COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

		INDIVIDUAL		CUMULATIVE	
	Note	3 months ended 30.09.2013 RM'000 (unaudited)	3 months ended 30.09.2012 RM'000 (unaudited)	9 months ended 30.09.2013 RM'000 (unaudited)	9 months ended 30.09.2012 RM'000 (unaudited)
Revenue	8	194,651	177,135	506,579	570,720
Cost of sales and services		(157,295)	(144,544)	(402,174)	(476,910)
Gross profit		37,356	32,591	104,405	93,810
Other income		5,691	3,118	7,962	9,148
Administrative expenses		(2,959)	(2,534)	(8,759)	(7,338)
Other expenses		(502)	(4,045)	(802)	(6,317)
Finance costs		(32)	(34)	(97)	(103)
Profit before tax	8, 18	39,554	29,096	102,709	89,200
Income tax expense	19	(47)	1,434	(64)	1,003
Profit for the period		39,507	30,530	102,645	90,203
Attributable to:					
Owners of the parent		39,507	30,530	102,645	90,203
Earnings per share attributable to owners of the parent:					
- basic (sen)	26	8.18	6.32	21.25	18.67
- diluted (sen)	26	8.18	6.32	21.25	18.67

The above Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and 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 2013

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 30.09.2013 RM'000 (unaudited)	3 months ended 30.09.2012 RM'000 (unaudited)	9 months ended 30.09.2013 RM'000 (unaudited)	9 months ended 30.09.2012 RM'000 (unaudited)
Profit for the period		39,507	30,530	102,645	90,203
Other comprehensive income / (loss):					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences arising from consolidation	14(a)	21,968	(23,750)	44,503	(20,680)
Net loss on available-for-sale financial assets		-	-	(28)	-
Total comprehensive income for the period		61,475	6,780	147,120	69,523
Attributable to:					
Owners of the parent		61,475	6,780	147,120	69,523

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 2012 and 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 2013

	Note	As at 30.09.2013 RM'000 (unaudited)	As at 31.12.2012 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		76,386	74,861
Investment properties		3,958	4,019
Intangible asset		5,884	5,884
Investment securities	14(b)	265	365
Deferred tax assets		414	371
Trade receivable		10,660	-
Other receivable		78	962
		97,645	86,462
Current assets			
Inventories	14(c)	1,029,732	801,466
Trade receivables	14(d)	27,709	12,930
Other receivables	14(e)	103,505	50,997
Tax recoverable		843	570
Cash and bank balances		305,604	208,322
		1,467,393	1,074,285
TOTAL ASSETS	8	1,565,038	1,160,747
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		96,654	96,654
Treasury shares		(427)	(303)
Currency translation reserve		40,456	(4,047)
Fair value adjustment reserve		-	28
Warrant reserve		25,269	25,269
Retained earnings	20	792,475	717,849
Total equity		954,427	835,450
Non-current liabilities			
Borrowings	22	5,171	7,519
Deferred tax liabilities		3,257	3,558
		8,428	11,077
Current liabilities			
Borrowings	22	3,212	4,018
Trade payables		30,620	18,223
Other payables	14(f)	567,995	291,692
Income tax payable		356	287
		602,183	314,220
Total liabilities	8	610,611	325,297
TOTAL EQUITY AND LIABILITIES		1,565,038	1,160,747
Net assets per share (RM)		1.9758	1.7293

The above Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and 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 2013

		Attributable to owners of the parent						
		Non distributable					Distributable	
	Note	Share capital	Treasury shares	Currency translation reserve	Fair value adjustment reserve	Warrant reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 September 2012 (unaudited)								
Balance at 1 January 2012		96,654	(82)	17,711	-	25,269	630,881	770,433
Purchase of treasury shares		-	(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		-	-	-	-	-	(18,362)	(18,362)
Interim dividend for the financial year ended 31 December 2012		-	-	-	-	-	(13,527)	(13,527)
Balance at 30 September 2012		96,654	(303)	(2,969)	-	25,269	689,195	807,846
9 months ended 30 September 2013 (unaudited)								
Balance at 1 January 2013		96,654	(303)	(4,047)	28	25,269	717,849	835,450
Purchase of treasury shares	6	-	(124)	-	-	-	-	(124)
Total comprehensive income / (loss) for the period		-	-	44,503	(28)	-	102,645	147,120
Interim dividend for the financial year ended 31 December 2012	7	-	-	-	-	-	(13,527)	(13,527)
Interim dividend for the financial year ending 31 December 2013	7	-	-	-	-	-	(14,492)	(14,492)
Balance at 30 September 2013		96,654	(427)	40,456	-	25,269	792,475	954,427

The above Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and 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 2013

	CUMULATIVE	
	9 months ended 30.09.2013 RM'000 (unaudited)	9 months ended 30.09.2012 RM'000 (unaudited)
Operating Activities		
Profit before tax	102,709	89,200
Adjustments for non-cash items	1,285	3,883
Operating cash flows before changes in working capital	103,994	93,083
Changes in working capital:		
(Increase) / Decrease in inventories	(173,151)	41,332
(Increase) / Decrease in receivables	(66,266)	5,143
Increase / (Decrease) in payables	255,228	(34,281)
Cash flows from operations	119,805	105,277
Interest paid	(406)	(799)
Income tax paid	(622)	(95)
Net cash flows from operating activities	118,777	104,383
Investing Activities		
Interest received	727	385
Proceeds from disposal of property, plant and equipment	8,143	6,831
Purchase of property, plant and equipment	(12,025)	(656)
Net cash flows (used in) / from investing activities	(3,155)	6,560
Financing Activities		
Purchase of treasury shares	(124)	(221)
Dividends paid on ordinary shares	(28,019)	(31,889)
Proceeds from borrowings	-	43,551
Repayment of borrowings	(3,163)	(46,673)
Net cash flows used in financing activities	(31,306)	(35,232)
NET INCREASE IN CASH AND CASH EQUIVALENTS	84,316	75,711
Effect of foreign exchange rate changes	12,966	(4,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	208,322	150,000
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	305,604	221,615

* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	279,916	160,380
Cash and bank balances	25,688	61,235
Cash and cash equivalents at end of financial period	305,604	221,615

Subsequent to 30 September 2013, RM52.4 million of fixed deposits were utilised for payment to contractors and suppliers.

The above Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

Explanatory Notes
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

1 **Basis of Preparation**

These condensed consolidated interim financial statements are unaudited and have been prepared under the historical cost convention except for certain financial assets that are stated at fair value.

These condensed consolidated interim financial statements 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.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. 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 financial year ended 31 December 2012.

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

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2012 except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs") and Interpretation, and amendments to certain MFRSs and Interpretation where applicable to the Group's financial period beginning 1 January 2013:

MFRS 10 *Consolidated Financial Statements*
MFRS 11 *Joint Arrangements*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 119 *Employee Benefits*
MFRS 127 *Separate Financial Statements*
MFRS 128 *Investments in Associates and Joint Ventures*
Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans*
Amendments to MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 10 *Consolidated Financial Statements: Transition Guidance*
Amendments to MFRS 11 *Joint Arrangements: Transition Guidance*
Amendments to MFRS 12 *Disclosure of Interests in Other Entities: Transition Guidance*
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle

The adoption of the abovementioned MFRSs, Interpretation, Amendments to MFRS and Interpretation, where applicable, will have no material impact on the financial statements of the Group except for the following:

Amendments to MFRS 101 *Presentation of Financial Statements* (Annual Improvements 2009 - 2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

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 2013, 50,000 ordinary shares of RM0.20 each were repurchased in the open market at an average price of RM2.47 per share. The total consideration paid for the repurchase including transaction costs amounted to RM123,446 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 30 September 2013, the total number of treasury shares held was 200,000 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 14% equivalent to 2.8 sen per ordinary share paid on 28 March 2013 for the financial year ended 31 December 2012	13,527
First interim tax exempt dividend of 15% equivalent to 3.0 sen per ordinary share paid on 27 September 2013 for the financial year ending 31 December 2013	14,492
	28,019

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 2013</u>				
Revenue				
External revenue	189,004	5,647	-	194,651
Inter-segment revenue	7,902	1,837	(9,739)	-
Total revenue	196,906	7,484	(9,739)	194,651

	Shipbuilding and Shiprepair RM'000	Vessel Chartering RM'000	Eliminations RM'000	Consolidated RM'000
Results				
Profit before tax	38,279	1,275	-	39,554
9 months ended 30 September 2013				
Revenue				
External revenue	490,854	15,725	-	506,579
Inter-segment revenue	13,779	5,360	(19,139)	-
Total revenue	504,633	21,085	(19,139)	506,579
Results				
Profit before tax	97,078	5,631	-	102,709
Total Assets				
30 September 2013	1,516,675	48,363	-	1,565,038
31 December 2012	1,108,192	52,555	-	1,160,747
Total Liabilities				
30 September 2013	602,081	8,530	-	610,611
31 December 2012	316,265	9,032	-	325,297

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	257,395

As at 30 September 2013, the Company is contingently liable for RM5,455,000 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 2013 RM'000	Cumulative 9 months ended 30 September 2013 RM'000
Transactions with a company in which certain Directors of the Company have financial interests:		
- Top Pride Sdn. Bhd.		
Rent of premises	2	7
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	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.

14 **Detailed Analysis of Performance**

Coastal Group achieved RM39.5 million in net profit for the third quarter ended 30 September 2013 (3Q2013), a 30% increase year-on-year (3Q2012) from RM30.5 million, while revenue jumped 10% to RM194.7 million from RM177.1 million. Sequentially (quarter-on-quarter), the Group reported a 36% growth in topline from RM143.0 million and 23% surge in net profit from RM32.0 million.

Year-to-date, the Group's net profit of RM102.6 million has already surpassed 2012's nine-month numbers of RM90.2 million.

Shipbuilding and Shiprepair Division

The division recorded a slight 9% increase in revenue to RM189.0 million from RM173.5 million in 3Q2012. Compared with 2Q2013, the revenue has leaped 38% from RM137.2 million. A total of 6 units of vessels were delivered in the current quarter (3Q2012: 7 units; 2Q2013: 3 units).

The division's profit margin before tax of 20% (RM38.3 million) in 3Q2013 was greater than the 15% (RM26.5 million) achieved in 3Q2012 owing to higher margins derived from the sale of vessels and foreign exchange gain arising from a strenghten United States Dollar. Against 2Q2013, profit margin before tax has slightly fallen by 2% from 22% (RM29.5 million).

Vessel Chartering Division

The division's revenue of RM5.6 million in 3Q2013 was fairly consistent with the RM5.8 million recorded in 2Q2013. Year-on-year, revenue was up by 56% from RM3.6 million. The better showing was principally due to new charter contract secured.

The division registered a lower profit margin before tax of 23% (RM1.3 million) in 3Q2013, as compared to the 44% (RM2.6 million) and 72% (RM2.6 million) recorded in 2Q2013 and 3Q2012, respectively. This was mainly attributed to higher operating expenses incurred.

(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 RM520.7 million (31 December 2012: RM327.4 million) and vessels work-in-progress of RM498.1 million (31 December 2012: RM461.9 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 RM27.7 million of short term trade receivables as at 30 September 2013, RM4.1 million was subsequently received by the Group.

(e) Included in other receivables of the Group were payments made to suppliers and contractors totalling RM84.3 million (31 December 2012: RM31.1 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 RM556.2 million (31 December 2012: RM279.9 million), reflecting a strong vessel sales order book that will present the Group with progressive revenue and earnings until 2014.

15 Material Change in Profit Before Tax

The Group reported a profit before tax of RM39.6 million in 3Q2013, a 23% increase quarter-on-quarter from RM32.1 million on the back of higher number of vessels delivered by Shipbuilding Division and gain on disposal of used vessels by Chartering Division. Against 3Q2012, profit before tax has jumped 36% from RM29.1 million owing to greater revenue contribution and higher operating margins by Shipbuilding Division as well as gain from foreign exchange.

16 Prospects

Global economic prospects for 2013 are more promising when compared to that in 2012, although the risks of uncertainties and vulnerabilities continue to persist. As for oil and gas sector, the management foreseen the medium to long term fundamentals remain favourable, underpinned by favourable oil prices and growing energy demand from developing economies. The global oil and gas upstream capex spending on exploration and production is expected to rise in 2013, compared with the lacklustre spending in 2012. In addition to the anticipated upbeat exploration and production activities, the demand for OSV is expected to grow, especially for more sophisticated OSV. This is given that current OSV fleet may not be capable in meeting current demand, due to charterers’ increasingly demanding requirements and the push for younger and more environmentally-friendly vessels by regulators.

Moving forward, the Group will focus on building and selling more technologically advanced and deepwater-capable OSV that can withstand harsher environment. The management expects sustained recovery in the OSV market soon, especially for higher-end OSV.

Sustained high crude oil prices combined with offshore exploration success are contributing to rising for international jack-up drilling rigs in key markets, particularly in Southeast Asia, Middle East, Gulf of Mexico and North Sea. Current global jack-up rig utilization rate is quite encouraging and the charter rate is recovering robustly, especially in US Gulf of Mexico. This will have positive spillover effects on charter rates in Southeast Asia. In addition, majority of the current global fleet was delivered in 1980s and the industry will soon face a significant challenge in replenishing its aging equipment. In view of the above, the management expects the jack-up rig market will witness high growth in the next few years.

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 2013 RM'000	Cumulative 9 months ended 30 September 2013 RM'000
Interest income	446	727
Other income	3,564	3,794
Depreciation and amortisation	1,942	5,614
Impairment loss on available-for-sale investment	57	71
Foreign exchange gain (net)	1,238	2,808

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, 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 2013 RM'000	Cumulative 9 months ended 30 September 2013 RM'000
Income tax expense comprises:		
Current tax charge	116	409
Deferred tax charge / (reversal)	(69)	(345)
	47	64

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.

20 Retained Earnings

The retained earnings as at 30 September 2013 and 31 December 2012 were further analysed as follows:

	As at 30 September 2013 RM'000	As at 31 December 2012 RM'000
Total retained earnings of the Group:		
- Realised	850,100	774,077
- Unrealised	(554)	(1,890)
	849,546	772,187
Consolidation adjustments	(57,071)	(54,338)
Total Group retained earnings as per consolidated accounts	792,475	717,849

21 **Status of Corporate Proposals**

There were no corporate proposals that have been announced but not completed as at 27 November 2013.

22 **Group Borrowings and Debt Securities**

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

	As at 30 September 2013 RM'000
Secured	
Short term	3,212
Long term	5,171
Total	8,383

All the borrowings are denominated in Ringgit Malaysia.

The debt-equity ratio of the Group has reduced to 0.009 from last quarter's 0.010. 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 2013.

(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 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. Subsequently on 30 November 2012, the Plaintiffs served a Statement of Reply against SM. On 18 November 2013, SM received a correspondence from its solicitors informing that the trial of litigation proceedings between SM and the Plaintiffs has been finished on 13 November 2013. All parties are required to submit their Submission by 27 November 2013, thereafter pending for Decision on 24 January 2014.

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 27 November 2013.

25 Dividend

On 26 August 2013, the Directors declared a first interim tax exempt dividend of 15% equivalent to 3.0 sen per ordinary share in respect of the financial year ending 31 December 2013. This dividend was paid on 27 September 2013 to depositors registered in the Records of Depositors at close of business on 11 September 2013. The dividend declared in the corresponding period of last year was 2.8 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 30 September 2013	Cumulative 9 months ended 30 September 2013
Basic earnings per share		
Profit attributable to owners of the parent (RM'000)	39,507	102,645
Weighted average number of ordinary shares in issue ('000)	483,085	483,098
Basic earnings per share (sen)	8.18	21.25

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 (RM2.31) 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 financial year ended 31 December 2012 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 27 November 2013.