



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 30.09.2012 RM'000 (unaudited)	3 months ended 30.09.2011 RM'000 (unaudited)	9 months ended 30.09.2012 RM'000 (unaudited)	9 months ended 30.09.2011 RM'000 (unaudited)
Revenue	8	177,135	110,211	570,720	499,890
Cost of sales and services		(144,544)	(74,413)	(476,910)	(360,043)
Gross profit		<u>32,591</u>	<u>35,798</u>	<u>93,810</u>	<u>139,847</u>
Other income		3,118	3,944	9,148	8,741
Administrative expenses		(2,534)	(2,131)	(7,338)	(6,590)
Other expenses		(4,045)	(1,018)	(6,317)	(2,006)
Finance costs		(34)	(33)	(103)	(484)
Profit before tax	8, 18	<u>29,096</u>	<u>36,560</u>	<u>89,200</u>	<u>139,508</u>
Income tax expense	19	1,434	97	1,003	(148)
Profit for the period		<u><u>30,530</u></u>	<u><u>36,657</u></u>	<u><u>90,203</u></u>	<u><u>139,360</u></u>
Attributable to: Owners of the parent		<u><u>30,530</u></u>	<u><u>36,657</u></u>	<u><u>90,203</u></u>	<u><u>139,360</u></u>
Earnings per share attributable to owners of the parent:					
- basic (sen)	26	6.32	7.59	18.67	28.84
- diluted (sen)	26	<u><u>6.32</u></u>	<u><u>7.59</u></u>	<u><u>18.67</u></u>	<u><u>28.84</u></u>

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 30 SEPTEMBER 2012

	INDIVIDUAL		CUMULATIVE	
	3 months ended 30.09.2012 RM'000 (unaudited)	3 months ended 30.09.2011 RM'000 (unaudited)	9 months ended 30.09.2012 RM'000 (unaudited)	9 months ended 30.09.2011 RM'000 (unaudited)
Profit for the period	30,530	36,657	90,203	139,360
Other comprehensive (loss) / income:				
Currency translation differences arising from consolidation	14(a) (23,750)	28,796	(20,680)	19,465
Total comprehensive income for the period	<u>6,780</u>	<u>65,453</u>	<u>69,523</u>	<u>158,825</u>
Attributable to:				
Owners of the parent	<u>6,780</u>	<u>65,453</u>	<u>69,523</u>	<u>158,825</u>

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 30 SEPTEMBER 2012

	Note	As at 30.09.2012 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		76,991	90,559	106,504
Investment properties		4,040	-	-
Intangible asset		5,884	5,884	5,884
Deferred tax assets		417	287	243
Other receivable		1,530	1,756	-
Investment securities	14(b)	336	-	-
		<u>89,198</u>	<u>98,486</u>	<u>112,631</u>
Current assets				
Inventories	14(c)	753,242	819,197	786,899
Trade receivables	14(d)	9,968	10,348	16,575
Other receivables	14(e)	78,020	53,061	26,450
Tax refundable		557	702	571
Cash and bank balances		221,615	150,000	149,792
		<u>1,063,402</u>	<u>1,033,308</u>	<u>980,287</u>
TOTAL ASSETS	8	<u>1,152,600</u>	<u>1,131,794</u>	<u>1,092,918</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		96,654	96,654	72,490
Share premium		-	-	18,664
Treasury shares		(303)	(82)	-
Currency translation reserve		(2,969)	17,711	-
Warrant reserve		25,269	25,269	-
Retained earnings	20	689,195	630,881	511,494
Total equity		<u>807,846</u>	<u>770,433</u>	<u>602,648</u>
Non-current liabilities				
Borrowings	22	8,399	11,414	14,747
Deferred tax liabilities		3,576	5,525	5,054
		<u>11,975</u>	<u>16,939</u>	<u>19,801</u>
Current liabilities				
Borrowings	22	4,149	4,089	36,332
Trade payables		5,779	8,077	4,582
Other payables	14(f)	321,992	332,233	429,502
Current tax payable		859	23	53
		<u>332,779</u>	<u>344,422</u>	<u>470,469</u>
Total liabilities		<u>344,754</u>	<u>361,361</u>	<u>490,270</u>
TOTAL EQUITY AND LIABILITIES		<u>1,152,600</u>	<u>1,131,794</u>	<u>1,092,918</u>
Net assets per share (RM)		<u>1.6721</u>	<u>1.5943</u>	<u>1.2470*</u>

* 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 30 SEPTEMBER 2012

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	
<u>9 months ended 30 September 2011 (unaudited)</u>							
Balance at 1 January 2011 (restated)	72,490	18,664	-	-	-	511,494	602,648
Issuance of ordinary shares pursuant to: - Bonus Issue	24,164	(18,664)	-	-	-	(5,500)	-
Issuance of warrants	-	-	-	-	25,269	(25,269)	-
Share and warrants issuance expenses	-	-	-	-	-	(249)	(249)
Purchase of treasury shares	-	-	(82)	-	-	-	(82)
Total comprehensive income for the period	-	-	-	19,465	-	139,360	158,825
Interim dividend for the financial year ended 31 December 2010	-	-	-	-	-	(19,935)	(19,935)
Interim dividend for the financial year ended 31 December 2011	-	-	-	-	-	(20,296)	(20,296)
Balance at 30 September 2011 (restated)	96,654	-	(82)	19,465	25,269	579,605	720,911
<u>9 months ended 30 September 2012 (unaudited)</u>							
Balance at 1 January 2012 (restated)	96,654	-	(82)	17,711	25,269	630,881	770,433
Purchase of treasury shares	6	-	(221)	-	-	-	(221)
Total comprehensive (loss) / income for the period	-	-	-	(20,680)	-	90,203	69,523
Interim dividend for the financial year ended 31 December 2011	7	-	-	-	-	(18,362)	(18,362)
Interim dividend for the financial year ending 31 December 2012	7	-	-	-	-	(13,527)	(13,527)
Balance at 30 September 2012	96,654	-	(303)	(2,969)	25,269	689,195	807,846

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 30 SEPTEMBER 2012**

	CUMULATIVE	
	9 months ended 30.09.2012 RM'000 (unaudited)	9 months ended 30.09.2011 RM'000 (unaudited)
<u>Operating Activities</u>		
Profit before tax	89,200	139,508
Adjustments for non-cash items	3,883	1,131
Operating cash flows before changes in working capital	93,083	140,639
Changes in working capital:		
Decrease in inventories	41,332	65,749
Decrease in receivables	5,143	18,846
Decrease in payables	(34,281)	(120,246)
Cash flows from operations	105,277	104,988
Interest paid	(799)	(1,249)
Income tax paid	(95)	(312)
Net cash flows from operating activities	104,383	103,427
<u>Investing Activities</u>		
Interest received	385	220
Proceeds from disposal of property, plant and equipment	6,831	15,180
Purchase of property, plant and equipment	(656)	(2,192)
Net cash flows from investing activities	6,560	13,208
<u>Financing Activities</u>		
Share and warrants issuance expense	-	(249)
Purchase of treasury shares	(221)	(82)
Dividends paid on ordinary shares	(31,889)	(40,231)
Proceeds from borrowings	43,551	8,504
Repayment of borrowings	(46,673)	(42,861)
Net cash flows used in financing activities	(35,232)	(74,919)
NET INCREASE IN CASH AND CASH EQUIVALENTS	75,711	41,716
Effect of foreign exchange rate changes	(4,096)	6,060
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	150,000	148,973
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	221,615	196,749
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	160,380	154,788
Cash and bank balances	61,235	41,961
Cash and cash equivalents at end of financial period	221,615	196,749

Subsequent to 30 September 2012, RM47.5 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 30 SEPTEMBER 2012

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

These condensed consolidated interim financial statements, for the period ended 30 September 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. This note include reconciliation of equity for comparative period reported under FRS to those reported for those period 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 (30 September 2011: RM44,879,251; 31 December 2011: RM44,879,251) were adjusted to retained earnings.

The reconciliation of equity for comparative period reported under FRS to those reported for those period under MFRS is provided below:

Reconciliation of equity as at 30 September 2011

	FRS as at 30 September 2011 RM'000	Reclassifications RM'000	MFRS as at 30 September 2011 RM'000
Equity			
Currency translation reserve	(25,414)	44,879	19,465
Retained earnings	624,484	(44,879)	579,605



COASTAL CONTRACTS BHD (Company No. 517649-A)

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 30 September 2012, 110,000 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 RM221,748 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 30 September 2012, the total number of treasury shares held was 150,000 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

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

	RM'000
Second interim tax exempt dividend of 19% equivalent to 3.8 sen per ordinary share paid on 10 April 2012 for the financial year ended 31 December 2011	18,362
First interim tax exempt dividend of 14% equivalent to 2.8 sen per ordinary share paid on 27 September 2012 for the financial year ending 31 December 2012	13,527
	<u>31,889</u>

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
<u>3 months ended 30 September 2012</u>				
<i>Revenue</i>				
External revenue	173,502	3,633	-	177,135
Inter-segment revenue	258	527	(785)	-
Total revenue	<u>173,760</u>	<u>4,160</u>	<u>(785)</u>	<u>177,135</u>
<i>Results</i>				
Profit before tax	<u>26,473</u>	<u>2,623</u>	-	<u>29,096</u>
<u>9 months ended 30 September 2012</u>				
<i>Revenue</i>				
External revenue	563,536	7,184	-	570,720
Inter-segment revenue	785	2,597	(3,382)	-
Total revenue	<u>564,321</u>	<u>9,781</u>	<u>(3,382)</u>	<u>570,720</u>



COASTAL CONTRACTS BHD (Company No. 517649-A)

	Shipbuilding and Shiprepair RM'000	Vessel Chartering RM'000	Eliminations RM'000	Consolidated RM'000
Results				
Profit before tax	88,840	360	-	89,200
Total Assets				
30 September 2012	1,098,920	53,680	-	1,152,600
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	251,165

As at 30 September 2012, the Company is contingently liable for RM11,961,000 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 30 September 2012 RM'000	Cumulative 9 months ended 30 September 2012 RM'000
<i>Transactions with a company in which certain Directors of the Company have financial interests:</i>		
- Top Pride Sdn. Bhd. Rent of premises	2	7
<i>Transactions with a person connected with certain Directors of the Company:</i>		
- Ng Lai Whoon Rent of premises	4	14
<i>Transactions with a Director of the Company:</i>		
- Ng Chin Shin Rent of premises	4	14

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.



COASTAL CONTRACTS BHD (Company No. 517649-A)

14 Detailed Analysis of Performance

The Group's revenue for the 3 months ended 30 September 2012 (3Q2012) stood at RM177.1 million. This represented a quarter-on-quarter increase of 10% from RM160.7 million and a year-on-year surge of 61% from RM110.2 million. Year-to-date, the revenue of the Group of RM570.7 million has already surpassed 2011's nine-months number of RM499.9 million.

Shipbuilding and Shiprepair Division

The division booked higher revenue of RM173.5 million in 3Q2012 compared to RM159.1 million recorded in 2Q2012 and RM108.6 million in 3Q2011, an increase of 9% and 60% respectively. This was attributed to more vessel deliveries in the current quarter, ie. 7 units in contrast to 5 units in both 2Q2012 and 3Q2011.

The division's profit margin before tax of 15% (RM26.5 million) in 3Q2012 was lower than the 19% (RM30.8 million) achieved in 2Q2012 owing to foreign exchange loss arising from a weakened United States Dollar ("USD"). Year-on-year, the profit margin before tax has fallen by 18% from 33% (RM36.2 million) as a result of the narrower margins derived from the sale of vessels and losses from foreign exchange.

Vessel Chartering Division

The division's revenue of RM3.6 million in 3Q2012 was more than two-fold of RM1.6 million recorded in both 2Q2012 and 3Q2011. The improved performance was mainly attributed to new charter contract secured.

The division registered a profit margin before tax of 72% (RM2.6 million) in 3Q2012, which was better than the loss margin before tax of 64% (RM1.0 million in loss) incurred in 2Q2012 and the profit margin before tax of 21% (RM0.3 million) achieved in 3Q2011. The better showing was principally due to short term chartering income earned from the charter of an offshore support vessel as well as greater 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 RM395.4 million (31 December 2011: RM430.9 million) and vessels work-in-progress of RM343.5 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 RM10.0 million of trade receivables as at 30 September 2012, RM4.6 million was subsequently received by the Group.
- (e) Included in other receivables of the Group were payments made to suppliers and contractors totalling RM37.6 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 RM313.7 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 registered a fairly consistent profit before tax of RM29.1 million in 3Q2012, a marginal decrease of 2% compared with RM29.8 million recorded in 2Q2012. The constant profit achieved despite higher revenue reported was due to foreign exchange loss incurred. Against 3Q2011, profit before tax has dropped by 20% from RM36.6 million, as a result of the narrower margins derived from the sale of vessels by Shipbuilding Division and the adverse impact of USD depreciation on foreign exchange transactions.



16 Prospects

Further uncertainty in the Eurozone sovereign debt crisis and the United States' major short-term economic challenges – US fiscal cliff, are continued threatening the global economy, which also making the outlook for world oil prices in the near term is difficult to predict. Nevertheless, the Group foreseen the medium to long term outlook for offshore oil and gas industry remains favourable given that oil and natural gas are still ranking as world's top two energy sources and the demand is expected to grow. The Group will continue focus on building more expensive technologically advanced and deepwater-capable vessels in future given that the demand is anticipated to increase consistently with the increase in deepwater fields. At the meantime, the Group is working in tandem to pursue opportunities for diversifying into offshore structure fabrication business as well as upstream segment of oil and gas industry.

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 30 September 2012 RM'000	Cumulative 9 months ended 30 September 2012 RM'000
Interest income	141	385
Other income	2,540	4,753
Depreciation and amortisation	1,838	5,696
Bad debts written off	-	114
Impairment loss on available-for-sale investment	129	694
Foreign exchange loss (net)	<u>3,479</u>	<u>1,499</u>

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 30 September 2012 RM'000	Cumulative 9 months ended 30 September 2012 RM'000
Income tax expense comprises:		
Estimated tax payable	564	1,077
Deferred tax charge / (reversal)	(1,998)	(2,080)
	<u>(1,434)</u>	<u>(1,003)</u>

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 different income tax rate applicable to subsidiaries of the Group in other jurisdictions.



COASTAL CONTRACTS BHD (Company No. 517649-A)

20 Retained Earnings

The retained earnings as at 30 September 2012 and 31 December 2011 were further analysed as follows:

	As at 30 September 2012 RM'000	As at 31 December 2011 RM'000 (restated)
Total retained earnings of the Group:		
- Realised	746,698	684,376
- Unrealised	(1,954)	(3,581)
	<hr/> 744,744	<hr/> 680,795
Consolidation adjustments	(55,549)	(49,914)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 689,195	<hr/> <hr/> 630,881

21 Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 26 November 2012.

22 Group Borrowings and Debt Securities

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

	As at 30 September 2012 RM'000
Secured	
Short term	4,149
Long term	8,399
Total	<hr/> <hr/> 12,548

All the borrowings are denominated in Ringgit Malaysia.

The debt-equity ratio of the Group has reduced to 0.016 from last quarter's 0.026. The reduction was mainly due to repayment of short term borrowings and 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.

The current gearing is within management comfort level.

23 Financial Instruments

(a) Derivatives

There were no outstanding derivatives as at 30 September 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

- (a) As announced on 19 May 2009, 29 January 2010, 19 March 2010, 13 May 2010, 30 April 2012, 17 May 2012, 22 May 2012, 29 May 2012, 6 June 2012 and 5 November 2012, 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. As announced on 5 November 2012, TML had entered into a Settlement Agreement ("Agreement") with the Buyers to pay a sum of USD220,000 inclusive of interest and costs ("Settlement Sum"), in full and final settlement of any claims arising out of or in connection with the MOA, the Vessel and/or the Arbitration. Such payment shall be made within fourteen (14) banking days from the date of the Agreement. Upon receipt of the Settlement Sum, the Buyers shall release and forever discharge TML from any and all liability (whether past, present or future) of any nature whatsoever and from any and all demands, claims or causes of action whatsoever arising out of or in connection with the MOA, the Vessel and/or the Arbitration.
- (b) As announced on 26 September 2012, the Company's wholly-owned subsidiary, Seri Modalwan Sdn Bhd ("SM"), had on 24 September 2012 received a Writ of Summons and Statement of Claim dated 20 September 2012 from a customer, namely PT Mainstream Indonesia ("PTMI") and its affiliate, Mainstream Venture Sdn Bhd ("collectively referred to as the Plaintiffs") pertaining to the loss of use and damage to PTMI's vessel while under repair at SM's premises. The Plaintiffs alleged that the damage to the subject vessel by fire was due to negligence of SM, which allegation was denied by SM. The Plaintiffs claim for the sum of RM7,927,314.46 being the cost of the subject vessel and the loss of income for the subject vessel from September 2011 to July 2012 and other relevant costs, interest, cost and such other relief as may be appropriate or just. As announced on 19 November 2012, SM had via its solicitors filed a Statement of Defence on 16 November 2012 in response to the Statement of Claim served by the Plaintiffs. There is no further development on the above litigation proceedings as of to date.

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 26 November 2012.

25 Dividend

On 27 August 2012, the Directors declared a first interim tax exempt dividend of 14% equivalent to 2.8 sen per ordinary share in respect of the financial year ending 31 December 2012. This dividend was paid on 27 September 2012 to depositors registered in the Records of Depositors at close of business on 13 September 2012. The dividend declared in the corresponding period of last year was 4.2 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 30 September 2012	Cumulative 9 months ended 30 September 2012
<i>Basic earnings per share</i>		
Profit attributable to owners of the parent (RM'000)	30,530	90,203
Weighted average number of ordinary shares in issue ('000)	483,143	483,177
Basic earnings per share (sen)	6.32	18.67



COASTAL CONTRACTS BHD (Company No. 517649-A)

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 (RM1.96) 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 26 November 2012.