



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 31.12.2011 RM'000 (unaudited)	3 months ended 31.12.2010 RM'000 (unaudited)	12 months ended 31.12.2011 RM'000 (unaudited)	12 months ended 31.12.2010 RM'000 (audited)
Revenue	9	219,244	203,403	719,134	675,053
Cost of sales and services		(162,419)	(144,561)	(522,462)	(462,942)
Gross profit		<u>56,825</u>	<u>58,842</u>	<u>196,672</u>	<u>212,111</u>
Other income		1,251	938	9,992	5,553
Administrative expenses		(5,067)	(3,767)	(11,657)	(8,844)
Other expenses		(846)	(536)	(2,852)	(5,282)
Finance costs		(35)	(513)	(519)	(3,586)
Profit before tax	9, 19	<u>52,128</u>	<u>54,964</u>	<u>191,636</u>	<u>199,952</u>
Income tax expense	20	(534)	699	(682)	835
Profit for the period		<u><u>51,594</u></u>	<u><u>55,663</u></u>	<u><u>190,954</u></u>	<u><u>200,787</u></u>
Attributable to:					
Owners of the parent		<u><u>51,594</u></u>	<u><u>55,663</u></u>	<u><u>190,954</u></u>	<u><u>200,787</u></u>
Earnings per share attributable to owners of the parent:					
- basic (sen)	27	10.68	11.52*	39.51	41.55*
- diluted (sen)	27	<u><u>N/A</u></u>	<u><u>N/A*</u></u>	<u><u>N/A</u></u>	<u><u>N/A*</u></u>

* Restated for the effects of 1:3 bonus issue on 18 July 2011

The above Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 DECEMBER 2011

	INDIVIDUAL		CUMULATIVE	
	3 months ended 31.12.2011 RM'000 Note (unaudited)	3 months ended 31.12.2010 RM'000 (unaudited)	12 months ended 31.12.2011 RM'000 (unaudited)	12 months ended 31.12.2010 RM'000 (audited)
Profit for the period	51,594	55,663	190,954	200,787
Other comprehensive (loss) / income:				
Currency translation differences arising from consolidation	15(a) (1,707)	(1,494)	17,758	(39,493)
Total comprehensive income for the period	<u>49,887</u>	<u>54,169</u>	<u>208,712</u>	<u>161,294</u>
Attributable to:				
Owners of the parent	<u>49,887</u>	<u>54,169</u>	<u>208,712</u>	<u>161,294</u>

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 2010 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 DECEMBER 2011

		As at 31.12.2011 RM'000 (unaudited)	As at 31.12.2010 RM'000 (audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		90,561	106,504
Intangible asset		5,884	5,884
Deferred tax assets		286	243
Other receivable		1,756	-
		<u>98,487</u>	<u>112,631</u>
Current assets			
Inventories	15(b)	819,277	786,899
Trade receivables	15(c)	19,285	16,575
Other receivables	15(d)	53,062	26,450
Tax refundable		702	571
Cash and bank balances		150,000	149,792
		<u>1,042,326</u>	<u>980,287</u>
TOTAL ASSETS	9	<u>1,140,813</u>	<u>1,092,918</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		96,654	72,490
Share premium		-	18,664
Treasury shares		(82)	-
Currency translation reserve		(27,121)	(44,879)
Warrant reserve		25,269	-
Retained earnings	21	676,078	556,373
Total equity		<u>770,798</u>	<u>602,648</u>
Non-current liabilities			
Borrowings	23	11,414	14,747
Deferred tax liabilities		5,522	5,054
		<u>16,936</u>	<u>19,801</u>
Current liabilities			
Borrowings	23	4,089	36,332
Trade payables		8,157	4,582
Other payables	15(e)	340,810	429,502
Current tax payable		23	53
		<u>353,079</u>	<u>470,469</u>
Total liabilities		<u>370,015</u>	<u>490,270</u>
TOTAL EQUITY AND LIABILITIES		<u>1,140,813</u>	<u>1,092,918</u>
Net assets per share (RM)		<u>1.5950</u>	<u>1.6627</u>

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 2010 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 DECEMBER 2011

Note	Attributable to owners of the parent						
	Non distributable					Distributable	Total
	Share capital	Share premium	Treasury shares	Currency translation reserve	Warrant reserve	Retained earnings	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
12 months ended 31 December 2010 (audited)							
Balance at 1 January 2010	72,223	18,250	-	(5,386)	-	373,709	458,796
Issuance of ordinary shares pursuant to:							
- Employees' Share Option Scheme	267	414	-	-	-	-	681
Total comprehensive (loss) / income for the period	-	-	-	(39,493)	-	200,787	161,294
First and final dividend for the financial year ended 31 December 2009	-	-	-	-	-	(8,699)	(8,699)
Special dividend for the financial year ended 31 December 2009	-	-	-	-	-	(9,424)	(9,424)
Balance at 31 December 2010	72,490	18,664	-	(44,879)	-	556,373	602,648
12 months ended 31 December 2011 (unaudited)							
Balance at 1 January 2011	72,490	18,664	-	(44,879)	-	556,373	602,648
Issuance of ordinary shares pursuant to:							
- Bonus Issue	7(a) 24,164	(18,664)	-	-	-	(5,500)	-
Issuance of warrants	-	-	-	-	25,269	(25,269)	-
Share and warrant issuance expenses	-	-	-	-	-	(249)	(249)
Purchase of treasury shares	7(b) -	-	(82)	-	-	-	(82)
Total comprehensive income for the period	-	-	-	17,758	-	190,954	208,712
Interim dividend for the financial year ended 31 December 2010	8 -	-	-	-	-	(19,935)	(19,935)
Interim dividend for the financial year ended 31 December 2011	8 -	-	-	-	-	(20,296)	(20,296)
Balance at 31 December 2011	96,654	-	(82)	(27,121)	25,269	676,078	770,798

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 2010 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 DECEMBER 2011

	CUMULATIVE	
	12 months ended 31.12.2011 RM'000 (unaudited)	12 months ended 31.12.2010 RM'000 (audited)
<u>Operating Activities</u>		
Profit before tax	191,636	199,952
Adjustments for non-cash items	2,422	11,173
Operating cash flows before changes in working capital	194,058	211,125
Changes in working capital:		
Increase in inventories	(9,880)	(78,905)
Decrease in receivables	20,496	93,015
Decrease in payables	(143,294)	(89,378)
Cash flows from operations	61,380	135,857
Interest paid	(1,486)	(3,835)
Income tax paid	(423)	(203)
Net cash flows from operating activities	59,471	131,819
<u>Investing Activities</u>		
Interest received	397	148
Proceeds from disposal of property, plant and equipment	16,547	3,554
Purchase of property, plant and equipment	(2,434)	(11,359)
Net cash flows from / (used in) investing activities	14,510	(7,657)
<u>Financing Activities</u>		
Proceeds from issuance of ordinary shares	-	681
Purchase of treasury shares	(82)	-
Share and warrant issuance expenses	(249)	-
Dividends paid on ordinary shares	(40,231)	(18,123)
Proceeds from borrowings	8,707	237,394
Repayment of borrowings	(43,881)	(287,225)
Net cash flows used in financing activities	(75,736)	(67,273)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,755)	56,889
Effect of foreign exchange rate changes	2,782	(10,696)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	148,973	102,780
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	150,000	148,973
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	90,153	122,782
Cash and bank balances	59,847	27,010
	150,000	149,792
Bank overdrafts	-	(819)
Cash and cash equivalents at end of financial period	150,000	148,973

Out of the total fixed deposits of RM90.2 million, RM9.3 million were held under lien as securities for documentary credits issued by banks in favour of third parties. Subsequent to 31 December 2011, RM45.4 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 2010 and the accompanying explanatory notes attached to the interim financial statements.



COASTAL CONTRACTS BHD (Company No. 517649-A)

Explanatory Notes

FOR THE QUARTER ENDED 31 DECEMBER 2011

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 2010. 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 2010.

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 2010 except for the adoption of the following new Financial Reporting Standards ("FRSs") and Interpretations, and amendments to certain FRSs and Interpretations which are applicable for the Group's financial period beginning 1 January 2011:

FRS 1 *First-time Adoption of Financial Reporting Standards (revised)*
FRS 3 *Business Combinations (revised)*
FRS 127 *Consolidated and Separate Financial Statements (revised)*
Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
Amendments to FRS 1 *Additional Exemptions for First-time Adopters*
Amendments to FRS 2 *Share-based Payment*
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*
Amendments to FRS 132 *Financial Instruments: Presentation*
Amendments to FRS 138 *Intangible Assets*
Improvements to FRSs (2010)
IC Interpretation 4 *Determining whether an Arrangement Contain a Lease*
IC Interpretation 12 *Service Concession Arrangements*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
IC Interpretation 18 *Transfer of Assets from Customers*
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*
Amendments to IC Interpretation 15 *Agreements for the Construction of Real Estate*
Technical Release 3 *Guidance on Disclosures of Transition to IFRSs*

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:

Revised FRS 3 *Business Combinations* and FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The revised FRS 127 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from the revised FRS 3 and FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.



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 2010 was not subject to any qualification.

4 Seasonal or Cyclical Factors

The Group's performance is affected by the global and regional economic conditions. The demand for vessels as well as shiprepair and charter services are closely associated with the 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

- (a) For the period ended 31 December 2011, the paid-up share capital of the Company was increased by RM24,163,467 by way of bonus issue of 120,817,333 ordinary shares of RM0.20 each.
- (b) For the period ended 31 December 2011, 40,000 ordinary shares of RM0.20 each were repurchased in the open market at an average price of RM2.02 per share. The total consideration paid for the repurchase including transaction costs amounted to RM81,547 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 31 December 2011, the total number of treasury shares held was 40,000 ordinary shares of RM0.20 each.

Save as disclosed above, there were no other issue, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

8 Dividends Paid

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

	RM'000
Interim tax exempt dividend of 27.5% equivalent to 5.5 sen per ordinary share paid on 11 May 2011 for the financial year ended 31 December 2010	19,935
Interim tax exempt dividend of 21.0% equivalent to 4.2 sen per ordinary share paid on 26 September 2011 for the financial year ended 31 December 2011	20,296
	<u>40,231</u>



COASTAL CONTRACTS BHD (Company No. 517649-A)

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 31 December 2011</u>				
<i>Revenue</i>				
External revenue	215,523	3,721	-	219,244
Inter-segment revenue	1,380	1,056	(2,436)	-
Total revenue	<u>216,903</u>	<u>4,777</u>	<u>(2,436)</u>	<u>219,244</u>
<i>Results</i>				
Profit before tax	<u>52,555</u>	<u>(427)</u>	<u>-</u>	<u>52,128</u>
<u>12 months ended 31 December 2011</u>				
<i>Revenue</i>				
External revenue	709,330	9,804	-	719,134
Inter-segment revenue	2,986	1,955	(4,941)	-
Total revenue	<u>712,316</u>	<u>11,759</u>	<u>(4,941)</u>	<u>719,134</u>
<i>Results</i>				
Profit before tax	<u>189,177</u>	<u>2,459</u>	<u>-</u>	<u>191,636</u>
Total Assets				
31 December 2011	1,072,289	68,524	-	1,140,813
31 December 2010	<u>1,027,646</u>	<u>65,272</u>	<u>-</u>	<u>1,092,918</u>

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	257,714
Corporate guarantee to a financial institution in respect of documentary credits issued on behalf of a subsidiary	<u>67,305</u>
	<u>325,019</u>

As at 31 December 2011, the Company is contingently liable for RM14,701,000 of banking facilities utilised by its subsidiaries and RM27,997,000 of documentary credits issued on behalf of the subsidiary.



COASTAL CONTRACTS BHD (Company No. 517649-A)

13 Capital Commitments

There was no material capital commitment as at the end of the current quarter.

14 Related Party Transactions

	Individual 3 months ended 31 December 2011 RM'000	Cumulative 12 months ended 31 December 2011 RM'000
<i>Transactions with a company in which certain Directors of the Company have financial interests:</i>		
<i>- Top Pride Sdn. Bhd.</i>		
Rent of premises	2	8
<i>Transactions with a person connected with certain Directors of the Company:</i>		
<i>- Ng Lai Whoon</i>		
Rent of premises	4	19
<i>Transactions with a Director of the Company:</i>		
<i>- Ng Chin Shin</i>		
Rent of premises	5	19

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 Detailed Analysis of Performance

The Group registered RM219.2 million of revenue in the current quarter ended 31 December 2011 (4Q2011), which was almost double of that achieved in last quarter's (3Q2011) of RM110.2 million. Against last year's corresponding period (4Q2010), revenue has increased by 8% from RM203.4 million.

The fourth quarter results took the Group's full year revenue to RM719.1 million, breaking the RM700 million-mark for the first time.

Shipbuilding and Shiprepair Division

In the current quarter under review, the division's revenue has jumped almost two-fold from RM108.6 million in 3Q2011 to RM215.5 million. Year-on-year, revenue was up by 7% from RM202.0 million. The better showing was principally due to higher number of delivery of vessels, ie. 13 units in contrast to 5 units in 3Q2011 and 7 units in 4Q2010.

The division's profit margin before tax for the current quarter of 24% (RM52.6 million) was lower than the 33% (RM36.2 million) achieved in 3Q2011 owing to narrower margins derived from the sale of low-end vessels, higher administrative expenses and lesser foreign exchange gain. Year-on-year, the profit margin before tax has fallen by 4% from 28% (RM56.9 million) as comparatively more low-end vessels were comprised in current quarter's vessel sales mix.

Vessel Chartering Division

The division's revenue for 4Q2011 has doubled to RM3.7 million from RM1.6 million recorded in 3Q2011 and RM1.4 million recorded in 4Q2010. The improved performance was mainly attributed to new charter contract and higher tonnage transported.



COASTAL CONTRACTS BHD (Company No. 517649-A)

The division registered a loss margin before tax of 11% (RM0.4 million in loss) in the current quarter as a result of the higher administrative expenses incurred. For 3Q2011, the profit margin was higher at 21% (RM0.3 million) owing to gain on disposal of used vessels. The division incurred a greater loss margin before tax of 138% (RM1.9 million in loss) in 4Q2010. The reduction in loss margin as compared to 4Q2010 was attributable to short term chartering income earned from the charter of an offshore support vessel.

- (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) Included in inventories of the Group were finished goods of RM430.9 million (31 December 2010: RM357.2 million) and vessels work-in-progress of RM373.1 million (31 December 2010: RM414.0 million). For the current quarter under review and financial year-to-date, there were no provisions made for obsolete or slow-moving inventories or work-in-progress write-off.
- (c) Out of the RM19.3 million of trade receivables as at 31 December 2011, RM3.2 million was subsequently received by the Group.
- (d) Included in other receivables of the Group were payments made to suppliers and contractors totalling RM35.2 million (31 December 2010: RM20.1 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 were advance payments received from vessel buyers totalling RM328.6 million (31 December 2010: RM421.5 million). The Group currently has a healthy vessel sales order book that will deliver progressive revenue and earnings until 2012.

16 **Material Change in Profit Before Tax**

The Group reported a profit before tax of RM52.1 million in the current quarter, a 42% increase quarter-on-quarter from RM36.6 million on the back of higher number of vessels delivered. Against 4Q2010, profit before tax has reduced by 5% from RM55.0 million. The drop in profit despite higher revenue reported was due to narrower margins derived from the sale of low-end vessels.

17 **Prospects**

Signs of progress in resolving Europe's long-running sovereign debt crisis and a tightening global oil supply in view of the geopolitical fallout over Iran's alleged nuclear ambitions have been keeping oil prices at elevated levels. As such, the medium to long-term outlook for the offshore oil and gas industry remain favourable. The offshore exploration, development and production activities by oil majors are spurred by increased global oil consumption especially from emerging countries like India, China and Brazil. Given the intensified involvement by oil companies to explore the oil resources in deeper waters and frontier fields, oil companies would have to require more sophisticated vessels to support their exploration activities. Therefore, the demand for technologically advanced and deepwater-capable offshore support vessels ("OSVs") that can withstand harsh environments is anticipated to increase.

The recent significant oil discovery at Wakid-1 well in deepwater off the western coast of Sabah is expected to further boost requirement for offshore structures and facilities. Complemented by the Group's strong foundation in marine structures, the Group is actively pursuing opportunities to diversify into the offshore structure fabrication business. To make a foray into this potential new phase of growth, the Group is keen on collaborating with strategic business partner. The close proximity of the Group's 52-acre fabrication yard to the heart of Sabah's growing oil and gas activities also presents a competitive advantage which the Group can readily tap into.



With the continued growth in committed exploration and production capital expenditure by oil majors, Coastal Group has modest optimism of clinching new contracts for OSVs to add to its vessel sales order book (as evident in a recent announcement by the Group for new contract wins on 15 December 2011). With net cash of RM134 million and substantially low gearing ratio of 2% as at end-December 2011 (see Explanatory Note 23), the Group is on a solid financial footing which will shield it from the fickle market environment.

The vessel chartering division has underperformed in 2011, affected by the cabotage policy in Indonesia. The revenue contribution from Indonesia market has dropped 86% y-o-y. Although the overall contribution to the Group's bottom-line is minimal, the Group will endeavour to redeploy its chartering fleet within Asia Pacific's niche market segment of coastal and inland waterway transportation to earn recurring income stream as well as improve the performance of the division.

Barring drastic adverse developments in the global and regional economies, Coastal Group expects a reasonably satisfactory financial performance for 2012, backed by the shipbuilding division's healthy 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 Profit Before Tax

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

	Individual 3 months ended 31 December 2011 RM'000	Cumulative 12 months ended 31 December 2011 RM'000
Interest income	177	397
Other income	294	5,966
Depreciation and amortisation	1,988	7,548
Foreign exchange gain/(loss) (net)	(66)	833

There were no impairment loss on receivables, provision for and write off of inventories, 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 31 December 2011 RM'000	Cumulative 12 months ended 31 December 2011 RM'000
Income tax expense comprises:		
Estimated tax payable	(56)	258
Deferred tax charge / (reversal)	590	424
	534	682

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 certain 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.



COASTAL CONTRACTS BHD (Company No. 517649-A)

21 Retained Earnings

The retained earnings as at 31 December 2011 and 31 December 2010 were further analysed as follows:

	As at 31 December 2011 RM'000	As at 31 December 2010 RM'000
Total retained earnings of the Group:		
- Realised	729,604	608,793
- Unrealised	(3,581)	(4,131)
	<hr/> 726,023	<hr/> 604,662
Consolidation adjustments	(49,945)	(48,289)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 676,078	<hr/> <hr/> 556,373

22 Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 24 February 2012.

23 Group Borrowings and Debt Securities

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

	As at 31 December 2011 RM'000
Secured	
Short term	4,089
Long term	11,414
Total	<hr/> <hr/> 15,503

All the borrowings were denominated in Ringgit Malaysia.

The debt-equity ratio of the Group has reduced to 0.020 from last quarter's 0.023. The reduction was mainly due to lower utilisation 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 the oil and gas as well as the 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 December 2011.

(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

As announced on 19 May 2009, 29 January 2010, 19 March 2010 and 13 May 2010, the Company's wholly-owned subsidiary, Thaumast 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 proceeding 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. To-date, the parties have exchanged factual witness statements and expert reports. The 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 24 February 2012.

26 Dividend Payable

No interim dividend has been declared for the current quarter ended 31 December 2011.

27 Earnings Per Share

Basic earnings per share attributable to owners of the parent

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

	Individual 3 months ended 31 December 2011	Cumulative 12 months ended 31 December 2011
<i>Basic earnings per share</i>		
Profit attributable to owners of the parent (RM'000)	51,594	190,954
Weighted average number of ordinary shares in issue ('000)	483,229	483,257
Basic earnings per share (sen)	10.68	39.51

The weighted average number of ordinary shares in issue for the current quarter and year-to-date were computed in such way to reflect the retrospective adjustments arising from the bonus issue which was completed on 18 July 2011 as required by FRS133 Earnings per Share.

Diluted earnings per share attributable to owners of the parent

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 warrants ("Warrants"). The dilutive portion of the ordinary shares deemed issued pursuant to the Warrants are accounted for in the diluted earnings per share calculation. The Warrants will have a dilutive effect only when the average market price of ordinary shares of the Company during the period exceeds the exercise price of the options granted. As the average market price of ordinary shares during the period (RM2.57) was lower than the exercise price of the options (RM3.18), the options were not assumed to be exercised because they were antidilutive in the period.

As at the end of the quarter, there was only one class of shares in issue and they ranked pari passu among 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 24 February 2012.