



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 31.03.2022 RM'000 (unaudited)	3 months ended 31.03.2021 RM'000 (unaudited)	9 months ended 31.03.2022 RM'000 (unaudited)	9 months ended 31.03.2021 RM'000 (unaudited)
Revenue	8	114,444	36,617	241,455	112,298
Cost of sales and services		(58,736)	(29,259)	(132,586)	(80,649)
Gross profit		<u>55,708</u>	<u>7,358</u>	<u>108,869</u>	<u>31,649</u>
Other income		18,971	28,160	46,491	52,384
Administrative expenses		(4,198)	(4,333)	(24,405)	(13,202)
Other expenses		(4,749)	(2,740)	(13,244)	(38,220)
Finance costs		(3,360)	(751)	(4,636)	(5,844)
Profit before tax	8, 19	<u>62,372</u>	<u>27,694</u>	<u>113,075</u>	<u>26,767</u>
Income tax expense	20	(17,071)	(5,341)	(32,299)	(14,125)
Profit for the period		<u><u>45,301</u></u>	<u><u>22,353</u></u>	<u><u>80,776</u></u>	<u><u>12,642</u></u>
Attributable to:					
Owners of the Company		44,315	23,119	78,065	13,408
Non-controlling interests		986	(766)	2,711	(766)
		<u><u>45,301</u></u>	<u><u>22,353</u></u>	<u><u>80,776</u></u>	<u><u>12,642</u></u>
Earnings per share attributable to owners of the Company:					
- basic (sen)	25	8.46	4.41	14.93	2.55
- diluted (sen)	25	<u><u>8.12</u></u>	<u><u>N/A</u></u>	<u><u>14.81</u></u>	<u><u>N/A</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 2021 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 MARCH 2022

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 31.03.2022 RM'000 (unaudited)	3 months ended 31.03.2021 RM'000 (unaudited)	9 months ended 31.03.2022 RM'000 (unaudited)	9 months ended 31.03.2021 RM'000 (unaudited)
Profit for the period		45,301	22,353	80,776	12,642
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		43	(33)	75	(149)
Currency translation differences arising from consolidation	15(a)	6,693	14,377	6,368	(10,812)
Total comprehensive income for the period		<u>52,037</u>	<u>36,697</u>	<u>87,219</u>	<u>1,681</u>
Attributable to:					
Owners of the Company		51,028	37,457	84,485	2,441
Non-controlling interests		<u>1,009</u>	<u>(760)</u>	<u>2,734</u>	<u>(760)</u>
		<u>52,037</u>	<u>36,697</u>	<u>87,219</u>	<u>1,681</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 2021 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD.  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 MARCH 2022

		As at 31.03.2022 RM'000 (unaudited)	As at 30.06.2021 RM'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		828,521	774,350
Right-of-use assets		8,026	8,868
Investment properties		3,260	3,322
Investment securities	14	<u>12,156</u>	<u>12,124</u>
		<u>851,963</u>	<u>798,664</u>
<b>Current assets</b>			
Inventories		44,437	120,311
Trade receivables	15(b)	276,992	169,670
Contract assets		61,279	1,233
Other receivables		102,263	31,230
Amount due from a joint venture		118	96
Short term investments	14	14,976	111,038
Derivative assets	14	49	-
Tax recoverable		242	237
Cash and bank balances		<u>371,408</u>	<u>163,703</u>
		<u>871,764</u>	<u>597,518</u>
<b>TOTAL ASSETS</b>	8	<u><u>1,723,727</u></u>	<u><u>1,396,182</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		310,492	307,050
Treasury shares		(13,336)	(12,700)
Share option reserve		11,211	-
Currency translation reserve		272,514	266,169
Cash flow hedge reserve		49	(26)
Retained earnings		<u>621,306</u>	<u>543,241</u>
<b>Equity attributable to owners of the Company</b>		<u>1,202,236</u>	<u>1,103,734</u>
<b>Non-controlling interests</b>		<u>3,789</u>	<u>1,055</u>
<b>Total equity</b>		<u>1,206,025</u>	<u>1,104,789</u>
<b>Non-current liabilities</b>			
Borrowings	22	118,996	48,863
Lease liabilities		192	712
Deferred tax liabilities		<u>19,686</u>	<u>589</u>
		<u>138,874</u>	<u>50,164</u>
<b>Current liabilities</b>			
Borrowings	22	124,496	43,419
Lease liabilities		809	1,013
Trade payables		161,637	134,675
Other payables		89,097	58,118
Derivative liabilities		-	26
Income tax payable		<u>2,789</u>	<u>3,978</u>
		<u>378,828</u>	<u>241,229</u>
<b>Total liabilities</b>	8	<u>517,702</u>	<u>291,393</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,723,727</u></u>	<u><u>1,396,182</u></u>
Net assets per share (RM)		<u>2.2885</u>	<u>2.1089</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 2021 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 MARCH 2022

Note	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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>9 months ended 31 March 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	-	(1,874)	-	-	-	-	(1,874)	-	(1,874)
Share options granted under ESOS	-	-	(27,540)	-	-	27,540	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	787	787
Total comprehensive (loss) / income for the period	-	-	-	(10,818)	(149)	13,408	2,441	(760)	1,681
<b>Balance at 31 March 2021</b>	<b>307,050</b>	<b>(12,274)</b>	<b>-</b>	<b>267,489</b>	<b>(33)</b>	<b>524,274</b>	<b>1,086,506</b>	<b>27</b>	<b>1,086,533</b>
<b><u>9 months ended 31 March 2022 (unaudited)</u></b>									
<b>Balance at 1 July 2021</b>	307,050	(12,700)	-	266,169	(26)	543,241	1,103,734	1,055	1,104,789
Purchase of treasury shares	6	(636)	-	-	-	-	(636)	-	(636)
Issuance of ordinary shares pursuant to the ESOS	3,442	-	(677)	-	-	-	2,765	-	2,765
Share options granted under ESOS	-	-	11,888	-	-	-	11,888	-	11,888
Total comprehensive income for the period	-	-	-	6,345	75	78,065	84,485	2,734	87,219
<b>Balance at 31 March 2022</b>	<b>310,492</b>	<b>(13,336)</b>	<b>11,211</b>	<b>272,514</b>	<b>49</b>	<b>621,306</b>	<b>1,202,236</b>	<b>3,789</b>	<b>1,206,025</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 2021 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 MARCH 2022

	<b>CUMULATIVE</b>	
	9 months ended 31.03.2022 RM'000 (unaudited)	9 months ended 31.03.2021 RM'000 (unaudited)
<b><u>Operating Activities</u></b>		
Profit before tax	113,075	26,767
Adjustments for non-cash items	76,069	67,481
Operating cash flows before changes in working capital	189,144	94,248
Changes in working capital:		
(Increase)/Decrease in inventories	(1,476)	16,978
Increase in receivables	(229,259)	(23,106)
Increase in payables	51,103	2,795
Cash flows from operations	9,512	90,915
Interest paid	(6,280)	(4,181)
Income tax paid	(14,983)	(13,367)
Net cash flows (used in) / from operating activities	(11,751)	73,367
<b><u>Investing Activities</u></b>		
Acquisition of a subsidiary	-	(24)
Interest received	322	4,479
Net purchase of investment securities	(548)	(8,576)
Net proceeds from disposal of short term investments	95,891	140,954
Income received from investments	1,395	2,061
Proceeds from disposal of property, plant and equipment	776	54
Purchase of property, plant and equipment	(38,223)	(134,374)
Net cash flows from investing activities	59,613	4,574
<b><u>Financing Activities</u></b>		
Proceeds from issuance of ordinary shares	2,765	-
Proceeds from issuance of ordinary shares to non-controlling interests	-	809
Purchase of treasury shares	(636)	(1,874)
Payment of lease liabilities	(784)	(782)
Net proceeds from drawdown/(repayment) of borrowings	153,457	(166,293)
Net cash flows from / (used in) financing activities	154,802	(168,140)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	202,664	(90,199)
Effect of foreign exchange rate changes	5,041	(6,368)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	163,703	263,793
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*</b>	371,408	167,226
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	87,560	61,314
Cash and bank balances	283,848	105,912
Cash and cash equivalents at end of financial period	371,408	167,226

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 2021 and the accompanying explanatory notes attached to these interim financial statements.



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## **Explanatory Notes**

FOR THE QUARTER ENDED 31 MARCH 2022

### **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 2021. 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 2021.

### **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 2021 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 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform – Phase 2*

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:

- (a) During the financial year-to-date, a total of 2,792,451 new ordinary shares were issued pursuant to the Company's Employees' Share Option Scheme.
- (b) For the 9-months period ended 31 March 2022, 829,000 ordinary shares were repurchased in the open market at an average price of RM0.76 per share. The total consideration paid for the repurchase including transaction costs amounted to RM635,935 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 31 March 2022, the total number of treasury shares held was 12,801,500 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.

During the financial period under review, the Group has identified a new reportable operating segment namely Gas Processing Division, as the business activities of this division have similar economic characteristics such as, the nature of the products and services, the nature of the production processes and the type of customer. The new division comprises of its onshore gas conditioning business and its jack-up gas compression business (which was reported under Vessel Chartering Division in the previous financial periods).

Following the change in the composition of the reportable segments, the Group has restated the corresponding items of segment information for the previous financial periods.

	Gas Processing RM'000	Vessel Chartering RM'000	Shipbuilding and Shiprepair RM'000	Eliminations RM'000	Consolidated RM'000
<b><u>3 months ended 31 March 2022</u></b>					
<b><i>Revenue</i></b>					
External revenue	96,153	18,281	10	-	114,444
Inter-segment revenue	-	-	281	(281)	-
Total revenue	<u>96,153</u>	<u>18,281</u>	<u>291</u>	<u>(281)</u>	<u>114,444</u>
<b><i>Results</i></b>					
Profit / (loss) before tax	<u>63,916</u>	<u>645</u>	<u>(2,189)</u>	<u>-</u>	<u>62,372</u>
<b><u>3 months ended 31 March 2021 (restated)</u></b>					
<b><i>Revenue</i></b>					
External revenue	34,444	348	1,825	-	36,617
Inter-segment revenue	-	-	1,578	(1,578)	-
Total revenue	<u>34,444</u>	<u>348</u>	<u>3,403</u>	<u>(1,578)</u>	<u>36,617</u>
<b><i>Results</i></b>					
Profit / (loss) before tax	<u>41,715</u>	<u>(10,554)</u>	<u>(3,467)</u>	<u>-</u>	<u>27,694</u>
<b><u>9 months ended 31 March 2022</u></b>					
<b><i>Revenue</i></b>					
External revenue	195,167	44,746	1,542	-	241,455
Inter-segment revenue	-	-	1,003	(1,003)	-
Total revenue	<u>195,167</u>	<u>44,746</u>	<u>2,545</u>	<u>(1,003)</u>	<u>241,455</u>
<b><i>Results</i></b>					
Profit / (loss) before tax	<u>134,139</u>	<u>(7,219)</u>	<u>(13,845)</u>	<u>-</u>	<u>113,075</u>
<b><u>9 months ended 31 March 2021 (restated)</u></b>					
<b><i>Revenue</i></b>					
External revenue	106,398	3,517	2,383	-	112,298
Inter-segment revenue	-	-	1,973	(1,973)	-
Total revenue	<u>106,398</u>	<u>3,517</u>	<u>4,356</u>	<u>(1,973)</u>	<u>112,298</u>
<b><i>Results</i></b>					
Profit / (loss) before tax	<u>60,556</u>	<u>(22,517)</u>	<u>(11,272)</u>	<u>-</u>	<u>26,767</u>



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	Gas Processing RM'000	Vessel Chartering RM'000	Shipbuilding and Shiprepair RM'000	Eliminations RM'000	Consolidated RM'000
<b>Total Assets</b>					
31 March 2022	1,156,813	456,670	110,244	-	1,723,727
30 June 2021 (restated)	823,500	385,198	187,484	-	1,396,182
<b>Total Liabilities</b>					
31 March 2022	239,963	114,498	163,241	-	517,702
30 June 2021 (restated)	83,399	46,575	161,419	-	291,393

9 **Subsequent Event**

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

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 the Group	849,655

As at 31 March 2022, the Group is contingently liable for RM240,683,000 of banking facilities utilised by the Group.

12 **Capital Commitments**

	As at 31 March 2022 RM'000
<i>Capital expenditure:</i>	
- Property, plant and equipment	301,836 #

# Includes the Group's portion (after the completion of the Shares Sale stated in Note 21(a)) of capital commitment under the Joint Venture Company (defined in Note 21(a)).

13 **Related Party Transactions**

	Individual 3 months ended 31 March 2022 RM'000	Cumulative 9 months ended 31 March 2022 RM'000
<i>Transactions with a Director of the Company:</i>		
- Rent of premises	9	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	16

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 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 March 2022, 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	12,156	-	-	12,156
Short term investments	14,976	-	-	14,976
Derivative assets	-	49	-	49
	<u>27,132</u>	<u>49</u>	<u>-</u>	<u>27,181</u>

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the last financial year ended 30 June 2021.

#### 15 Detailed Analysis of Performance

The Group's revenue for the 3 months ended 31 March 2022 (3Q2022) scaled up by 53% to RM114.4 million, against RM74.9 million reported in the preceding quarter (2Q2022). Compared to last year corresponding quarter (3Q2021), revenue has jumped 213% from RM36.6 million.

##### Gas Processing Division

The division's revenue for 3Q2022 has risen substantively to RM96.2 million from RM58.9 million and RM34.4 million recorded in 2Q2022 and 3Q2021, an increase of 63% and 180% respectively. The better performance this quarter was principally due to the full revenue contribution throughout the quarter from Perdiz onshore gas plant as well as construction revenue contributed by Papan onshore gas plant project.

The division achieved a constant quarter-on-quarter profit margin before tax of 66% (RM63.9 million) in 3Q2022 (2Q2022: 66% (RM39.0 million)). For 3Q2021, the profit margin before tax was higher at 121% (RM41.7 million) owing to the unrealised foreign exchange gain of RM17.8 million on the account of strengthened USD exchange rate against RM during 3Q2021.

##### Vessel Chartering Division

The division registered higher revenue of RM18.3 million in 3Q2022, an increase of 24% from RM14.7 million posted in 2Q2022 on the account of full charter income earned throughout the quarter from a new vessel charter contract. For 3Q2021, revenue recorded was RM0.3 million. The year-on-year increase in revenue was principally due to strong contribution from the newly acquired liftboat chartering business.

The division achieved a profit margin before tax of 4% (RM0.6 million) in 3Q2022 compared to the loss margin before tax of 48% (RM7.0 million in loss) reported in 2Q2022. The loss occurred in 2Q2022 was mainly attributed to the share-based payment expenses of RM4.6 million recognised on share options granted on 16 December 2021 under the new ESOS scheme. For 3Q2021, the division posted a loss margin before tax of >100% (RM10.6 million in loss) was mainly attributed to the fixed overhead costs incurred for the division while the fleet utilisation was low.



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Shipbuilding and Shiprepair Division

The division generated a minimal revenue of ten thousand in 3Q2022. The revenue posted in 2Q2022 and 3Q2021 were RM1.4 million and RM1.8 million, respectively. This division's revenue was generated from ship repairing contract works.

The division incurred a lower loss before tax of RM2.2 million in 3Q2022, against the RM9.2 million and RM3.5 million recorded in 2Q2022 and 3Q2021, respectively. The losses incurred was attributed to the underperformance of the division. The greater loss for 2Q2022 was mainly attributed to the share-based payment expenses of RM6.6 million recognised on share options granted on 16 December 2021 under the new ESOS scheme.

- (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) Out of the RM277.0 million of trade receivables as at 31 March 2022, RM7.7 million was subsequently received by the Group.

**16 Material Change in Profit Before Tax**

The Group achieved a RM62.4 million of profit before tax in 3Q2022, which was >100% increase compared to the RM22.8 million and RM27.7 million reported in 2Q2022 and 3Q2021 respectively. The better showing this quarter was in line with the increase in revenue contributed by Gas Processing Division.

**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 31 March 2022 RM'000	Cumulative 9 months ended 31 March 2022 RM'000
Interest income	87	380
Other income	7,272	25,307
Depreciation and amortisation	25,024	73,699
Fair value gain / (loss) on short term investments	50	(171)
Fair value gain / (loss) on quoted investments	76	(568)
Foreign exchange gain (net)	6,736	8,297

There were no impairment loss on receivables, provision for write down 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.

## 20 Income Tax Expense

	Individual 3 months ended 31 March 2022 RM'000	Cumulative 9 months ended 31 March 2022 RM'000
Income tax expense comprises:		
Current tax charge	4,944	13,735
Deferred tax charge / (reversal)	12,127	18,564
	17,071	32,299

The effective tax rate for the current quarter and the financial year-to-date were higher than the statutory tax rate in Malaysia mainly due to the non-deductible share-based payment expenses as well as higher income tax rate applicable to certain subsidiaries of the Group in other jurisdiction.

## 21 Status of Corporate Proposals

- (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.

On 30 December 2021, the Joint Venture was completed as all the conditions precedents stipulated in the Transaction Documents have been fulfilled. The Company is in the progress of selling its 50% equity interests in the JVC to Alfair ("Shares Sale"), which shall be completed by the second quarter of 2022. Currently, the results of the JVC is accounted for as a subsidiary of the Company. The results of the JVC would be accounted for as a "Joint Arrangement" in accordance with MFRS 11 after completion of the Shares Sale.

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Should the Shares Sale was completed on 31 March 2022 and the equity method of accounting been applied in accordance with MFRS 11, the Effect of the Shares Sale to the profit for the peiod would have been as follows:

	Individual 3 months ended 31 March 2022 RM'000	Cumulative 9 months ended 31 March 2022 RM'000
Profit for the period	45,301	80,776
Less: Effect of the Shares Sale	(17,390)	(17,390)
Adjusted profit for the period	<u>27,911</u>	<u>63,386</u>

- (b) On 19 January 2022, the Company announced that Coastal Marine Pte. Ltd., a wholly-owned subsidiary of the Company, is proposing to provide financial assistance of up to USD220.0 million (equivalent to approximately RM924.0 million) ("Proposed Provision of Financial Assistance") to Coastoil Dynamic S.A. de C.V. ("Coastoil Dynamic") in stages and subject to the funding requirements of Coastoil Dynamic.

The Proposed Provision of Financial Assistance is undertaken by the Group to provide funding to Coastoil Dynamic following the award of a new project by the Pemex group of companies to undertake an onshore gas conditioning plant project in Tierra Blanca, Veracruz, Mexico.

The Proposed Provision of Financial Assistance was approved by the shareholders at an extraordinary general meeting of the Company held on 10 March 2022.

**22 Group Borrowings and Debt Securities**

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

	As at 31 March 2022 RM'000
Short term	
Secured	48,362
Unsecured	76,134
	<u>124,496</u>
Long term	
Secured	75,764
Unsecured	43,232
	<u>118,996</u>
Total	<u>243,492</u>

Apart from RM1.1 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 increased to 0.202 from last quarter's 0.113. Additional funds were drawn down from new credit facility to finance the Group's gas processing business operations.

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 26 May 2022.



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#### 24 Dividend Payable

No interim dividend has been declared for the current quarter ended 31 March 2022.

#### 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 31 March 2022	Cumulative 9 months ended 31 March 2022
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	44,315	78,065
Weighted average number of ordinary shares in issue ('000)	523,569	523,005
Basic earnings per share (sen)	8.46	14.93

##### 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 ESOS. The dilutive portion of the ordinary shares deemed issued pursuant to the ESOS are accounted for in the diluted earnings per share calculation.

	Individual 3 months ended 31 March 2022	Cumulative 9 months ended 31 March 2022
<i>Diluted earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	44,315	78,065
Weighted average number of ordinary shares in issue ('000)	523,569	523,005
Effect of dilution of ESOS ('000)	22,269	4,056
Adjusted weighted average number of ordinary shares ('000)	<u>545,838</u>	<u>527,061</u>
Diluted earnings per share (sen)	8.12	14.81

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 2021 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 26 May 2022.