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PRESS RELEASE

Coastal Contracts diversification strategy to boost business resiliency

- ***Eyes growth in liquefied natural gas (LNG) regasification & storage services market***
- ***Records RM2.0 billion revenue and RM167.1 million net profit in 18M FY15/16***
- ***Declares third interim single-tier dividend of 1.0 sen per share in respect of FY15/16* payable on 28 September 2016***

Sandakan, Sabah, Malaysia, 29 August 2016 – Leading offshore support vessels (OSV) fabricator **Coastal Contracts Bhd** (**Coastal Contracts**, the Group, 沿海工程, Bloomberg COCO:MK, Reuters: CTAL.KL) is optimistic of making its entry into the fast growing LNG market in Indonesia, following the expected conclusion of the purchase of 49% stake in PT. Jaya Samudra Karunia Gas (JSK Gas) in the fourth quarter of 2016 to the tune of approximately USD20.8 million.

Coastal Contracts had on 30 July 2016 entered into a Memorandum of Understanding (MOU) with JSK Gas and various vendors to formalize the acquisition. Following the successful completion of the deal, Coastal Contracts would have joint control over JSK Gas's operating subsidiaries and assets, which are primarily involved in LNG regasification and storage services.

"Our venture into the chartering of high value oil and gas assets with our maiden Jack-Up Gas Compression Service Unit (JUGCSU), completed in the second half of 2015, has been a resounding success and is now contributing towards our financial performance. Following close on the heels of this success story, we are now in the midst of expanding our reach into the highly promising Indonesian LNG market with a well-established local partner.

Both parties are committed towards this venture, and we remain on track to complete the transaction in the fourth quarter of 2016. With its completion, we stand to further strengthen our income stream and build our expertise in a new high-growth venture, effectively reducing the Group's reliance on our traditional markets of OSV fabrication and charter."

Ng Chin Heng (黃振兴)
Executive Chairman, Coastal Contracts Bhd

JSK Gas, through its 99% owned subsidiary PT Benoa Gas Terminal (BGT), would be engaged in the operations and transfer of a Floating LNG Regasification Unit (FRU) over a 5-year contract period.

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The contract involves the production of regasified natural gas for PT Pelindo Energy Logistik (PEL), to be eventually supplied to a state-owned 200MWh gas-fired power plant in Bali, Indonesia.

Also, JSK Gas, through BGT's 99% owned subsidiary PT Jaya Transportasi LNG (JTL), has a 10-year charter contract with the same counterparty to build and operate a Floating LNG Storage Unit (FSU), with optional extension of another 13 years. The FSU would receive and store LNG before it is transferred to the FRU for regasification.

As at 30 June 2016, the Group's orderbook stood at approximately RM2.3 billion. Of this, OSV fabrication made up RM837 million to be delivered until 2017, while the balance comprised an RM1.5 billion JUGCSU charter for an estimated 12-year period until 2027.

For the 18-month period ended 30 June 2016 (18M FY15/16*), the Group recorded revenue of RM2.0 billion and net profit of RM167.1 million.

Compared to the financial year (12 months) ended 31 December 2014 (FY14), group revenue for 18M FY15/16 rose 129.1% from RM877.2 million, mainly attributable to the sale of a jack-up rig, Coastal Driller 4001. However, net profit for 18M FY15/16 dipped 11.5% from RM188.7 million in FY14, due to weaker pricing for OSV newbuilds in line with the dampened OSV market.

For the three months ended 30 June 2016 (6Q FY15/16), Group revenue rose to RM200.8 million, increasing 22.4% from RM164.0 million in the three months ended 30 June 2015 (2Q15), mainly due to contribution from the Group's JUGCSU charter. However, net profit stood at RM12.9 million, declining 63.0% from RM34.8 million in 2Q15 due to the weaker OSV newbuild pricing.

Coastal Contracts declared a third interim single-tier dividend of 1.0 sen per share in respect of the financial year ended 30 June 2016 (FY15/16*), representing a payout of about RM5.3 million. The dividend is payable on 28 September 2016 based on the Record of Depositors on 15 September 2016.

Together with the earlier paid first and second interim single-tier dividend of 2.0 sen and 2.0 sen per share respectively, total dividends in respect of FY15/16* amount to 5.0 sen per share, translating into a payout of RM26.5 million.

Financial Summary (Consolidated Results)						
	Unaudited			Unaudited	Audited	
RM'mil	6Q FY15/16 to 30.6.16	2Q FY15/16 to 30.6.15	Change	18M FY15/16* to 30.6.16	FY14 to 31.12.14	Change
Revenue	200.8	164.0	22.4%	2,009.4	877.2	129.1%
Pre-tax Profit	16.8	34.6	(51.5%)	173.0	190.9	(9.4%)
Net profit to shareholders	12.9	34.8	(63.0%)	167.1	188.7	(11.5%)
Basic EPS (sen)	2.43	6.56	(63.0%)	31.47	36.26	(13.2%)

**Coastal Contracts changed its financial year end from 31 December to 30 June as announced on 25 August 2015. The current financial period will therefore cover an 18-month period from 01 Jan 2015 to 30 June 2016.*

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About Coastal Contracts Bhd

Established in 1982 and listed on the Main Market of Bursa Malaysia Securities Berhad since August 2003, Coastal Group has two main business units namely Shipbuilding Division and Oil & Gas Division. Shipbuilding Division specialises in fabrication and sale of Offshore Support Vessels ("OSV") and marine transportation vessels whereas Oil & Gas Division focus on the development, ownership and chartering of strategic offshore assets for oil & gas upstream sector.

In addition, the Group's combined yard space of about 100 acres is equipped with engineering facilities offering vessel and offshore structure fabrication, as well as repair and maintenance services.

Coastal Group has globe-straddling business networks and diversified customer base spanning across many geographical locations, from Malaysia, Indonesia and Singapore to as far away as the Middle East, Europe, Africa and the American continents. Coupled with proven track records and a visionary management team that has close to 30 years of extensive experience in the maritime industry, Coastal Group is primed to benefit from the global growth in offshore oil and gas exploration, development and production activities as well as in regional commodities shipping.

Coastal has the prestigious honour of being featured in Forbes Asia's list of ***200 Best Under a Billion*** for six years running (2006 to 2011). The annual list picked 200 top-performing publicly traded corporations in Asia Pacific (with annual revenue between USD5 million and USD1 billion) based on earnings growth, sales growth and return on equity in the past twelve months and over three years. On top of that, Coastal was also a winner of the ***KPMG Shareholder Value Award*** for five straight years (in respect of financial performance for 2005 to 2010). KPMG's awards applauded the top public listed companies in Malaysia that have focused on using their capital efficiency towards the creation of improved economic profits for shareholders. In addition to the commendations mentioned above, Coastal was also presented with "The Most Profitable Company Award" for the Industrial Products Sector at ***TheEdge Billion Ringgit Club 2011 Corporate Awards*** held in July 2011. Coastal won this distinctive award for achieving the highest return on equity over the last three financial years.

Issued for and on behalf of Coastal Contracts Bhd by Aquilas Advisory (Malaysia) Sdn. Bhd.
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