COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 31.03.2012 RM'000 (unaudited)	3 months ended 31.03.2011 RM'000 (unaudited)	3 months ended 31.03.2012 RM'000 (unaudited)	3 months ended 31.03.2011 RM'000 (unaudited)
Revenue	8	232,849	155,830	232,849	155,830
Cost of sales and services		(200,368)	(98,256)	(200,368)	(98,256)
Gross profit		32,481	57,574	32,481	57,574
Other income		2,384	1,713	2,384	1,713
Administrative expenses		(2,596)	(2,439)	(2,596)	(2,439)
Other expenses		(1,914)	(813)	(1,914)	(813)
Finance costs		(35)	(419)	(35)	(419)
Profit before tax	8, 18	30,320	55,616	30,320	55,616
Income tax expense	19	439	476	439	476
Profit for the period		30,759	56,092	30,759	56,092
Attributable to:					
Owners of the parent		30,759	56,092	30,759	56,092
Earnings per share attributable to owners of the parent:					
- basic (sen)	26	6.37	11.61*	6.37	11.61*
- diluted (sen)	26	6.37	11.61*	6.37	11.61*

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

These Condensed Consolidated Income Statements should be read in conjunction with the the accompanying explanatory notes attached to these interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

		INDIVIDUAL		CUMULATIVE	
	Note	3 months ended 31.03.2012 RM'000 (unaudited)	3 months ended 31.03.2011 RM'000 (unaudited)	3 months ended 31.03.2012 RM'000 (unaudited)	3 months ended 31.03.2011 RM'000 (unaudited)
Profit for the period		30,759	56,092	30,759	56,092
Other comprehensive (loss) / income:					
Currency translation differences arising from consolidation	14(a)	(20,158)	(8,645)	(20,158)	(8,645)
Total comprehensive income for the period		10,601	47,447	10,601	47,447
Attributable to:					
Owners of the parent		10,601	47,447	10,601	47,447

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Note	As at 31.03.2012 RM'000 (unaudited)	As at 31.12.2011 RM'000 (audited) (restated)	As at 01.01.2011 RM'000 (audited) (restated)
ASSETS				
Non-current assets				
Property, plant and equipment		88,198	90,559	106,504
Intangible asset		5,884	5,884	5,884
Deferred tax assets		363	287	243
Other receivable		1,388	1,756	-
Investment securities	14(b)	658	-	-
		96,491	98,486	112,631
Current assets				
Inventories	14(c)	713,299	819,197	786,899
Trade receivables	14(d)	6,982	10,348	16,575
Other receivables	14(e)	56,313	53,061	26,450
Tax refundable		755	702	571
Cash and bank balances		186,196	150,000	149,792
		963,545	1,033,308	980,287
TOTAL ASSETS	8	1,060,036	1,131,794	1,092,918
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		96,654	96,654	72,490
Share premium		-	-	18,664
Treasury shares		(211)	(82)	-
Currency translation reserve		(2,447)	17,711	-
Warrant reserve		25,269	25,269	-
Retained earnings	20	661,640	630,881	511,494
Total equity		780,905	770,433	602,648
Non-current liabilities				
Borrowings	22	10,387	11,414	14,747
Deferred tax liabilities		5,125	5,525	5,054
		15,512	16,939	19,801
Current liabilities				
Borrowings	22	9,761	4,089	36,332
Trade payables		3,397	8,077	4,582
Other payables	14(f)	250,424	332,233	429,502
Current tax payable		37	23	53
		263,619	344,422	470,469
Total liabilities		279,131	361,361	490,270
TOTAL EQUITY AND LIABILITIES		1,060,036	1,131,794	1,092,918
Net assets per share (RM)		1.6162	1.5943	1.2470*

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

These Condensed Consolidated Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

		Attributable to owners of the parent						
		Non distributable					Distributable	
	Note	Share capital	Share premium	Treasury shares	Currency translation reserve	Warrant reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 March 2011 (unaudited)								
Balance at 1 January 2011 (restated)		72,490	18,664	-	-	-	511,494	602,648
Total comprehensive (loss) / income for the period		-	-	-	(8,645)	-	56,092	47,447
Balance at 31 March 2011 (restated)		72,490	18,664	-	(8,645)	-	567,586	650,095
3 months ended 31 March 2012 (unaudited)								
Balance at 1 January 2012 (restated)		96,654	-	(82)	17,711	25,269	630,881	770,433
Purchase of treasury shares	6	-	-	(129)	-	-	-	(129)
Total comprehensive (loss) / income for the period		-	-	-	(20,158)	-	30,759	10,601
Balance at 31 March 2012		96,654	-	(211)	(2,447)	25,269	661,640	780,905

These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

	CUMULATIVE	
	3 months ended 31.03.2012 RM'000 (unaudited)	3 months ended 31.03.2011 RM'000 (unaudited)
Operating Activities		
Profit before tax	30,320	55,616
Adjustments for non-cash items	2,635	1,766
Operating cash flows before changes in working capital	32,955	57,382
Changes in working capital:		
Decrease in inventories	80,936	45,619
(Increase)/Decrease in receivables	(3,047)	25,983
Decrease in payables	(75,072)	(85,658)
Cash flows from operations	35,772	43,326
Interest paid	(235)	(574)
Income tax paid	(76)	(113)
Net cash flows from operating activities	35,461	42,639
Investing Activities		
Interest received	124	56
Proceeds from disposal of property, plant and equipment	-	1,676
Purchase of property, plant and equipment	(229)	(1,037)
Net cash flows (used in) / from investing activities	(105)	695
Financing Activities		
Purchase of treasury shares	(129)	-
Proceeds from borrowings	5,660	7,300
Repayment of borrowings	(1,028)	(8,888)
Net cash flows from / (used in) financing activities	4,503	(1,588)
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,859	41,746
Effect of foreign exchange rate changes	(3,663)	(2,746)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	150,000	148,973
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	186,196	187,973

* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	126,709	163,133
Cash and bank balances	59,487	24,881
	186,196	188,014
Bank overdrafts	-	(41)
Cash and cash equivalents at end of financial period	186,196	187,973

Subsequent to 31 March 2012, RM54.2 million of fixed deposits were utilised for payment to contractors and suppliers.

These Condensed Consolidated Statements of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Explanatory Notes
FOR THE QUARTER ENDED 31 MARCH 2012

1 **First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS")**

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 2 below. These notes include reconciliations of equity for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date transition under MFRS. The transition from FRS to MFRS has not had a material impact on the total comprehensive income and the statement of cash flows.

2 **Significant Accounting Policies and Application of MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

Foreign Currency Translation Reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM44,879,251 (31 March 2011: RM44,879,251; 31 December 2011: RM44,879,251) were adjusted to retained earnings.

The reconciliations of equity for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

<u>Reconciliation of equity as at 1 January 2011</u>

	FRS as at 1 January 2011 RM'000	Reclassifications RM'000	MFRS as at 1 January 2011 RM'000
Equity			
Currency translation reserve	(44,879)	44,879	-
Retained earnings	556,373	(44,879)	511,494

Reconciliation of equity as at 31 March 2011

	FRS as at 31 March 2011 RM'000	Reclassifications RM'000	MFRS as at 31 March 2011 RM'000
Equity			
Currency translation reserve	(53,524)	44,879	(8,645)
Retained earnings	612,465	(44,879)	567,586

Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Reclassifications RM'000	MFRS as at 31 December 2011 RM'000
Equity			
Currency translation reserve	(27,168)	44,879	17,711
Retained earnings	675,760	(44,879)	630,881

3 **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.

4 **Unusual Items Affecting the Financial Statements**

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

5 **Change in Accounting Estimate**

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

6 **Debt and Equity Securities**

For the period ended 31 March 2012, 60,000 ordinary shares of RM0.20 each were repurchased in the open market at an average price of RM2.15 per share. The total consideration paid for the repurchase including transaction costs amounted to RM129,076 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 31 March 2012, the total number of treasury shares held was 100,000 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.

7 **Dividends Paid**

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

8 **Segment Information**

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

	Shipbuilding and Shiprepair RM'000	Vessel Chartering RM'000	Eliminations RM'000	Consolidated RM'000
3 months ended 31 March 2012				
Revenue				
External revenue	230,931	1,918	-	232,849
Inter-segment revenue	527	406	(933)	-
Total revenue	231,458	2,324	(933)	232,849

	Shipbuilding and Shiprepair RM'000	Vessel Chartering RM'000	Eliminations RM'000	Consolidated RM'000
Results				
Profit/(loss) before tax	31,542	(1,222)	-	30,320
Total Assets				
31 March 2012	997,016	63,020	-	1,060,036
31 December 2011	1,063,271	68,523	-	1,131,794

9 **Subsequent Event**

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

10 **Changes in the Composition of the Group**

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

11 **Contingent Liabilities and Contingent Assets**

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiaries	251,283
Corporate guarantee to a financial institution in respect of documentary credits issued on behalf of a subsidiary	64,996
	316,279

As at 31 March 2012, the Company is contingently liable for RM19,436,000 of banking facilities utilised by its subsidiaries.

12 **Capital Commitments**

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

13 **Related Party Transactions**

	Individual 3 months ended 31 March 2012 RM'000	Cumulative 3 months ended 31 March 2012 RM'000
Transactions with a company in which certain Directors of the Company have financial interests:		
- Top Pride Sdn. Bhd.		
Rent of premises	2	2
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.

14 **Detailed Analysis of Performance**

The Group's revenue for the 3 months ended 31 March 2012 (1Q2012) scaled up by 6% to RM232.8 million, against RM219.2 million reported in the preceding quarter (4Q2011). Year-on-year (1Q2011), the revenue has leaped 49% from RM155.8 million.

Shipbuilding and Shiprepair Division

Revenue generated from this division in 1Q2012 stood at RM230.9 million, 7% higher compared to RM215.5 million recorded in 4Q2011. Against 1Q2011, this represented a jump of 50% from RM153.8 million**.** The increase in revenue mainly due to higher number of offshore support vessels delivered in the current quarter. Of the total 7 units of vessels delivered in 1Q2012 (1Q2011: 5 units; 4Q2011: 13 units), 5 units were high-end offshore support vessels (1Q2011: 3 units; 4Q2011: 2 units).

The division's profit margin before tax for the current quarter of 14% (RM31.5 million) was lower than the 24% (RM52.6 million) and 36% (RM55.6 million) recorded in 4Q2011 and 1Q2011, respectively, owing to narrower margins derived from the sale of offshore support vessels to certain repeat customers. Discounted prices were given to these customers as a means of appreciation for their continued support to the Group. These customers had in total bought more than 15 units of offshore support vessels from the Group.

Vessel Chartering Division

The division registered lower revenue of RM1.9 million in 1Q2012 compared to RM3.7 million recorded in 4Q2011, a decrease of 49%. This was mainly attributed to the expiration of a time charter contract in the current quarter and lower tonnage transported. Year-on-year, the division's revenue this quarter was consistent with the RM2.0 million posted in 1Q2011.

The division incurred a greater loss margin before tax of 64% (RM1.2 million in loss) in the current quarter as compared to 11% (RM0.4 million in loss) reported in 4Q2011. The poorer performance was primarily due to lower fleet utilisation rate especially there was a short term contract for the charter of an offshore support vessel has been expired during the quarter. For 1Q2011, the profit margin before tax was higher at 0.7% (RM0.01 million) owing to gain on disposal of used vessels.

(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) The Group's investment securities comprises available-for-sale investment in quoted shares.

(c) Included in inventories of the Group were finished goods of RM375.8 million (31 December 2011: RM430.9 million) and vessels work-in-progress of RM324.2 million (31 December 2011: RM373.1 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.

(d) Out of the RM7.0 million of trade receivables as at 31 March 2012, RM1.8 million was subsequently received by the Group.

(e) Included in other receivables of the Group were payments made to suppliers and contractors totalling RM28.5 million (31 December 2011: RM35.2 million) to secure the supply of input materials, equipment and services intended for the Group’s rolling vessel building programme.

(f) Included in other payables were advance payments received from vessel buyers totalling RM242.2 million (31 December 2011: RM320.0 million), a good testament of the Group's healthy order book.

15 **Material Change in Profit Before Tax**

The Group reported a profit before tax of RM30.3 million in the current quarter, a 42% and 46% decrease from RM52.1 million and RM55.6 million achieved in 4Q2011 and 1Q2011, respectively. The drop in profit despite higher revenue reported was due to narrower margins derived from the sale of vessels.

16 **Prospects**

Crude oil prices have continued to rise in 2012 as global demand remains high and supplies have been disrupted in the Middle East by geopolitical issue. Sign of progress in resolving Europe's long-running sovereign debt crisis has further strengthen oil prices at elevated levels. As such, the medium to long-term outlook for the offshore oil and gas industry remain favourable, underpinned by healthy oil prices and projected increases in exploration and production spending. The offshore market continues to display signs of cyclical improvement, especially in the deep and ultra-deep water segments. Therefore, the demand for technologically advanced and deepwater-capable OSV that can withstand harsh environments is anticipated to increase.

With Sabah set to become Malaysia's oil and gas hub, particularly in deepwater oilfield developments off the state's west coast, the Group is actively pursuing strategic opportunities to diversify into the offshore structure fabrication business. One of the competitive advantages of the Group is the geographical proximity of its Sandakan-based 52-acres fabrication yard to the heart of Sabah's growing oil and gas activities. Recently, the yard's infrastructure has been upgraded and it is now capable to erect offshore structures and the Group is ready to tap into this potential new phase of growth. Currently, the Group is working hard to pursue opportunities for collaboration with business partners that complements the Group's technical capabilities in the fabrication business.

Barring adverse changes in the global and regional economic outlook, the management of Coastal believes that Coastal Group will continue to experience business stability and sustain modest growth moving forward, backed by the strong revenue visibility of the Shipbuilding Division's vessel sales order book. It is also anticipated that future participation in the offshore structure fabrication business will be earnings-accretive and will diversify away the Group's reliance on shipbuilding orders. Other than that, the vessel chartering division has underperformed in 1st quarter of 2012 as affected by the cabotage policy in Indonesia. The Group will put in more effort 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. Anyway, the contribution of vessel chartering division to the Group's net profit is very minimal and the unfavourable performance of this division is not expected to have material impact on the Group's financial performance for the financial year 2012.

17 **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.

18 **Profit Before Tax**

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

	Individual 3 months ended 31 March 2012 RM'000	Cumulative 3 months ended 31 March 2012 RM'000
Interest income	124	124
Other income	1,493	1,493
Depreciation and amortisation	1,962	1,962
Bad debts written off	114	114
Impairment loss on available-for-sale investment	372	372
Foreign exchange loss (net)	661	661

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

19 Income Tax Expense

	Individual 3 months ended 31 March 2012 RM'000	Cumulative 3 months ended 31 March 2012 RM'000
Income tax expense comprises:		
Estimated tax payable	38	38
Deferred tax charge / (reversal)	(477)	(477)
	(439)	(439)

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 Retained Earnings

The retained earnings as at 31 March 2012 and 31 December 2011 were further analysed as follows:

	As at 31 March 2012 RM'000	As at 31 December 2011 RM'000 (restated)
Total retained earnings of the Group:		
- Realised	716,253	684,376
- Unrealised	(3,537)	(3,581)
	712,716	680,795
Consolidation adjustments	(51,076)	(49,914)
Total Group retained earnings as per consolidated accounts	661,640	630,881

21 Status of Corporate Proposals

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

22 Group Borrowings and Debt Securities

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

	As at 31 March 2012 RM'000
Secured	
Short term	9,761
Long term	10,387
Total	20,148

Apart from RM3.1 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 increased to 0.026 from last quarter's 0.020. Additional funds were drawn down from existing credit lines to partly finance the Group's shipbuilding division to keep an orderly rolling work-in-progress.

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.

23 **Financial Instruments**

(a) Derivatives

There were no outstanding derivatives as at 31 March 2012.

(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.

24 **Material Litigation**

As announced on 19 May 2009, 29 January 2010, 19 March 2010, 13 May 2010, 30 April 2012 and 17 May 2012, 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 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. On 27 April 2012, TML has made an offer-to-settle to the Buyer to pay a sum of USD150,000, in full and final settlement of the Buyer's claim in these proceedings and/or arising out of or in connection with the MOA. The Buyer has subsequently rejected TML's offer but expressed their willingness to consider an improved offer. On 17 May 2012, TML has decided not to make an improved offer to the Buyer. The Arbitral Tribunal has tentatively fixed the hearing date from 11 June 2012 to 19 June 2012.

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 May 2012.

25 **Dividend**

On 8 March 2012, the Directors declared a second interim tax exempt dividend of 19% equivalent to 3.8 sen per ordinary share in respect of the financial year ended 31 December 2011. This dividend was paid on 10 April 2012 to depositors registered in the Records of Depositors at close of business on 23 March 2012. The dividend declared in the corresponding period of last year was 5.5 sen.

Inclusive of the first interim tax exempt dividend of 4.2 sen per ordinary share paid on 26 September 2011, the total tax exempt dividend distribution per ordinary share in respect of the financial year ended 31 December 2011 was 8 sen.

26 **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 March 2012	Cumulative 3 months ended 31 March 2012
Basic earnings per share		
Profit attributable to owners of the parent (RM'000)	30,759	30,759
Weighted average number of ordinary shares in issue ('000)	483,218	483,218
Basic earnings per share (sen)	6.37	6.37

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 (RM2.21) 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.

27 **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 2011 was not subject to any qualification.

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 May 2012.