



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 31.03.2015 RM'000 (unaudited)	3 months ended 31.03.2014 RM'000 (unaudited)	3 months ended 31.03.2015 RM'000 (unaudited)	3 months ended 31.03.2014 RM'000 (unaudited)
Revenue	8	350,952	224,701	350,952	224,701
Cost of sales and services		(285,354)	(172,186)	(285,354)	(172,186)
Gross profit		<u>65,598</u>	<u>52,515</u>	<u>65,598</u>	<u>52,515</u>
Other income		6,754	1,994	6,754	1,994
Administrative expenses		(4,593)	(3,481)	(4,593)	(3,481)
Other expenses		(1,515)	(1,259)	(1,515)	(1,259)
Finance costs		(28)	(31)	(28)	(31)
Profit before tax	8, 18	<u>66,216</u>	<u>49,738</u>	<u>66,216</u>	<u>49,738</u>
Income tax expense	19	(305)	(580)	(305)	(580)
Profit for the period		<u><u>65,911</u></u>	<u><u>49,158</u></u>	<u><u>65,911</u></u>	<u><u>49,158</u></u>
Attributable to: Owners of the Company		<u><u>65,911</u></u>	<u><u>49,158</u></u>	<u><u>65,911</u></u>	<u><u>49,158</u></u>
Earnings per share attributable to owners of the Company:					
- basic (sen)	26	12.41	10.09	12.41	10.09
- diluted (sen)	26	<u><u>12.41</u></u>	<u><u>9.76</u></u>	<u><u>12.41</u></u>	<u><u>9.76</u></u>

The above Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	INDIVIDUAL		CUMULATIVE	
	3 months ended 31.03.2015 RM'000 Note (unaudited)	3 months ended 31.03.2014 RM'000 (unaudited)	3 months ended 31.03.2015 RM'000 (unaudited)	3 months ended 31.03.2014 RM'000 (unaudited)
Profit for the period	65,911	49,158	65,911	49,158
Other comprehensive income / (loss):				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Currency translation differences arising from consolidation	14(a) 62,940	(2,685)	62,940	(2,685)
Total comprehensive income for the period	<u>128,851</u>	<u>46,473</u>	<u>128,851</u>	<u>46,473</u>
Attributable to:				
Owners of the Company	<u>128,851</u>	<u>46,473</u>	<u>128,851</u>	<u>46,473</u>

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	As at 31.03.2015 RM'000 (unaudited)	As at 31.12.2014 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	196,804	188,387
Investment properties	3,835	3,855
Deferred tax assets	33	15
Trade receivable	7,839	8,094
	<u>208,511</u>	<u>200,351</u>
Current assets		
Inventories	14(b) 1,232,345	1,270,438
Trade receivables	14(c) 24,238	30,689
Other receivables	14(d) 111,572	116,536
Tax recoverable	174	323
Cash and short term deposits	14(e) 493,343	469,690
	<u>1,861,672</u>	<u>1,887,676</u>
TOTAL ASSETS	8 <u>2,070,183</u>	<u>2,088,027</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	106,320	106,320
Share premium	195,820	195,820
Treasury shares	(1,407)	(1,251)
Currency translation reserve	174,411	111,471
Warrants reserve	25,259	25,259
Retained earnings	20 1,035,293	989,566
Total equity	<u>1,535,696</u>	<u>1,427,185</u>
Non-current liabilities		
Borrowings	22 3,313	3,520
Deferred tax liabilities	891	1,357
	<u>4,204</u>	<u>4,877</u>
Current liabilities		
Borrowings	22 148,772	95,491
Trade payables	88,887	48,912
Other payables	14(f) 291,040	510,424
Income tax payable	1,584	1,138
	<u>530,283</u>	<u>655,965</u>
Total liabilities	8 <u>534,487</u>	<u>660,842</u>
TOTAL EQUITY AND LIABILITIES	<u>2,070,183</u>	<u>2,088,027</u>
Net assets per share (RM)	<u>2.8913</u>	<u>2.6867</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 2014 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

Note	Attributable to owners of the Company						
	Non-distributable					Distributable	Total
	Share capital	Share premium	Treasury shares	Currency translation reserve	Warrants reserve	Retained earnings	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
3 months ended 31 March 2014 (unaudited)							
Balance at 1 January 2014	96,654	-	(427)	45,886	25,269	835,344	1,002,726
Issuance of ordinary shares pursuant to:							
- conversion of warrants	4	68	-	-	(8)	-	64
- private placement	9,661	198,058	-	-	-	-	207,719
Share issuance expenses	-	(2,317)	-	-	-	-	(2,317)
Purchase of treasury shares	-	-	(43)	-	-	-	(43)
Total comprehensive (loss) / income for the period	-	-	-	(2,685)	-	49,158	46,473
Interim dividend for the financial year ended 31 December 2013	-	-	-	-	-	(16,425)	(16,425)
Balance at 31 March 2014	106,319	195,809	(470)	43,201	25,261	868,077	1,238,197
3 months ended 31 March 2015 (unaudited)							
Balance at 1 January 2015	106,320	195,820	(1,251)	111,471	25,259	989,566	1,427,185
Purchase of treasury shares	6	-	(156)	-	-	-	(156)
Total comprehensive income for the period	-	-	-	62,940	-	65,911	128,851
Interim dividend for the financial year ended 31 December 2014	7	-	-	-	-	(20,184)	(20,184)
Balance at 31 March 2015	106,320	195,820	(1,407)	174,411	25,259	1,035,293	1,535,696

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 2014 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD (Company No. 517649-A)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	CUMULATIVE	
	3 months ended 31.03.2015 RM'000 (unaudited)	3 months ended 31.03.2014 RM'000 (unaudited)
<u>Operating Activities</u>		
Profit before tax	66,216	49,738
Adjustments for non-cash items	(890)	1,686
Operating cash flows before changes in working capital	65,326	51,424
Changes in working capital:		
Decrease / (increase) in inventories	103,590	(19,174)
Decrease / (increase) in receivables	31,377	(74,470)
(Decrease) / increase in payables	(207,570)	94,649
Cash flows (used in) / from operations	(7,277)	52,429
Interest paid	(259)	(96)
Income tax (paid) / refunded	(197)	111
Net cash flows (used in) / from operating activities	(7,733)	52,444
<u>Investing Activities</u>		
Interest received	1,185	545
Proceeds from disposal of property, plant and equipment	10	-
Purchase of property, plant and equipment	(9,925)	(176)
Net cash flows (used in) / from investing activities	(8,730)	369
<u>Financing Activities</u>		
Purchase of treasury shares	(156)	(43)
Proceeds from issuance of ordinary shares	-	207,783
Share issuance expenses	-	(2,317)
Dividends paid on ordinary shares	(20,184)	(16,425)
Proceeds from borrowings	144,760	-
Repayment of borrowings	(98,376)	(9,395)
Net cash flows from financing activities	26,044	179,603
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,581	232,416
Effect of foreign exchange rate changes	13,118	(927)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	360,339	319,001
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	383,038	550,490

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

Fixed deposits	320,235	497,221
Cash and bank balances	62,803	53,269
Cash and cash equivalents at end of financial period	383,038	550,490

Out of the total fixed deposits of RM320.2 million, RM82.5 million were held under lien as securities for guarantee issued by bank in favour of a customer. Subsequent to 31 March 2015, RM29.7 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 2014 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD (Company No. 517649-A)

Explanatory Notes

FOR THE QUARTER ENDED 31 MARCH 2015

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 2014. 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 2014.

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 2014 except for the adoption of the following amendments and annual improvements to certain Malaysian Financial Reporting Standards ("MFRSs") where applicable to the Group's financial period beginning 1 January 2015:

Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of the abovementioned Amendments and Annual Improvements to MFRSs, where applicable, will have no material impact on the financial statements of the Group.

3 Seasonal or Cyclical Factors

The Group's performance is affected by volatile crude oil prices as well as the global and regional economic conditions. The demand for vessels and offshore assets for exploration and production as well as shiprepair and charter services are closely associated with the crude oil prices and 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 2015, 50,000 ordinary shares of RM0.20 each were repurchased in the open market at an average price of RM3.12 per share. The total consideration paid for the repurchase including transaction costs amounted to RM155,868 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 31 March 2015, the total number of treasury shares held was 450,000 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 Dividend Paid

The following dividend was paid during the financial year-to-date:

	RM'000
Second interim single-tier dividend of 19% equivalent to 3.8 sen per ordinary share paid on 27 March 2015 for the financial year ended 31 December 2014	20,184

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 31 March 2015</u>				
Revenue				
External revenue	349,523	1,429	-	350,952
Inter-segment revenue	1,173	-	(1,173)	-
Total revenue	350,696	1,429	(1,173)	350,952
Results				
Profit before tax	65,639	577	-	66,216
Total Assets				
31 March 2015	2,044,232	25,951	-	2,070,183
31 December 2014	2,059,965	28,062	-	2,088,027
Total Liabilities				
31 March 2015	531,769	2,718	-	534,487
31 December 2014	657,926	2,916	-	660,842

9 Subsequent Event

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



10 Changes in the Composition of the Group

On 20 January 2015, CoastOil S.A. de C.V. ("COSA") was incorporated in Mexico. It is a company limited by shares and is registered under the General Corporation Law, Mexico. The issued and paid-up capital of COSA is Pesos \$50,000 of which the Company's wholly-owned subsidiaries, Coastal Marine Pte Ltd ("CTM") and Coastal Drilling Pte Ltd have contributed Pesos \$47,500 and Pesos \$2,500 respectively. COSA is a 95% direct subsidiary of CTM and an indirect wholly-owned subsidiary of the Company. The principal activities of COSA are leasing and subleasing of all kind of offshore assets related to the oil and gas industry and provision of drilling, engineering and other ancillary services to the oil and gas industry.

11 Contingent Liabilities and Contingent Assets

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiaries	323,385

As at 31 March 2015, the Company is contingently liable for RM149,881,000 of banking facilities utilised by its subsidiaries.

12 Capital Commitments

The amounts of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2015 are estimated as follows:

	RM'000
Approved and contracted for	537,748
Approved but not contracted for	79,064
	<u>616,812</u>

13 Related Party Transactions

	Individual 3 months ended 31 March 2015 RM'000	Cumulative 3 months ended 31 March 2015 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	3	3
 <i>Transactions with a Director of the Company:</i>		
- Ng Chin Shin		
Rent of premises	<u>5</u>	<u>5</u>

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

Coastal Group's performance for the 3 months ended 31 March 2015 (1Q2015) scored all-time highs on the revenue and net profit fronts. Revenue for the current quarter rose to an unprecedented RM351.0 million, from RM177.7 million in the preceding quarter (4Q2014) and RM224.7 million in the same quarter a year earlier (1Q2014). The Group's net profit registered a record-breaking RM65.9 million, against RM39.1 million in last quarter and RM49.2 million a year ago.

Shipbuilding and Shiprepair Division

In the current quarter under review, the division's revenue has jumped almost two-fold from RM176.4 million in 4Q2014 to RM349.5 million. Year-on-year, revenue was up by 56% from RM223.5 million. The better showing was principally due to higher number of delivery of offshore support vessels ("OSV"), i.e. 5 units in contrast to 2 units in 4Q2014 and 3 units in 1Q2014.

The division recorded a lower profit margin before tax of 19% (RM65.6 million) in 1Q2015 as compared to the 22% achieved in both 4Q2014 (RM38.9 million) and 1Q2014 (RM49.8 million), owing to lower margins derived from the different vessel sales mix.

Vessel Chartering Division

The division achieved marginally higher revenue of RM1.4 million in 1Q2015 compared to RM1.3 million in 4Q2014 and RM1.2 million in 1Q2014. This was mainly attributed to income earned from a short-term trip charter contract.

The division registered a profit margin before tax of 40% (RM0.6 million) in 1Q2015, which was comparable to the 39% (RM0.5 million) recorded in 4Q2014. For 1Q2014, the division incurred a loss margin before tax of 6% (RM0.1 million in loss). The improved performance in 1Q2015 as compared to 1Q2014 was mainly attributed to lower overhead costs incurred subsequently after the en-bloc sales of used vessels in last quarter.

- (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 RM375.8 million (31 December 2014: RM388.2 million) and vessels work-in-progress of RM842.6 million (31 December 2014: RM871.1 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.
- (c) Out of the RM24.2 million of short term trade receivables as at 31 March 2015, RM1.5 million was subsequently received by the Group.
- (d) Included in other receivables of the Group were payments made to suppliers and contractors totalling RM106.5 million (31 December 2014: RM100.1 million) to secure the supply of input materials, equipment and services intended for the Group's rolling vessel building programme.
- (e) Included in cash and short term deposits of the Group were cash and cash equivalent of RM383.0 million (31 December 2014: RM360.3 million) and short term deposit with wholesale money market fund of RM110.3 million (31 December 2014: RM109.4 million).
- (f) Included in other payables were advance payments received from vessel buyers totalling RM249.4 million (31 December 2014: RM493.3 million), indicative of the Group's healthy order book that will last until 2017.



COASTAL CONTRACTS BHD (Company No. 517649-A)

15 Material Change in Profit Before Tax

The Group reported a profit before tax of RM66.2 million in 1Q2015, a 68% increase quarter-on-quarter from RM39.5 million on the back of higher number of OSVs delivered by Shipbuilding Division. Against 1Q2014, profit before tax has jumped 33% from RM49.7 million owing to greater revenue contribution from Shipbuilding Division as well as gain from foreign exchange.

16 Prospects

Shale oil production from the United States at a breakneck pace coupled with supply glut in the oil and gas market has translated into plummeting global oil price in the recent months. Despite current signs of gloom, Coastal Group envisages the medium to long term fundamentals of Oil and Gas industry to remain positive given the hardly substitutable nature of petroleum. In tandem with the rising population growth, motorization, emerging economies notably in China, India and Middle East as well as the development of rural areas in most countries, the demand for oil and gas would certainly move in an upward trend in the medium to long term which would in turn mask the near-term Oil and Gas production surplus and eventually the production-consumption balance could be achieved. In view of the above, oil prices are anticipated to normalize in the medium to long term as output adjusts to prevailing demand.

According to the recent provisional figures released by four of the world's six biggest oil firms, new reserves could only replenish two-thirds of the hydrocarbons extracted in 2014, implying the need for active involvement by the global oil majors in deep-water Oil and Gas drilling and exploration activities in consequence of shallow water fields' depletion. This phenomenon would subsequently trigger the demand surge for deep-water capable OSV in the medium to long run and hence, the OSV market is expected to stay firm in the long term.

Driven by the above factors, increasing demand of fossil fuels will eventually lead to its rapid depletion. To overcome this, Enhanced Oil Recovery (EOR) technology has been practised immensely since the past few years as it can ensure the optimum exploitation of oil resources and thus able to increase overall production while slowing down the depletion rate of oil resources. With the recent Jack-up Gas Compression Service Unit charter contract secured by the Group, the management remains optimistic with the prospect of this market, particularly in the Gulf of Mexico and Southeast Asia. Coastal Group is determined to build up its expertise and global network in this market to procure opportunities that lie ahead.

While drilling subsides due to the recent low oil price, Coastal Group is committed to further defend its competitive position in the offshore Oil and Gas market seeing that successful offshore exploration activities in the new region may necessitate upgrades of the jack-up drilling rigs to accommodate specific regional requirements. As such, the Group foresees a sound market outlook for the jack-up rig market in the medium to long term. In addition, anemic performance in the industry presently would not disrupt the Group's continual effort in building on its resource capacities spurred by its confidence in the oil price recovery during the long run.

In any event, Coastal Group will leave itself well-positioned to riding out the downturn for future opportunities in the Oil and Gas market. In order to response to the change in market environment, the Group will continue to remain cautious in executing its expansion plan.

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 2015 RM'000	Cumulative 3 months ended 31 March 2015 RM'000
Interest income	886	886
Other income	2,478	2,478
Depreciation and amortisation	1,619	1,619
Foreign exchange gain (net)	2,950	2,950

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.

19 Income Tax Expense

	Individual 3 months ended 31 March 2015 RM'000	Cumulative 3 months ended 31 March 2015 RM'000
Income tax expense comprises:		
Current tax charge	788	788
Deferred tax charge / (reversal)	(483)	(483)
	305	305

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 31 March 2015 and 31 December 2014 were further analysed as follows:

	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
Total retained earnings of the Group:		
- Realised	1,092,660	1,048,848
- Unrealised	455	(599)
	1,093,115	1,048,249
Consolidation adjustments	(57,822)	(58,683)
Total Group retained earnings as per consolidated accounts	1,035,293	989,566



COASTAL CONTRACTS BHD (Company No. 517649-A)

21 Status of Corporate Proposals

(a) There were no corporate proposals that have been announced but not completed as at 21 May 2015.

(b) Status of Utilisation of Proceeds

The proceeds raised from the private placement were approved for the following activities and status on the fund utilised as at 21 May 2015 are summarised below:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Expected timeframe for the full utilisation
*Working capital:				
- purchase of offshore support vessels	195,133	-	195,133	Within 24 months from March 2014
- other operational expenses, including utilities, staff salaries, marketing, administrative and other operating expenses	10,270	4,668	5,602	Within 24 months from March 2014
*Estimated expenses in relation to the Proposed Private Placement	2,317	2,317	-	Completed
Total	<u>207,720</u>	<u>6,985</u>	<u>200,735</u>	

* The actual amount raised was RM207.7 million as compared to the initial announcement of RM184.0 million under the Minimum Scenario, and the surplus of RM23.7 million was proportionately added to the working capital and estimated expenses.

22 Group Borrowings and Debt Securities

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

	As at 31 March 2015 RM'000
Short term	
Secured	632
Unsecured	<u>148,140</u>
	148,772
Long term	
Secured	3,313
Total	<u><u>152,085</u></u>

Apart from RM148.1 million of short term unsecured 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 0.099 from last quarter's 0.069. 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.

The current gearing is within management comfort level.



23 Financial Instruments

(a) Derivatives

There were no outstanding derivatives as at 31 March 2015.

(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. The trial of litigation proceedings between SM and the Plaintiffs has been finished on 13 November 2013. On 4 March 2014, SM received a correspondence from its solicitors informing that the High Court at Sandakan had adjudged that the Plaintiffs' claims against SM be dismissed with costs of RM50,000 to SM. However, on 19 March 2014, the Plaintiffs had lodged an appeal to the Court of Appeal against the decision made. The hearing of appeal has been fixed on 4 August 2015 in the Court of Appeal at Kota Kinabalu. 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 may materially affect the position or business of the Group as at 21 May 2015.

25 Dividend

On 24 February 2015, the Directors declared a second interim single-tier dividend of 19% equivalent to 3.8 sen per ordinary share in respect of the financial year ended 31 December 2014. This dividend was paid on 27 March 2015 to depositors registered in the Records of Depositors at close of business on 12 March 2015. The dividend declared in the corresponding period of last year was 3.4 sen.

Inclusive of the first interim single-tier dividend of 3.4 sen per ordinary share paid on 26 September 2014, the total single-tier dividend distribution per ordinary share in respect of the financial year ended 31 December 2014 was 7.2 sen.

26 Earnings Per Share

Basic earnings per share attributable to owners of the Company

Basic earnings per share of the Group was calculated by dividing the profit for the period attributable to owners of the Company 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 2015	Cumulative 3 months ended 31 March 2015
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	65,911	65,911
Weighted average number of ordinary shares in issue ('000)	531,181	531,181
Basic earnings per share (sen)	12.41	12.41



COASTAL CONTRACTS BHD (Company No. 517649-A)

Diluted earnings per share attributable to owners of the Company

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 (RM2.98) 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 2014 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 21 May 2015.