
- Ng Lai Whoon		
Rent of premises	4	14
Transactions with a Director of the Company:		
- Ng Chin Shin		
Rent of premises	6	16

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**

Coastal Group achieved RM53.6 million in net profit for the third quarter ended 30 September 2010, a 12% increase year-on-year from RM47.9 million, while revenue jumped 37% to a new quarterly high of RM192.1 million from RM140.1 million. Sequentially (quarter-on-quarter), the Group reported a 39% growth in topline from RM138.6 million and 11% surge in net profit from RM48.3 million. Current quarter’s strong performance was underpinned mainly by the delivery of higher end vessels.

For the nine-month period, Coastal Group’s net profit rose 34% to RM145.2 million on the back of a 50% increase in revenue to RM471.9 million compared with a year earlier. Revenue from the first three quarters of this year has already surpassed 2009's full-year revenue of RM466.1 million.

Shipbuilding and Shiprepair Division

The division booked higher revenue of RM188.0 million in the current quarter against RM133.3 million in the immediate preceding quarter and RM132.8 million in a year ago, an increase of 41% and 42% respectively. The better showing was principally due to higher number of delivery of high-end offshore support vessels, i.e. 3 units in contrast to 1 unit in the preceding quarter and 2 units in last year's third quarter.

Vessel Chartering Division

The division registered RM4.1 million of revenue in the current quarter, which was lower than the RM5.3 million recorded in last quarter, a reduction of 23%. This was mainly attributed to lower tonnage transported. Against last year’s corresponding quarter, revenue was down by 44% from RM7.3 million owing to lower fleet utilisation.

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

(b) Included in inventories of the Group are finished goods totalling RM408.8 million (31 December 2009: RM328.5 million) and vessels work-in-progress amounting to RM422.6 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.

(c) Out of the RM17.7 million of trade receivables as at 30 September 2010, RM1.3 million was subsequently received by the Group.

(d) Included in other receivables of the Group are payments made to suppliers and contractors totalling RM20.2 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.

(e) Included in other payables are advance payments received from vessel buyers totalling RM435.3 million (31 December 2009: RM524.1 million), an indication that the Group’s vessel sales order book is still at a high level with deliveries through 2011.

16 **Material Change in Profit Before Taxation**

Boosted by strong performance from the Shipbuilding and Shiprepair Division, profit before tax of the Group rose to RM53.6 million in the current quarter, a jump of 10% from RM48.6 million in the previous quarter and 11% from RM48.2 million in the corresponding quarter a year earlier. On the whole, current quarter's profit margin before tax of 28% was lower than the 35% and 34% achieved in the previous quarter and the same period last year, respectively, owing to weaker margins derived from the sale of vessels as well as higher losses from foreign exchange.

17 **Prospects**

Oil prices have risen above USD85 a barrel as improvement in the manufacturing sector in the U.S. and China, the world's two biggest economies, boosted optimism that growth in global oil consumption will remain strong. Also, the U.S. Federal Reserve's second round of quantitative easing to unleash more dollar into the economy had weakened the U.S currency's value, which in turn made the dollar-denominated crude oil relatively cheaper for buyers using other currencies. This latest oil price development in the current environment of depleting oil reserves and increasing long-term energy demand will drive up offshore exploration, development and production activities going forward. The resultant capital investments in upstream oil and gas sector would spur additional requirements for offshore support vessels ("OSVs").

With more deepwater oilfield developments off the western coast of Sabah coming on stream, Coastal Group is looking to enter a new phase of growth by diversifying into offshore structure fabrication to gain industry knowledge of the oil and gas engineering, procurement and construction business. Central to this plan are the Group's strong foundation 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 of infrastructure is currently at advanced stage to expand the fabrication yard's capabilities.

Given that offshore shipbuilding activity is slowly perking up, Coastal Group has modest optimism of clinching new contracts to add to its vessel sales order book. The Group also expects steady income stream from its ship chartering division through continued utilisation of the Group's fleet in coastal transportation and in various oil and gas support services. It is anticipated that future participation in the offshore structure fabrication business will be earnings-accretive and reduce the Group's dependency on shipbuilding orders. The Group's strong financial footing paired with low level of borrowings will further shield it from major financial distress.

Barring adverse changes in the global and regional economic outlook, Coastal Group is on track to deliver solid revenue and earnings growth in 2010, backed by the strong revenue visibility of the shipbuilding division's vessel sales order book.

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 30 September 2010 RM'000	Cumulative 9 months ended 30 September 2010 RM'000
Income tax expense comprises:		
Estimated tax payable	127	674
Foreign tax	1	52
Deferred tax charge / (reversal)	(161)	(736)
	(33)	(10)

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 19 November 2010.

23 **Group Borrowings and Debt Securities**

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

	As at 30 September 2010 RM'000
Secured	
Short term	49,983
Long term	15,650
Total	65,633

Apart from RM14.5 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 to 0.120 from last quarter's 0.327. The reduction was mainly due to repayment of short term borrowings and lesser draw down of credit facilities. Internally generated funds derived from operations were 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) <u>Derivatives</u>

There were no outstanding derivatives as at 30 September 2010.

(b) <u>Gains or Losses Arising from Fair Value Changes of Financial Liabilities</u>

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

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 19 November 2010.

26 Dividend Payable

No interim dividend has been declared for the current quarter ended 30 September 2010.

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 30 September 2010	Cumulative 9 months ended 30 September 2010
Basic earnings per share		
Profit attributable to equity holders of the Company (RM'000)	53,634	145,215
Weighted average number of ordinary shares in issue ('000)	362,452	362,383
Basic earnings per share (sen)	14.80	40.07

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 19 November 2010.