



COASTAL CONTRACTS BHD.  
Registration No. 200001015043 (517649-A)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 30.06.2021 RM'000 (unaudited)	3 months ended 30.06.2020 RM'000 (unaudited)	12 months ended 30.06.2021 RM'000 (unaudited)	12 months ended 30.06.2020 RM'000 (audited)
Revenue	8	49,273	46,576	161,571	211,082
Cost of sales and services		(30,996)	(28,040)	(111,645)	(136,689)
Gross profit		<u>18,277</u>	<u>18,536</u>	<u>49,926</u>	<u>74,393</u>
Other income		17,920	20,257	70,304	62,425
Administrative expenses		(4,132)	(3,913)	(17,334)	(18,007)
Other expenses		(5,855)	(198,142)	(44,075)	(193,952)
Finance costs		(742)	(2,813)	(6,586)	(12,581)
Profit / (loss) before tax	8, 19	<u>25,468</u>	<u>(166,075)</u>	<u>52,235</u>	<u>(87,722)</u>
Income tax expense	20	(5,158)	(4,290)	(19,283)	(17,329)
Profit / (loss) for the period		<u><u>20,310</u></u>	<u><u>(170,365)</u></u>	<u><u>32,952</u></u>	<u><u>(105,051)</u></u>
Attributable to:					
Owners of the Company		19,299	(170,365)	32,707	(105,051)
Non-controlling interests		1,011	-	245	-
		<u><u>20,310</u></u>	<u><u>(170,365)</u></u>	<u><u>32,952</u></u>	<u><u>(105,051)</u></u>
Earnings per share attributable to owners of the Company:					
- basic (sen)	25	3.68	(32.32)	6.24	(19.88)
- diluted (sen)		<u><u>N/A</u></u>	<u><u>(32.32)</u></u>	<u><u>N/A</u></u>	<u><u>(19.88)</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 30 JUNE 2021

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 30.06.2021 RM'000 (unaudited)	3 months ended 30.06.2020 RM'000 (unaudited)	12 months ended 30.06.2021 RM'000 (unaudited)	12 months ended 30.06.2020 RM'000 (audited)
Profit / (loss) for the period		20,310	(170,365)	32,952	(105,051)
Other comprehensive income / (loss):					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Cash flow hedge:					
- Fair value gain / (loss) on derivatives		7	276	(142)	(1,270)
Currency translation differences arising from consolidation	15(a)	(1,291)	(7,210)	(12,103)	14,785
Total comprehensive income / (loss) for the period		<u>19,026</u>	<u>(177,299)</u>	<u>20,707</u>	<u>(91,536)</u>
Attributable to:					
Owners of the Company		17,997	(177,299)	20,438	(91,536)
Non-controlling interests		<u>1,029</u>	<u>-</u>	<u>269</u>	<u>-</u>
		<u>19,026</u>	<u>(177,299)</u>	<u>20,707</u>	<u>(91,536)</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 30 JUNE 2021

	Note	As at 30.06.2021 RM'000 (unaudited)	As at 30.06.2020 RM'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		774,358	701,041
Right-of-use assets		8,868	7,322
Investment properties		3,322	3,404
Investment securities	14	12,124	1,938
		<u>798,672</u>	<u>713,705</u>
<b>Current assets</b>			
Inventories	15(b)	120,199	138,667
Trade receivables	15(c)	169,670	126,727
Contract assets		1,233	-
Other receivables		31,438	50,645
Amount due from a joint venture		334	445
Short term investments	14	111,038	259,955
Tax recoverable		237	55
Cash and bank balances		163,703	263,793
		<u>597,852</u>	<u>840,287</u>
<b>TOTAL ASSETS</b>	8	<u>1,396,524</u>	<u>1,553,992</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		307,050	307,050
Treasury shares		(12,701)	(10,400)
Share option reserve		-	27,540
Currency translation reserve		266,180	278,307
Cash flow hedge reserve		(26)	116
Retained earnings		543,573	483,326
<b>Equity attributable to owners of the Company</b>		<u>1,104,076</u>	<u>1,085,939</u>
<b>Non-controlling interests</b>		<u>1,055</u>	<u>-</u>
<b>Total equity</b>		<u>1,105,131</u>	<u>1,085,939</u>
<b>Non-current liabilities</b>			
Borrowings	22	48,863	34,598
Lease liabilities		712	11
Deferred tax liabilities		589	612
		<u>50,164</u>	<u>35,221</u>
<b>Current liabilities</b>			
Borrowings	22	43,419	242,201
Lease liabilities		1,012	178
Trade payables		134,675	135,713
Other payables		58,119	52,355
Derivative liabilities	14	26	494
Income tax payable		3,978	1,891
		<u>241,229</u>	<u>432,832</u>
<b>Total liabilities</b>	8	<u>291,393</u>	<u>468,053</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,396,524</u>	<u>1,553,992</u>
Net assets per share (RM)		<u>2.1095</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 30 JUNE 2021

	Attributable to owners of the Company						Non-controlling interests	Equity, Total	
	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Cash flow hedge reserve	Retained earnings			Total
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>12 months ended 30 June 2020 (audited)</u></b>									
<b>Balance at 1 July 2019</b>	302,519	(7,045)	28,336	263,522	1,386	588,144	1,176,862	-	1,176,862
Purchase of treasury shares	-	(3,355)	-	-	-	-	(3,355)	-	(3,355)
Issuance of ordinary shares pursuant to the ESOS	4,531	-	(1,208)	-	-	-	3,323	-	3,323
Share options granted under ESOS	-	-	412	-	-	233	645	-	645
Total comprehensive income / (loss) for the period	-	-	-	14,785	(1,270)	(105,051)	(91,536)	-	(91,536)
<b>Balance at 30 June 2020</b>	<b>307,050</b>	<b>(10,400)</b>	<b>27,540</b>	<b>278,307</b>	<b>116</b>	<b>483,326</b>	<b>1,085,939</b>	<b>-</b>	<b>1,085,939</b>
<b><u>12 months ended 30 June 2021 (unaudited)</u></b>									
<b>Balance at 1 July 2020</b>	307,050	(10,400)	27,540	278,307	116	483,326	1,085,939	-	1,085,939
Purchase of treasury shares	6	(2,301)	-	-	-	-	(2,301)	-	(2,301)
Share options granted under ESOS	-	-	(27,540)	-	-	27,540	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	786	786
Total comprehensive (loss) / income for the period	-	-	-	(12,127)	(142)	32,707	20,438	269	20,707
<b>Balance at 30 June 2021</b>	<b>307,050</b>	<b>(12,701)</b>	<b>-</b>	<b>266,180</b>	<b>(26)</b>	<b>543,573</b>	<b>1,104,076</b>	<b>1,055</b>	<b>1,105,131</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 30 JUNE 2021

	<b>CUMULATIVE</b>	
	12 months ended 30.06.2021 RM'000 (unaudited)	12 months ended 30.06.2020 RM'000 (audited)
<b><u>Operating Activities</u></b>		
Profit / (loss) before tax	52,235	(87,722)
Adjustments for non-cash items	89,465	245,395
Operating cash flows before changes in working capital	141,700	157,673
Changes in working capital:		
Decrease in inventories	14,864	10,822
Increase in receivables	(26,811)	(126,091)
Increase in payables	6,813	7,813
Cash flows from operations	136,566	50,217
Interest paid	(4,910)	(12,170)
Income tax paid	(17,352)	(15,394)
Net cash flows from operating activities	114,304	22,653
<b><u>Investing Activities</u></b>		
Acquisition of a subsidiary	(24)	-
Interest received	4,907	6,619
Net purchase of investment securities	(9,917)	(1,512)
Net proceeds from disposal of short term investments	149,753	33,532
Income received from short term investments	2,866	7,537
Proceeds from disposal of property, plant and equipment	54	3,294
Purchase of property, plant and equipment	(175,899)	(673)
Net cash flows (used in) / from investing activities	(28,260)	48,797
<b><u>Financing Activities</u></b>		
Proceeds from issuance of ordinary shares	-	3,323
Proceeds from issuance of ordinary shares to non-controlling interests	809	-
Purchase of treasury shares	(2,301)	(3,355)
Payment of lease liabilities	(1,201)	(1,369)
Net repayment of borrowings	(176,748)	(26,795)
Net cash flows used in financing activities	(179,441)	(28,196)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(93,397)	43,254
Effect of foreign exchange rate changes	(6,693)	11,524
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	263,793	209,015
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*</b>	163,703	263,793
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	19,008	197,753
Cash and bank balances	144,695	66,040
Cash and cash equivalents at end of financial period	163,703	263,793

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 30 JUNE 2021

### **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 4 *Extension of the Temporary Exemption from Applying MFRS 9*

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

Amendments to MFRS 16 *Covid-19 - Related Rent Concessions beyond 30 June 2021*

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.



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## 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 12-months period ended 30 June 2021, 3,506,100 ordinary shares were repurchased in the open market at an average price of RM0.66 per share. The total consideration paid for the repurchase including transaction costs amounted to RM2,301,061 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 30 June 2021, the total number of treasury shares held was 11,972,500 ordinary shares.

## 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 30 June 2021</u></b>				
<b><i>Revenue</i></b>				
External revenue	564	48,709	-	49,273
Inter-segment revenue	2,264	251	(2,515)	-
Total revenue	2,828	48,960	(2,515)	49,273
<b><i>Results</i></b>				
(Loss) / profit before tax	(485)	25,953	-	25,468
<b><u>12 months ended 30 June 2021</u></b>				
<b><i>Revenue</i></b>				
External revenue	2,947	158,624	-	161,571
Inter-segment revenue	4,237	251	(4,488)	-
Total revenue	7,184	158,875	(4,488)	161,571
<b><i>Results</i></b>				
(Loss) / profit before tax	(28,250)	80,485	-	52,235
<b>Total Assets</b>				
30 June 2021	354,376	1,042,148	-	1,396,524
30 June 2020	607,208	946,784	-	1,553,992
<b>Total Liabilities</b>				
30 June 2021	163,517	127,876	-	291,393
30 June 2020	169,028	299,025	-	468,053

## 9 Subsequent Event

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



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#### 10 Changes in the Composition of the Group

On 1 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 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.

#### 11 Contingent Liabilities and Contingent Assets

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiaries	<u>741,688</u>

As at 30 June 2021, the Company is contingently liable for RM98,016,000 of banking facilities utilised by its subsidiaries.

#### 12 Capital Commitments

	As at 30 June 2021 RM'000
<i>Capital expenditure:</i>	
- Property, plant and equipment	<u>38,858</u>

#### 13 Related Party Transactions

	Individual 3 months ended 30 June 2021 RM'000	Cumulative 12 months ended 30 June 2021 RM'000
<i>Transactions with a Director of the Company:</i>		
- Rent of premises	12	55
<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	<u>5</u>	<u>21</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.

#### 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).



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As at 30 June 2021, 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><u>Financial assets</u></i>				
Investment securities	12,124	-	-	12,124
Short term investments	111,038	-	-	111,038
	<u>123,162</u>	<u>-</u>	<u>-</u>	<u>123,162</u>
<i><u>Financial liabilities</u></i>				
Derivative liabilities	-	26	-	26

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 achieved a higher revenue of RM49.3 million in the current quarter ended 30 June 2021 (4Q2021), as compared to last quarter's RM36.6 million (3Q2021), an increase of 35%. Against last year's corresponding period (4Q2020), revenue was up by 6% from RM46.6 million.

*Shipbuilding and Shiprepair Division*

The division's revenue for 4Q2021 stood at RM0.6 million, 67% lower compared to RM1.8 million recorded in 3Q2021. For 4Q2020, the revenue reported was RM0.4 million. This division's revenue was generated from ship repairing contract works.

The division incurred a loss before tax of RM0.5 million in 4Q2021, in contrast to the profit before tax of RM12.2 million achieved in 3Q2021. The loss occurred this quarter was mainly due to the underperformance of the division, whereas profit derived in 3Q2021 was mainly due to the unrealised foreign exchange gain of RM18.2 million on the account of strengthened USD exchange rate against RM from 4.017 to 4.146 during 3Q2021. For 4Q2020, the division incurred a greater loss before tax of RM184.8 million was mainly due to the impairment loss on receivables of RM142.4 million and inventories written-down of RM41.2 million.

*Vessel Chartering Division*

The division registered a greater revenue of RM48.7 million in 4Q2021, an increase of 40% quarter-on-quarter from RM34.8 million. Against 4Q2020, revenue was up by 5% from RM46.2 million. The better showing this quarter was principally due to full contribution from the newly acquired liftboat chartering business commencing this quarter.

The division's profit margin before tax of 53% (RM26.0 million) in 4Q2021 was higher than the 45% (RM15.5 million) and 41% (RM18.7 million) achieved in 3Q2021 and 4Q2020, respectively. The quarter-on-quarter increase in profit margin was mainly due to profit contribution from the liftboat chartering business. In 3Q2021, there were pre-operation costs incurred for the liftboat chartering business that led to lower margin in that quarter. The profit margin in 4Q2020 was comparatively lower as a result of higher finance costs and impairment of assets.

- (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 RM89.0 million (30 June 2020: RM91.7 million) and vessels work-in-progress of RM26.6 million (30 June 2020: RM42.5 million).
- (c) Out of the RM169.7 million of trade receivables as at 30 June 2021, RM47.3 million was subsequently received by the Group.



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

The Group's profit before tax of RM25.5 million in 4Q2021 was 8% lower than the RM27.7 million reported in 3Q2021. The lower profit contribution for this quarter was mainly due to the gain on foreign exchange reduced significantly by RM17.1 million despite the liftboat chartering business has started its contribution to the Group's profit before tax since beginning of this quarter. Comparatively, 4Q2020 recorded a loss before tax of RM166.1 million. The loss position in 4Q2020 was principally due to the inventories written down and impairment loss on receivables.

#### 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.

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.



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**19 Profit Before Tax**

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

	Individual 3 months ended 30 June 2021 RM'000	Cumulative 12 months ended 30 June 2021 RM'000
Interest income	355	3,182
Other income	12,806	36,504
Reversal of inventories written-down	-	2
Reversal of impairment loss on receivables	1,877	3,865
Impairment loss on receivables	4,087	4,089
Depreciation and amortisation	21,882	84,248
Fair value gain on short term investments	360	1,098
Fair value loss on quoted investments	73	595
Gain on disposal of quoted investments	-	772
Foreign exchange gain / (loss) (net)	978	(13,674)

There were no 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 30 June 2021 RM'000	Cumulative 12 months ended 30 June 2021 RM'000
Income tax expense comprises:		
Current tax charge	5,164	19,306
Deferred tax charge / (reversal)	(6)	(23)
	<u>5,158</u>	<u>19,283</u>

The effective tax rate for the current quarter was lower than the statutory tax rate in Malaysia due to the non-taxable income as well as different income tax rate applicable to subsidiaries of the Group in other jurisdictions.

The effective tax rate for the financial year-to-date was higher than the statutory tax rate in Malaysia due to certain non-deductible expenses of the Company and 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 28 September 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 30 June 2021 RM'000
Short term	
Secured	<u>43,419</u>
Long term	
Secured	45,539
Unsecured	<u>3,324</u>
	<u>48,863</u>
Total	<u><u>92,282</u></u>

Apart from RM1.2 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 0.084 from last quarter's 0.095. 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 28 September 2021.

## 24 Dividend Payable

No interim dividend has been declared for the current quarter ended 30 June 2021.



COASTAL CONTRACTS BHD.

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## 25 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 2021	Cumulative 12 months ended 30 June 2021
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	19,299	32,707
Weighted average number of ordinary shares in issue ('000)	523,848	524,551
Basic earnings per share (sen)	3.68	6.24

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 28 September 2021.