



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 31.12.2020 RM'000 (unaudited)	3 months ended 31.12.2019 RM'000 (unaudited)	6 months ended 31.12.2020 RM'000 (unaudited)	6 months ended 31.12.2019 RM'000 (unaudited)
Revenue	8	37,702	51,432	75,681	112,659
Cost of sales and services		(24,811)	(37,070)	(51,390)	(76,060)
Gross profit		<u>12,891</u>	<u>14,362</u>	<u>24,291</u>	<u>36,599</u>
Other income		14,125	8,177	24,224	24,996
Administrative expenses		(3,533)	(4,727)	(8,869)	(9,108)
Other expenses		(19,168)	(11,364)	(35,480)	(15,187)
Finance costs		(855)	(3,238)	(5,093)	(6,745)
Profit / (loss) before tax	8, 19	<u>3,460</u>	<u>3,210</u>	<u>(927)</u>	<u>30,555</u>
Income tax expense	20	(4,977)	(4,823)	(8,784)	(8,519)
(Loss) / profit for the period		<u><u>(1,517)</u></u>	<u><u>(1,613)</u></u>	<u><u>(9,711)</u></u>	<u><u>22,036</u></u>
Attributable to:					
Owners of the Company		<u><u>(1,517)</u></u>	<u><u>(1,613)</u></u>	<u><u>(9,711)</u></u>	<u><u>22,036</u></u>
(Loss) / earnings per share attributable to owners of the Company:					
- basic (sen)	25	(0.29)	(0.31)	(1.85)	4.17
- diluted (sen)	25	<u><u>(0.29)</u></u>	<u><u>(0.30)</u></u>	<u><u>(1.85)</u></u>	<u><u>4.17</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 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	INDIVIDUAL		CUMULATIVE	
	3 months ended 31.12.2020 RM'000 (unaudited)	3 months ended 31.12.2019 RM'000 (unaudited)	6 months ended 31.12.2020 RM'000 (unaudited)	6 months ended 31.12.2019 RM'000 (unaudited)
(Loss) / profit for the period	(1,517)	(1,613)	(9,711)	22,036
Other comprehensive loss:				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Cash flow hedge:				
- Fair value loss on derivatives	-	(156)	(116)	(571)
Currency translation differences arising from consolidation	15(a) (14,493)	(13,857)	(25,189)	(7,222)
Total comprehensive (loss) / income for the period	<u>(16,010)</u>	<u>(15,626)</u>	<u>(35,016)</u>	<u>14,243</u>
Attributable to:				
Owners of the Company	<u>(16,010)</u>	<u>(15,626)</u>	<u>(35,016)</u>	<u>14,243</u>

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2020

	Note	As at 31.12.2020 RM'000 (unaudited)	As at 30.06.2020 RM'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		697,366	701,041
Right-of-use assets		8,925	7,322
Investment properties		3,363	3,404
Investment securities	14	10,009	1,938
		<u>719,663</u>	<u>713,705</u>
<b>Current assets</b>			
Inventories	15(b)	116,615	138,667
Trade receivables	15(c)	149,827	126,727
Other receivables		31,702	50,645
Amount due from a joint venture		308	445
Short term investments	14	117,277	259,955
Tax recoverable		59	55
Cash and bank balances		188,658	263,793
		<u>604,446</u>	<u>840,287</u>
<b>TOTAL ASSETS</b>	8	<u>1,324,109</u>	<u>1,553,992</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		307,050	307,050
Treasury shares		(12,274)	(10,400)
Share option reserve		27,086	27,540
Currency translation reserve		253,118	278,307
Cash flow hedge reserve		-	116
Retained earnings		474,069	483,326
<b>Total equity</b>		<u>1,049,049</u>	<u>1,085,939</u>
<b>Non-current liabilities</b>			
Borrowings	22	65,075	34,598
Lease liabilities		909	11
Deferred tax liabilities		603	612
		<u>66,587</u>	<u>35,221</u>
<b>Current liabilities</b>			
Borrowings	22	41,222	242,201
Lease liabilities		963	178
Trade payables		127,577	135,713
Other payables		37,285	52,355
Derivative liabilities		-	494
Income tax payable		1,426	1,891
		<u>208,473</u>	<u>432,832</u>
<b>Total liabilities</b>	8	<u>275,060</u>	<u>468,053</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,324,109</u>	<u>1,553,992</u>
Net assets per share (RM)		<u>2.0024</u>	<u>2.0611</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

Note	Attributable to owners of the Company						
	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Cash flow hedge reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>6 months ended 31 December 2019 (unaudited)</u></b>							
<b>Balance at 1 July 2019</b>	302,519	(7,045)	28,336	263,522	1,386	588,144	1,176,862
Issuance of ordinary shares pursuant to the ESOS	4,258	-	(1,135)	-	-	-	3,123
Share options granted under ESOS	-	-	484	-	-	161	645
Total comprehensive (loss) / income for the period	-	-	-	(7,222)	(571)	22,036	14,243
<b>Balance at 31 December 2019</b>	<b>306,777</b>	<b>(7,045)</b>	<b>27,685</b>	<b>256,300</b>	<b>815</b>	<b>610,341</b>	<b>1,194,873</b>
<b><u>6 months ended 31 December 2020 (unaudited)</u></b>							
<b>Balance at 1 July 2020</b>	307,050	(10,400)	27,540	278,307	116	483,326	1,085,939
Purchase of treasury shares	6	(1,874)	-	-	-	-	(1,874)
Share options granted under ESOS	-	-	(454)	-	-	454	-
Total comprehensive loss for the period	-	-	-	(25,189)	(116)	(9,711)	(35,016)
<b>Balance at 31 December 2020</b>	<b>307,050</b>	<b>(12,274)</b>	<b>27,086</b>	<b>253,118</b>	<b>-</b>	<b>474,069</b>	<b>1,049,049</b>

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	<b>CUMULATIVE</b>	
	6 months ended 31.12.2020 RM'000 (unaudited)	6 months ended 31.12.2019 RM'000 (unaudited)
<b><u>Operating Activities</u></b>		
(Loss) / profit before tax	(927)	30,555
Adjustments for non-cash items	65,065	38,582
Operating cash flows before changes in working capital	<u>64,138</u>	<u>69,137</u>
Changes in working capital:		
Decrease in inventories	15,695	17,617
Increase in receivables	(14,024)	(55,371)
(Decrease) / increase in payables	(12,499)	13,459
Cash flows from operations	<u>53,310</u>	<u>44,842</u>
Interest paid	(3,401)	(6,583)
Income tax paid	(9,158)	(7,319)
Net cash flows from operating activities	<u>40,751</u>	<u>30,940</u>
<b><u>Investing Activities</u></b>		
Interest received	4,115	2,749
Net purchase of investment securities	(7,616)	-
Net proceeds from disposal of short term investments	143,287	55,303
Income received from short term investments	1,470	4,339
Proceeds from disposal of property, plant and equipment	16	221
Purchase of property, plant and equipment	(84,378)	(381)
Net cash flows from investing activities	<u>56,894</u>	<u>62,231</u>
<b><u>Financing Activities</u></b>		
Proceeds from issuance of ordinary shares	-	3,123
Purchase of treasury shares	(1,874)	-
Payment of lease liabilities	(525)	(678)
Net repayment of borrowings	(160,344)	(31,838)
Net cash flows used in financing activities	<u>(162,743)</u>	<u>(29,393)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(65,098)</b>	<b>63,778</b>
Effect of foreign exchange rate changes	(10,037)	(1,681)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>263,793</b>	<b>209,015</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*</b>	<b><u>188,658</u></b>	<b><u>271,112</u></b>
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	97,322	212,270
Cash and bank balances	91,336	58,842
Cash and cash equivalents at end of financial period	<u>188,658</u>	<u>271,112</u>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.



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## **Explanatory Notes**

FOR THE QUARTER ENDED 31 DECEMBER 2020

### **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 30 June 2020. 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 30 June 2020.

### **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 30 June 2020 except for the adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRSs") where applicable to the Group's financial period beginning 1 July 2020:

Amendments to MFRS 3 *Definition of a Business*

Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*

Amendments to MFRS 101 and MFRS 108 *Definition of Material*

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the abovementioned Amendments 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**

There were no issue, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review except for the following:

For the 6-months period ended 31 December 2020, 2,975,300 ordinary shares were repurchased in the open market at an average price of RM0.63 per share. The total consideration paid for the repurchase including transaction costs amounted to RM1,874,471 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 31 December 2020, the total number of treasury shares held was 11,441,700 ordinary shares.



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**7 Dividend Paid**

No dividend was paid in the current quarter under review.

**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
<b><u>3 months ended 31 December 2020</u></b>				
<b>Revenue</b>				
External revenue	558	37,144	-	37,702
Inter-segment revenue	145	-	(145)	-
Total revenue	703	37,144	(145)	37,702
<b>Results</b>				
(Loss) / profit before tax	(19,647)	23,107	-	3,460
<b><u>6 months ended 31 December 2020</u></b>				
<b>Revenue</b>				
External revenue	558	75,123	-	75,681
Inter-segment revenue	395	-	(395)	-
Total revenue	953	75,123	(395)	75,681
<b>Results</b>				
(Loss) / profit before tax	(39,962)	39,035	-	(927)
<b>Total Assets</b>				
31 December 2020	401,634	922,475	-	1,324,109
30 June 2020	607,208	946,784	-	1,553,992
<b>Total Liabilities</b>				
31 December 2020	158,853	116,207	-	275,060
30 June 2020	169,028	299,025	-	468,053

**9 Subsequent Events**

- (a) As announced on 29 January 2021, the Company's ESOS had expired on 1 February 2021. As at the date of the said announcement, there were 47,028,800 unexercised options under the ESOS.
- (b) As announced on 2 February 2021, a wholly owned subsidiary of the Company, Coastal Drilling Pte Ltd ("CDPL") and its strategic business partner, JUB Pacific Pte Ltd ("JUB") had on 1 February 2021 acquired the 100% equity interest in Elite Point Pte Ltd ("EPPL") from a third party individual, Sanathakumara Somunaidu. Upon completion of the acquisition, the respective % of shareholdings of CDPL and JUB in EPPL shall be 80% and 20%. The acquisition was completed on 11 February 2021.
- (c) As announced on 18 February 2021, a wholly owned subsidiary of the Company, Coastal Marine Pte Ltd and its Mexican strategic business partner, Grupo Empresarial Alfair S.A.P.I. De C.V., has on 17 February 2021 entered into an agreement to establish a joint venture company in Mexico, Coastoil Dynamic S.A.De C.V. to undertake an onshore gas sweetening plant project in Mexico for Petroleos Mexicanos ("Pemex"), Mexican state-owned petroleum company.

**10 Changes in the Composition of the Group**

There was no change in the composition of the Group for the financial period under review.

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**11 Contingent Liabilities and Contingent Assets**

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiaries	718,873

As at 31 December 2020, the Company is contingently liable for RM108,698,000 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 31 December 2020 RM'000	Cumulative 6 months ended 31 December 2020 RM'000
<i>Transactions with a Director of the Company:</i>		
- Rent of premises	15	29
<i>Transactions with a company in which the Directors of the Company and of the Group are also directors and have financial interests:</i>		
- Rent of premises	6	11

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 Fair Value of Financial Instruments**

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 31 December 2020, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<i>Financial assets</i>				
Investment securities	10,009	-	-	10,009
Short term investments	117,277	-	-	117,277
	127,286	-	-	127,286

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the last financial year ended 30 June 2020.

**15 Detailed Analysis of Performance**

The Group recorded a fairly consistent revenue of RM37.7 million in the current quarter ended 31 December 2020 (2Q2021), a marginal decrease of 1% as compared to the RM38.0 million reported in last quarter (1Q2021). Against last year corresponding period (2Q2020), revenue was down by 27% from RM51.4 million.





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#### Shipbuilding and Shiprepair Division

The revenue generated from this division in 2Q2021 was RM0.6 million, from ship repairing contract works. No external revenue was recorded in 1Q2021 as the Ship Repair Division is mainly working for the Group's own vessels during 1Q2021. Revenue recorded in 2Q2020 was RM5.0 million contributed from external ship repairing contract works as well.

The division recorded a lower loss before tax of RM19.6 million in 2Q2021, as compared to the RM20.3 million posted in 1Q2021. For 2Q2020, the division incurred a loss before tax of RM18.0 million. The poor performance of this division was mainly attributed to the unrealised loss on foreign exchange of RM16.8 million (2Q2020: RM10.3 million) on the account of depreciation of USD against RM, given that the exchange rate of USD/RM was depreciated from 4.1555 to 4.0170 during 2Q2021 and from 4.2825 to 4.1555 during 1Q2021 respectively.

#### Vessel Chartering Division

In the current quarter under review, the division reported a slightly 2% decrease in revenue to RM37.1 million from RM38.0 million posted in 1Q2021. Against 2Q2020, revenue was down by 20% from RM46.4 million. The year-on-year drop in revenue was principally due to lower utilisation of its OSV fleet as a result of the expiration of certain short term charter contracts.

The division's profit margin before tax of 62% (RM23.1 million) in 2Q2021 was higher than the 42% (RM15.9 million) and 46% (RM21.2 million) achieved in 1Q2021 and 2Q2020, respectively. The better profit margin showing this quarter was mainly attributed to lower finance costs.

- (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 RM86.1 million (30 June 2020: RM91.7 million) and vessels work-in-progress of RM26.0 million (30 June 2020: RM42.5 million).
- (c) Out of the RM149.8 million of trade receivables as at 31 December 2020, RM39.8 million was subsequently received by the Group.

#### **16 Material Change in Profit Before Tax**

The Group made a profit before tax of RM3.5 million in 2Q2021. Comparatively, 1Q2021 recorded a loss before tax of RM4.4 million. The quarter-on-quarter improved performance was owing to higher other income and lower finance costs. Compared to 2Q2020, profit before tax was up by 9% from RM3.2 million.

#### **17 Prospects**

In view of the most rapid vaccine rollout globally, the global economy is expected to recover quickly from the Covid-19 pandemic triggered recession. At the meantime, joint commitment of Organisation of the Petroleum Exporting Countries (OPEC) plus non-OPEC major producers in tightening their supply shall further stabilise the global oil market. Given the strong recovery of oil prices driven by vaccine optimism and oil producers' supply cuts, Coastal Group shall have plenty of opportunities to materialise more deals in the short to medium term.

In accommodating long term demand for fossil fuels, Enhanced Oil Recovery (EOR) technology has been practised immensely since the past few years to ensure optimum exploitation of oil resources. With the Jack-up Gas Compression Service Unit ("JUGCSU") charter contract secured by the Group, which is currently in operation, the Group is able to effectively leverage its competitive advantage and strong foothold in this sector with promising prospects. Recently, Coastal Group diversified its earnings portfolio in Mexico by venturing into gas sweetening processing plant project. Natural gas burns fewer emissions of air pollutants and carbon dioxide compared to other types of fossils to produce equal amount of energy. Globally, the demand trend for natural gas is expected to increase mainly due to the development of industries and growth in electricity demand using natural gas as power generation source. In view of the above, the Management is optimistic with our JUGCSU business.

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The Management believes that the OSV market remains oversupplied but the market equilibrium has improved since FY2019 mainly due to the gradual increase in upstream activities and also due to increasing consensus that a large number of vessels which have been laid up during the downturn may not return to service due to high reactivation costs and the reluctance of oil companies to contract vessels which have been out of service for longer period. These circumstances may reduce some of the supply overhang and provide a good opportunity for our shipbuilding division in the next few years. While waiting for the recovery of OSV market, Coastal Group has embarked into liftboat chartering with a long term plan to tap into the wind farm renewable energy sector which is currently the fastest growing energy sources in the world.

Other than the above, Coastal Group shall still continue to pursue new business that suits its growth strategies, such as Floating Production Storage and Offloading (FPSO), Floating Production Unit (FPU), Floating Storage and Offloading (FSO), Floating Storage and Regassification Unit (FSRU) and other O & G related projects.

**18 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.

**19 Profit / (Loss) Before Tax**

The following items have been included in arriving at profit / (loss) before tax:

	Individual 3 months ended 31 December 2020 RM'000	Cumulative 6 months ended 31 December 2020 RM'000
Interest income	198	2,473
Other income	11,605	16,128
Reversal of impairment loss on receivables	47	1,828
Impairment loss on receivables	-	2
Depreciation and amortisation	20,830	41,399
Fair value gain on short term investments	365	1,282
Fair value loss on quoted investments	8	275
Gain on disposal of quoted investments	772	772
Foreign exchange loss (net)	<u>18,021</u>	<u>32,776</u>

There were no provision for and write off of inventories, gain or loss on disposal of 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.

**20 Income Tax Expense**

	Individual 3 months ended 31 December 2020 RM'000	Cumulative 6 months ended 31 December 2020 RM'000
Income tax expense comprises:		
Current tax charge	4,987	8,793
Deferred tax charge / (reversal)	(10)	(9)
	<u>4,977</u>	<u>8,784</u>

The effective tax rates for the current quarter and the financial year-to-date were higher than the statutory tax rate in Malaysia due to the non-deductible losses for certain subsidiaries of the Group in other jurisdictions.



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## 21 Status of Corporate Proposals

There were no other corporate proposals that have been announced but not completed as at 25 February 2021, other than as disclosed below:

- (a) On 17 February 2021, the Company and its Mexican strategic business partner, Grupo Empresarial Alfair S.A.P.I. De C.V. ("Alfair"), has entered into a Share Purchase Agreement ("SPA") to sell and transfer its 50% equity interest in its indirect wholly owned subsidiary, Coastoil Dynamic S.A.De C.V. (the Joint Venture Company or "JVC"), to its JV Partner, Alfair. On the same date, a Shareholders Agreement ("SA") was entered among a wholly owned subsidiary of the Company, Coastal Marine Pte Ltd, Alfair and JVC to set out the rights and obligations of Coastal Marine Pte Ltd and Alfair ("JV Partners") under the JVC. The SPA, SA and other executed related documents are collectively known as "Transaction Documents". Pursuant to the Transaction Documents, the JVC shall undertake an onshore gas sweetening plant project in Mexico for Petroleos Mexicanos ("Pemex"), Mexican state-owned petroleum company. The completion of the Joint Venture is subject to the fulfilment and satisfaction of the condition precedents stipulated in the Transaction Documents.

## 22 Group Borrowings and Debt Securities

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

	As at 31 December 2020 RM'000
Short term	
Secured	41,222
Long term	
Secured	65,075
Total	<u><u>106,297</u></u>

Apart from RM1.3 million of secured borrowings which are denominated in Ringgit Malaysia, all the other borrowings are denominated in United States Dollar.

The debt-equity ratio of the Group has decreased to 0.101 from last quarter's 0.113. The reduction was mainly due to repayment of short term 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 Material Litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which may materially affect the position or business of the Group as at 25 February 2021.

## 24 Dividend Payable

No interim dividend has been declared for the current quarter ended 31 December 2020.



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## 25 (Loss) / Earnings Per Share

### Basic (loss) / earnings per share attributable to owners of the Company

Basic (loss) / earnings per share of the Group was calculated by dividing the (loss) / 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 December 2020	Cumulative 6 months ended 31 December 2020
<i>Basic (loss) / earnings per share</i>		
Loss attributable to owners of the Company (RM'000)	(1,517)	(9,711)
Weighted average number of ordinary shares in issue ('000)	524,290	525,213
Basic loss per share (sen)	(0.29)	(1.85)

### Diluted (loss) / earnings per share attributable to owners of the Company

For diluted (loss) / 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 Employees' Share Option Scheme ("ESOS"). The dilutive portion of the ordinary shares deemed issued pursuant to the ESOS are accounted for in the diluted (loss) / earnings per share calculation. The ESOS will have a dilutive effect only when the average market price of ordinary shares of the Company during the period exceeds the exercise prices of the options granted. As the average market price of ordinary shares during the period (RM0.64) was lower than the exercise prices of the options (RM1.40 and RM0.96), 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.

## 26 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 30 June 2020 was not subject to any qualification.

## 27 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 February 2021.