



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 30.06.2015 RM'000 (unaudited)	3 months ended 30.06.2014 RM'000 (unaudited)	6 months ended 30.06.2015 RM'000 (unaudited)	6 months ended 30.06.2014 RM'000 (unaudited)
Revenue	8	164,014	242,365	514,966	467,066
Cost of sales and services		(132,638)	(192,564)	(417,992)	(364,750)
Gross profit		<u>31,376</u>	<u>49,801</u>	<u>96,974</u>	<u>102,316</u>
Other income		9,084	3,922	15,838	5,916
Administrative expenses		(4,158)	(3,410)	(8,751)	(6,891)
Other expenses		(1,657)	(1,064)	(3,172)	(2,323)
Finance costs		(28)	(29)	(56)	(60)
Profit before tax	8, 18	<u>34,617</u>	<u>49,220</u>	<u>100,833</u>	<u>98,958</u>
Income tax expense	19	209	(993)	(96)	(1,573)
Profit for the period		<u><u>34,826</u></u>	<u><u>48,227</u></u>	<u><u>100,737</u></u>	<u><u>97,385</u></u>
Attributable to: Owners of the Company		<u><u>34,826</u></u>	<u><u>48,227</u></u>	<u><u>100,737</u></u>	<u><u>97,385</u></u>
Earnings per share attributable to owners of the Company:					
- basic (sen)	26	6.56	9.08	18.97	19.11
- diluted (sen)	26	<u><u>6.56</u></u>	<u><u>8.72</u></u>	<u><u>18.97</u></u>	<u><u>18.42</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 30 JUNE 2015

	INDIVIDUAL		CUMULATIVE	
	3 months ended 30.06.2015 RM'000 Note (unaudited)	3 months ended 30.06.2014 RM'000 (unaudited)	6 months ended 30.06.2015 RM'000 (unaudited)	6 months ended 30.06.2014 RM'000 (unaudited)
Profit for the period	34,826	48,227	100,737	97,385
Other comprehensive income / (loss):				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Currency translation differences arising from consolidation	14(a) 16,972	(14,574)	79,912	(17,259)
Total comprehensive income for the period	<u>51,798</u>	<u>33,653</u>	<u>180,649</u>	<u>80,126</u>
Attributable to: Owners of the Company	<u>51,798</u>	<u>33,653</u>	<u>180,649</u>	<u>80,126</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 30 JUNE 2015

	As at 30.06.2015 RM'000 (unaudited)	As at 31.12.2014 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	198,528	188,387
Investment properties	3,814	3,855
Deferred tax assets	121	15
Trade receivable	7,230	8,094
	<u>209,693</u>	<u>200,351</u>
Current assets		
Inventories	14(b) 1,253,661	1,270,438
Trade receivables	14(c) 22,802	30,689
Other receivables	14(d) 123,266	116,536
Tax recoverable	5	323
Cash and short term deposits	14(e) 486,466	469,690
	<u>1,886,200</u>	<u>1,887,676</u>
TOTAL ASSETS	8 <u>2,095,893</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	191,383	111,471
Warrants reserve	25,259	25,259
Retained earnings	20 1,070,119	989,566
Total equity	<u>1,587,494</u>	<u>1,427,185</u>
Non-current liabilities		
Borrowings	22 3,171	3,520
Deferred tax liabilities	805	1,357
	<u>3,976</u>	<u>4,877</u>
Current liabilities		
Borrowings	22 87,015	95,491
Trade payables	90,445	48,912
Other payables	14(f) 325,718	510,424
Income tax payable	1,245	1,138
	<u>504,423</u>	<u>655,965</u>
Total liabilities	8 <u>508,399</u>	<u>660,842</u>
TOTAL EQUITY AND LIABILITIES	<u>2,095,893</u>	<u>2,088,027</u>
Net assets per share (RM)	<u>2.9888</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 30 JUNE 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	
6 months ended 30 June 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	69	-	-	(8)	-	65
- private placement	9,661	198,059	-	-	-	-	207,720
Share issuance expenses	-	(2,317)	-	-	-	-	(2,317)
Purchase of treasury shares	-	-	(43)	-	-	-	(43)
Total comprehensive (loss) / income for the period	-	-	-	(17,259)	-	97,385	80,126
Interim dividend for the financial year ended 31 December 2013	-	-	-	-	-	(16,425)	(16,425)
Balance at 30 June 2014	106,319	195,811	(470)	28,627	25,261	916,304	1,271,852
6 months ended 30 June 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	-	-	-	79,912	-	100,737	180,649
Interim dividend for the financial year ended 31 December 2014	7	-	-	-	-	(20,184)	(20,184)
Balance at 30 June 2015	106,320	195,820	(1,407)	191,383	25,259	1,070,119	1,587,494

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.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	CUMULATIVE	
	6 months ended 30.06.2015 RM'000 (unaudited)	6 months ended 30.06.2014 RM'000 (unaudited)
<u>Operating Activities</u>		
Profit before tax	100,833	98,958
Adjustments for non-cash items	(1,526)	1,344
Operating cash flows before changes in working capital	99,307	100,302
Changes in working capital:		
Decrease / (increase) in inventories	104,088	(58,585)
Decrease / (increase) in receivables	18,876	(102,358)
(Decrease) / increase in payables	(185,703)	147,104
Cash flows from operations	36,568	86,463
Interest paid	(940)	(157)
Income tax (paid) / refunded	(333)	72
Net cash flows from operating activities	35,295	86,378
<u>Investing Activities</u>		
Interest received	2,424	2,720
Proceeds from disposal of property, plant and equipment	10	-
Purchase of property, plant and equipment	(10,002)	(959)
Net cash flows (used in) / from investing activities	(7,568)	1,761
<u>Financing Activities</u>		
Purchase of treasury shares	(156)	(43)
Proceeds from issuance of ordinary shares	-	207,785
Share issuance expenses	-	(2,317)
Dividends paid on ordinary shares	(20,184)	(16,425)
Proceeds from borrowings	185,235	-
Repayment of borrowings	(200,979)	(10,137)
Net cash flows (used in) / from financing activities	(36,084)	178,863
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(8,357)	267,002
Effect of foreign exchange rate changes	23,215	(5,888)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	360,339	319,001
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	375,197	580,115

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

Fixed deposits	308,148	520,070
Cash and bank balances	67,049	60,045
Cash and cash equivalents at end of financial period	14(e) 375,197	580,115

Out of the total fixed deposits of RM308.1 million, RM84.1 million were held under lien as securities for guarantee issued by bank in favour of a customer. Subsequent to 30 June 2015, RM15.1 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.



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Explanatory Notes

FOR THE QUARTER ENDED 30 JUNE 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 30 June 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 30 June 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 30 June 2015</u>				
Revenue				
External revenue	161,184	2,830	-	164,014
Inter-segment revenue	-	5	(5)	-
Total revenue	161,184	2,835	(5)	164,014
Results				
Profit before tax	32,633	1,984	-	34,617
<u>6 months ended 30 June 2015</u>				
Revenue				
External revenue	510,707	4,259	-	514,966
Inter-segment revenue	1,173	5	(1,178)	-
Total revenue	511,880	4,264	(1,178)	514,966
Results				
Profit before tax	98,272	2,561	-	100,833
Total Assets				
30 June 2015	2,070,753	25,140	-	2,095,893
31 December 2014	2,059,965	28,062	-	2,088,027
Total Liabilities				
30 June 2015	504,683	3,716	-	508,399
31 December 2014	657,926	2,916	-	660,842



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9 Subsequent Event

Subsequent to 30 June 2015, the Company repurchased 517,100 ordinary shares of RM0.20 each in the open market at an average price of RM2.18 per share.

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	441,642

As at 30 June 2015, the Company is contingently liable for RM88,055,000 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 30 June 2015 are estimated as follows:

	RM'000
Approved and contracted for	547,840
Approved but not contracted for	23,435
	<u>571,275</u>

13 Related Party Transactions

	Individual 3 months ended 30 June 2015 RM'000	Cumulative 6 months ended 30 June 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	2	5
 <i>Transactions with a Director of the Company:</i>		
- Ng Chin Shin		
Rent of premises	<u>5</u>	<u>10</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.



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14 Detailed Analysis of Performance

The Group booked a lower revenue of RM164.0 million in the current quarter ended 30 June 2015 (2Q2015) as compared to last quarter's (1Q2015) of RM351.0 million and last year's corresponding period (2Q2014) of RM242.4 million, a reduction of 53% and 32% respectively. Nevertheless, the year-to-date revenue of the Group of RM515.0 million has already surpassed 2014's six-months number of RM467.1 million.

Shipbuilding and Shiprepair Division

The revenue generated from this division in 2Q2015 stood at RM161.2 million, eased by RM188.3 million (or 54%) from RM349.5 million recorded in 1Q2015. Against 2Q2014, the division's revenue was down by 33% from RM241.0 million. The poorer performance in the current quarter was attributed to the lower number of vessel deliveries, i.e. 3 units in contrast to 5 units in 1Q2015 and 6 units in 2Q2014.

The division achieved a slightly higher profit margin before tax of 20% (RM32.6 million) in 2Q2015 as compared to the 19% (RM65.6 million) recorded in 1Q2015 as a result of the foreign exchange gain on appreciation of United States Dollar ("USD"). Against the corresponding quarter a year ago, the profit margin before tax this quarter was consistent with the 20% (RM49.3 million) posted last year.

Vessel Chartering Division

The division registered a greater revenue of RM2.8 million in 2Q2015, which was doubled from the RM1.4 million recorded in 1Q2015 and RM1.3 million in 2Q2014. The better showing was principally due to earnings derived from a new short-term bareboat charter contract.

The division achieved a greater profit margin before tax of 70% (RM2.0 million) in 2Q2015 as compared to the 40% (RM0.6 million) posted in 1Q2015. For 2Q2014, the division incurred a loss margin before tax of 10% (RM0.1 million in loss). The improved performance in 2Q2015 was mainly attributed to greater charter earnings as well as net gain from foreign exchange on account of the strengthened USD.

- (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 RM336.2 million (31 December 2014: RM388.2 million) and vessels work-in-progress of RM904.6 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 RM22.8 million of short term trade receivables as at 30 June 2015, RM7.1 million was subsequently received by the Group.
- (d) Included in other receivables of the Group were payments made to suppliers and contractors totalling RM119.6 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 RM375.2 million (31 December 2014: RM360.3 million) and short term deposit with wholesale money market fund of RM111.3 million (31 December 2014: RM109.4 million).
- (f) Included in other payables were advance payments received from vessel buyers totalling RM279.9 million (31 December 2014: RM493.3 million), indicative of the Group's healthy order book that will last until 2017.



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15 Material Change in Profit Before Tax

The Group's profit before tax for the current quarter stood at RM34.6 million, a 48% drop quarter-on-quarter from RM66.2 million and 30% decrease year-on-year from RM49.2 million. The decline in profit was owing to lower revenue contribution from Shipbuilding Division.

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.



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18 Profit Before Tax

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

	Individual 3 months ended 30 June 2015 RM'000	Cumulative 6 months ended 30 June 2015 RM'000
Interest income	1,239	2,125
Other income	1,171	3,649
Depreciation and amortisation	1,630	3,249
Foreign exchange gain (net)	6,293	9,243

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 30 June 2015 RM'000	Cumulative 6 months ended 30 June 2015 RM'000
Income tax expense comprises:		
Current tax charge	(35)	753
Deferred tax charge / (reversal)	(174)	(657)
	(209)	96

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

	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Total retained earnings of the Group:		
- Realised	1,127,493	1,048,848
- Unrealised	655	(599)
	1,128,148	1,048,249
Consolidation adjustments	(58,029)	(58,683)
Total Group retained earnings as per consolidated accounts	1,070,119	989,566



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21 Status of Corporate Proposals

(a) There were no corporate proposals that have been announced but not completed as at 25 August 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 25 August 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	4,997	5,273	Within 24 months from March 2014
*Estimated expenses in relation to the Proposed Private Placement	2,317	2,317	-	Completed
Total	207,720	7,314	200,406	

* 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 30 June 2015 RM'000
Short term	
Secured	613
Unsecured	86,402
	<hr/> 87,015
Long term	
Secured	3,171
Total	<hr/> <hr/> 90,186

Apart from RM86.4 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 reduced to 0.057 from last quarter's 0.099. The reduction was mainly due to repayment of short term unsecured borrowings. 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 June 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 had initially fixed on 4 August 2015 in the Court of Appeal at Kota Kinabalu, but subsequently, it was postponed to 17 March 2016. 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 25 August 2015.

25 Dividend Payable

On 25 August 2015, the Directors declared a first interim single-tier dividend of 10% equivalent to 2.0 sen per ordinary share in respect of the financial year ending 30 June 2016. This dividend will be payable on 29 September 2015 to depositors registered in the Records of Depositors at close of business on 11 September 2015. The dividend declared in the corresponding period of last year was 3.4 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 30 June 2015	Cumulative 6 months ended 30 June 2015
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	34,826	100,737
Weighted average number of ordinary shares in issue ('000)	531,149	531,165
Basic earnings per share (sen)	6.56	18.97



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 (RM2.93) 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 25 August 2015.

29 Change of Financial Year End

On 25 August 2015, the Board has approved to change the financial year end from 31 December to 30 June and the next audited financial statements shall be for a period of 18 months, made up from 1 January 2015 to 30 June 2016.