



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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	Note	INDIVIDUAL		PERIOD / YEAR ENDED	
		3 months ended 30.09.2023 RM'000 (unaudited)	3 months ended 30.09.2022 RM'000 (unaudited)	15 months ended 30.09.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
Revenue	8	58,363	51,943	285,202	232,698
Cost of sales and services		(36,390)	(36,486)	(183,652)	(145,000)
Gross profit		<u>21,973</u>	<u>15,457</u>	<u>101,550</u>	<u>87,698</u>
Other income		62,573	42,303	431,532	127,966
Administrative expenses		(4,919)	(5,078)	(26,344)	(30,243)
Other expenses		(259)	(2,629)	(60,016)	(8,029)
Finance costs		(1,577)	(7,113)	(35,303)	(15,175)
Loss on disposal of effective interest in joint venture		-	-	(155,322)	-
Share of profit of joint venture, net of tax		10,103	109,803	258,055	51,485
Profit before tax	8, 19	<u>87,894</u>	<u>152,743</u>	<u>514,152</u>	<u>213,702</u>
Income tax expense	20	(6,652)	(11,281)	(43,190)	(30,077)
Profit for the period		<u><u>81,242</u></u>	<u><u>141,462</u></u>	<u><u>470,962</u></u>	<u><u>183,625</u></u>
Attributable to:					
Owners of the Company		79,533	140,968	463,600	180,196
Non-controlling interests		<u>1,709</u>	<u>494</u>	<u>7,362</u>	<u>3,429</u>
		<u><u>81,242</u></u>	<u><u>141,462</u></u>	<u><u>470,962</u></u>	<u><u>183,625</u></u>
Earnings per share attributable to owners of the Company:					
- basic (sen)	25	14.93	26.77	87.44	34.41
- diluted (sen)	25	<u>14.40</u>	<u>25.77</u>	<u>83.97</u>	<u>33.93</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 2022 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 SEPTEMBER 2023

	Note	INDIVIDUAL		PERIOD / YEAR ENDED	
		3 months ended 30.09.2023 RM'000 (unaudited)	3 months ended 30.09.2022 RM'000 (unaudited)	15 months ended 30.09.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
Profit for the period		81,242	141,462	470,962	183,625
Other comprehensive (loss) / income:					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Cash flow hedge:					
- Fair value gain on derivatives		-	-	-	26
Currency translation differences arising from consolidation	15(a)	(3,441)	59,180	39,108	48,662
Share of other comprehensive income of joint venture:					
- Currency translation differences		(5,723)	8,638	54,457	6,552
Total comprehensive income for the period		<u>72,078</u>	<u>209,280</u>	<u>564,527</u>	<u>238,865</u>
Attributable to:					
Owners of the Company		70,312	208,518	556,578	235,228
Non-controlling interests		<u>1,766</u>	<u>762</u>	<u>7,949</u>	<u>3,637</u>
		<u>72,078</u>	<u>209,280</u>	<u>564,527</u>	<u>238,865</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 2022 and the accompanying explanatory notes attached to these interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

		As at 30.09.2023 RM'000 (unaudited)	As at 30.06.2022 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		484,850	714,619
Right-of-use assets		8,011	7,739
Investment in joint ventures		221,724	95,595
Investment properties		3,137	3,240
Investment securities	14	11,944	11,958
Trade receivables		91,427	125,904
		<u>821,093</u>	<u>959,055</u>
Current assets			
Inventories		27,221	25,017
Trade receivables	15(b)	345,992	111,966
Contract assets		395	212
Other receivables		43,038	26,624
Amount due from joint ventures		761,998	650,548
Short term investments	14	21,617	15,554
Tax recoverable		331	253
Cash and bank balances		153,206	223,114
		<u>1,353,798</u>	<u>1,053,288</u>
TOTAL ASSETS	8	<u>2,174,891</u>	<u>2,012,343</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		321,063	311,976
Treasury shares		(16,949)	(13,336)
Share option reserve		8,982	10,897
Currency translation reserve		380,836	321,176
Retained earnings		1,187,186	723,459
Equity attributable to owners of the Company		<u>1,881,118</u>	<u>1,354,172</u>
Non-controlling interests		<u>12,641</u>	<u>4,692</u>
Total equity		<u>1,893,759</u>	<u>1,358,864</u>
Non-current liabilities			
Borrowings	22	35,756	119,521
Lease liabilities		275	183
Deferred tax liabilities		3,046	4,196
		<u>39,077</u>	<u>123,900</u>
Current liabilities			
Borrowings	22	44,373	343,766
Lease liabilities		1,061	571
Trade payables		148,764	140,850
Contract liabilities		4,458	-
Other payables		41,635	41,542
Income tax payable		1,764	2,850
		<u>242,055</u>	<u>529,579</u>
Total liabilities	8	<u>281,132</u>	<u>653,479</u>
TOTAL EQUITY AND LIABILITIES		<u>2,174,891</u>	<u>2,012,343</u>
Net assets per share (RM)		<u>3.5343</u>	<u>2.5718</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 2022 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 SEPTEMBER 2023

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	
<u>12 months ended 30 June 2022 (audited)</u>									
Balance at 1 July 2021	307,050	(12,700)	-	266,169	(26)	543,241	1,103,734	1,055	1,104,789
Purchase of treasury shares	-	(636)	-	-	-	-	(636)	-	(636)
Issuance of ordinary shares pursuant to the ESOS	4,926	-	(969)	-	-	-	3,957	-	3,957
Share options granted under ESOS	-	-	11,866	-	-	22	11,888	-	11,888
Total comprehensive income for the period	-	-	-	55,007	26	180,196	235,229	3,637	238,866
Balance at 30 June 2022	311,976	(13,336)	10,897	321,176	-	723,459	1,354,172	4,692	1,358,864
<u>15 months ended 30 September 2023 (unaudited)</u>									
Balance at 1 July 2022	311,976	(13,336)	10,897	321,176	-	723,459	1,354,172	4,692	1,358,864
Purchase of treasury shares	6	(3,613)	-	-	-	-	(3,613)	-	(3,613)
Issuance of ordinary shares pursuant to the ESOS	9,087	-	(1,788)	-	-	-	7,299	-	7,299
Value of share options forfeited	-	-	(127)	-	-	127	-	-	-
Total comprehensive income for the period	-	-	-	92,978	-	463,600	556,578	7,949	564,527
Effect of loss on disposal of effective interest in joint venture	-	-	-	(33,318)	-	-	(33,318)	-	(33,318)
Balance at 30 September 2023	321,063	(16,949)	8,982	380,836	-	1,187,186	1,881,118	12,641	1,893,759

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 2022 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 SEPTEMBER 2023

	PERIOD / YEAR ENDED	
	15 months ended 30.09.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
<u>Operating Activities</u>		
Profit before tax	514,152	213,702
Adjustments for non-cash items	(215,640)	(14,023)
Operating cash flows before changes in working capital	<u>298,512</u>	<u>199,679</u>
Changes in working capital:		
Increase in inventories	(3,087)	(1,576)
Increase in receivables	(183,497)	(120,095)
(Decrease) / Increase in payables	(3,851)	28,935
Cash flows from operations	<u>108,077</u>	<u>106,943</u>
Interest paid	(28,243)	(4,178)
Income tax paid	(45,695)	(21,356)
Net cash flows from operating activities	<u>34,139</u>	<u>81,409</u>
<u>Investing Activities</u>		
Interest received	124,097	17,810
Investment in joint venture	-	(26,088)
Cash flows for loss of control in a subsidiary	-	(10,616)
Loan to joint venture	(61,657)	(532,509)
Proceeds from disposal of effective interest in joint venture	5	-
Net purchase of investment securities	(16)	(585)
Net (purchase) / proceeds from disposal of short term investments	(5,050)	95,362
Income received from investments	1,094	1,614
Proceeds from disposal of property, plant and equipment	280,626	115,104
Purchase of property, plant and equipment	(764)	(36,166)
Net cash flows from / (used in) investing activities	<u>338,335</u>	<u>(376,074)</u>
<u>Financing Activities</u>		
Proceeds from issuance of ordinary shares	7,299	3,957
Purchase of treasury shares	(3,613)	(636)
Payment of lease liabilities	(1,380)	(1,053)
Net (repayment) / proceeds from drawdown of borrowings	(394,825)	354,212
Net cash flows (used in) / from financing activities	<u>(392,519)</u>	<u>356,480</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(20,045)	61,815
Effect of foreign exchange rate changes	(49,863)	(2,404)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	223,114	163,703
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	<u>153,206</u>	<u>223,114</u>
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	86,516	79,104
Cash and bank balances	66,690	144,010
Cash and cash equivalents at end of financial period	<u>153,206</u>	<u>223,114</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 2022 and the accompanying explanatory notes attached to these interim financial statements.



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Explanatory Notes

FOR THE QUARTER ENDED 30 SEPTEMBER 2023

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 2022. 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 2022.

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 2022 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 2022:

Amendments to MFRS 3 *Reference to the Conceptual Framework*

Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*

Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*

Annual Improvements to MFRS Standards 2018 - 2020 Cycles

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:

- (a) During the financial year-to-date, a total of 7,372,310 new ordinary shares were issued pursuant to the Company's Employees' Share Option Scheme.
- (b) For the 15-months period ended 30 September 2023, 1,669,700 ordinary shares were repurchased in the open market at an average price of RM2.15 per share. The total consideration paid for the repurchase including transaction costs amounted to RM3,613,171 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 30 September 2023, the total number of treasury shares held was 14,471,200 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.

	Gas Processing RM'000	Vessel Chartering RM'000	Shipbuilding and Shiprepair RM'000	Eliminations RM'000	Consolidated RM'000
<u>3 months ended 30 September 2023</u>					
Revenue					
External revenue	40,036	17,734	593	-	58,363
Inter-segment revenue	-	-	751	(751)	-
Total revenue	40,036	17,734	1,344	(751)	58,363
Results					
Profit / (loss) before tax	86,709	3,087	(1,902)	-	87,894
<u>15 months ended 30 September 2023</u>					
Revenue					
External revenue	194,373	89,258	1,571	-	285,202
Inter-segment revenue	4,321	150	6,669	(11,140)	-
Total revenue	198,694	89,408	8,240	(11,140)	285,202
Results					
Profit / (loss) before tax	386,314	130,102	(2,264)	-	514,152
Total Assets					
30 September 2023	1,779,507	326,077	69,307	-	2,174,891
30 June 2022	1,495,847	433,711	82,785	-	2,012,343
Total Liabilities					
30 September 2023	48,148	30,940	202,044	-	281,132
30 June 2022	365,123	110,585	177,771	-	653,479



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9 Subsequent Event

As announced on 22 November 2023, the Company's wholly-owned subsidiary, Coastal Energy Solutions Pte Ltd ("CES") were informed on 21 November 2023 by its Jack-up Gas Compression Service Unit charterers that their Contract with Pemex Exploracion Y Production ("PEP") for the "INTEGRAL SERVICE FOR SOUR GAS COMPRESSION WITH 200 MMCFD CAPACITY, INSTALLED ON A JACK-UP PLATFORM, TO INTERFACE TO MARINE FACILITIES OF CANTARELL PRODUCTION ASSETS" (contract no. 422213801) shall expire on 26 November 2023. The charterers are currently still in discussion with PEP on the extension of existing contract / new contract, which may take approximately 3 - 6 months to conclude.

Based on the above, charterers have requested for temporary suspension of the bareboat charter hire under the current Bareboat Charter Contract ("BBC") from 27 November 2023 onwards until they managed to finalise the terms and conditions of the extension contract / new contract with PEP.

The Board of Directors ("Board") of CES will need time to consider and discuss with the charterers on the Request. Nevertheless, CES shall reserve all its rights and remedies under the BBC.

The basis of the decision of CES' Board is highly dependent on the outcome of the discussion between the charterers and PEP on the extension of existing contract / new contract.

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

(a) Contingent liabilities of the Group, excluding the joint venture

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to the Group	<u>105,688</u>

As at 30 September 2023, the Group is contingently liable for RM36,121,000 of banking facilities utilised by the Group.

(b) Contingent liabilities of the joint venture

On 24 December 2021, Coastal's joint venture company, Coastoil Dynamic S.A. De C.V. ("CD"), part of a consortium (collectively known as "Consortium") has entered into a Service Agreement ("SA") with Pemex Exploracion and Produccion ("PEP"), which is a subsidiary of Petroleos Mexicanos ("Pemex") to undertake an onshore gas conditioning plant project. In one part of the SA, the Consortium were required to achieve 2 Critical Construction Milestones ("CCM") within 190 days and 250 days respectively from the effective date of the SA. Should the Consortium failed to achieve the CCMs within the above-mentioned given timeframe, the Consortium shall be liable to a daily delay penalty of USD89,775 and USD128,400 respectively for both of the CCM until it achieves the CCMs. However, a delay penalty can be exempted if the delay is caused by a force majeure event ("Permissible Delay"). On 22 February 2023 and 26 March 2023, the Consortium achieved both CCM respectively, which had resulted a delay of up to 140 days should there be no Permissible Delay is granted. The maximum amount of resulting delay penalty would be approximately USD30.4 million.

The Consortium had on 1 June 2023 submitted a written request for PEP to consider up to 115 days as Permissible Delay which was caused by extreme adverse weather condition and delays in certain construction milestones payments by PEP which had contributed to the consequential delay in achieving the CCM. Should these 115 days of delay be considered as Permissible Delay, the resulting delay penalty would be approximately USD2.2 million. Currently, PEP is reviewing the request by the Consortium.



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In view of the above, the Management of CD is of the view that a provision of approximately USD21 million for the delay penalty is considered adequate. However, CD will still be liable up to the maximum scenario of approximately USD30.4 million should there be no Permissible Delay granted by PEP.

12 Capital Commitments

	As at 30 September 2023 RM'000
<i>Capital expenditure:</i>	
- Property, plant and equipment of the joint venture	<u>37,054</u>

13 Related Party Transactions

	Individual 3 months ended 30 September 2023 RM'000	Cumulative 15 months ended 30 September 2023 RM'000
<i>Transactions with Directors of the Company:</i>		
- Rent of premises	10	109
<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	5	25
<i>Transactions with a joint venture:</i>		
- Interest income	21,331	119,614
- Service fee income	709	4,821

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 30 September 2023, 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	11,944	-	-	11,944
Short term investments	21,617	-	-	21,617
	<u>33,561</u>	<u>-</u>	<u>-</u>	<u>33,561</u>



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The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the last financial year ended 30 June 2022.

15 Detailed Analysis of Performance

The Group recorded a fairly consistent revenue of RM58.4 million in the current quarter ended 30 September 2023 (5Q2023), a marginal increase of 3% as compared to the RM56.8 million reported in the preceding quarter (4Q2023). Against last year corresponding period (1Q2023), revenue was up by 13% from RM51.9 million.

Gas Processing Division

The division achieved marginally higher revenue of RM40.0 million in 5Q2023 compared to RM38.8 million recorded in both 4Q2023 and 1Q2023, an increase of 3%. The fluctuation in revenue was mainly attributed to the impact of foreign exchange fluctuation on USD denominated income.

The division reported a profit before tax of RM86.7 million in 5Q2023, as compared to the loss before tax of RM158.7 million posted in 4Q2023. The loss occurred in 4Q2023 was mainly due to the share of loss from joint venture of RM66.6 million, as well as loss on disposal of effective interest in a joint venture of RM155.3 million as a result of the completion of the 50% shares transfer in the joint venture on 29 June 2023. Against 1Q2023, profit before tax has drop 46% from RM160.6 million owing to lower profit shared from the joint venture.

Vessel Chartering Division

The division registered a constant revenue of RM17.7 million in 5Q2023, compared to RM17.3 million posted in 4Q2023. Year-on-year, revenue has jumped 37% from RM12.9 million owing to higher liftboat charter income driven by improvement in charter rate.

The division reported a lower profit before tax of RM3.1 million in 5Q2023 against RM128.0 million achieved in 4Q2023. The significant profit derived in 4Q2023 was mainly attributed to the gain on disposal of 2 units offshore support vessel. For 1Q2023, the division incurred a loss before tax of RM5.1 million. The year-on-year improved performance was mainly attributed to the higher liftboat charter income as well as lower overhead costs incurred.

Shipbuilding and Shiprepair Division

The revenue generated from this division in 5Q2023 was RM0.6 million. The revenue recorded in 4Q2023 and 1Q2023 were RM0.7 million and RM0.2 million, respectively. This division's revenue was generated from ship repairing contract works.

The division recorded a lower loss before tax of RM1.9 million in 5Q2023, against the RM5.5 million posted in 4Q2023. The higher loss occurred in 4Q2023 was mainly due to inventories written down. For 1Q2023, the division incurred a loss before tax of RM2.8 million.

- (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 RM346.0 million of short term trade receivables as at 30 September 2023, RM19.6 million was subsequently received by the Group.

16 Material Change in Profit Before Tax

The Group achieved a profit before tax of RM87.9 million in 5Q2023, in contrast to the loss before tax of RM36.2 million reported in 4Q2023. The loss in 4Q2023 was mainly attributed to the loss on disposal of effective interest in a joint venture of RM155.3 million as a result of the completion of the 50% shares transfer in the joint venture on 29 June 2023. Against 1Q2023, the division's profit before tax was decreased by 42% from RM152.7 million. The reduction in profit was mainly due to lower profit shared from the joint venture.



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17 Prospects

The global economy is on the path to the post-pandemic recovery, but the recovery has been weak in the major economies of the US, China, Japan and the EU. It is also a year since Russia's full-scale invasion of Ukraine which has weighed negatively on global economic activity, adding to inflationary pressures worldwide and delayed the post-pandemic recovery. The war has caused volatility and elevated commodity and energy prices besides exacerbating food shortages. Inflation has also been stoked across many regions globally.

US Fed has continued with its interest rate hike, which may be there for a longer period than previously anticipated should it be necessary for the Fed to respond to changes in the US economic outlook. China's economic growth, post its opening after the pandemic, has also been weaker than expected, impacted by an ongoing housing crisis with weak consumer sentiments. All of these developments have resulted in greater uncertainty of the global economy.

On the energy market outlook, natural gas demand is expected to experience substantial growth in the medium term as it is considered a cleaner energy alternative compared to other types of fossil energy sources. In the coming years ahead, natural gas will still play an important role in facilitating the transition to a neutral carbon world. In addition, demand for energy is expected to increase significantly in line with global population growth and economic growth of developing countries. The Management strongly believes that natural gas will be the primary fuel to meet this demand in the near to medium term.

After years of significant underinvestment in the O & G industry, the Management anticipates that global exploration and production capital expenditure spending will continue to rise in the near to medium term. The Group's strong balance sheet will provide the Group with ample room to materialise more opportunities in this industry upcycle. In line with our sustainable growth strategy, the Group will be scaling down its shipbuilding activities and to focus more on gas related infrastructure projects, as well as to pursue new opportunities in the renewable energy segment.

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 Before Tax

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

	Individual 3 months ended 30 September 2023 RM'000	Cumulative 15 months ended 30 September 2023 RM'000
Interest income	26,446	142,196
Other income	26,772	56,129
Gain on disposal of vessels	-	127,255
Depreciation and amortisation	22,356	117,004
Inventories written down	11	1,930
Reversal of inventories written down	20	31
Impairment loss on receivables	8	8,582
Reversal of impairment loss on receivables	-	276
Fair value gain on short term investments	114	684
Fair value gain / (loss) on quoted investments	225	(769)
Foreign exchange gain (net)	7,667	55,166

There were no 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.



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20 Income Tax Expense

	Individual 3 months ended 30 September 2023 RM'000	Cumulative 15 months ended 30 September 2023 RM'000
Income tax expense comprises:		
Current tax charge	6,003	44,431
Deferred tax charge / (reversal)	649	(1,241)
	<u>6,652</u>	<u>43,190</u>

The effective tax rate for the current quarter and the financial year-to-date (excluding the results of joint ventures which is equity accounted net of tax and loss on disposal of effective interest in joint venture) were lower than the statutory tax rate in Malaysia mainly due to the non-taxable income of the Company and certain subsidiaries of the Group in other jurisdiction.

21 Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 30 November 2023.

22 Group Borrowings and Debt Securities

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

	As at 30 September 2023 RM'000
Short term	
Secured	26,905
Unsecured	17,468
	<u>44,373</u>
Long term	
Secured	13,921
Unsecured	21,835
	<u>35,756</u>
Total	<u>80,129</u>

Apart from RM16.9 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 0.043 from last quarter's 0.048. 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 30 November 2023.



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24 Dividend Payable

No interim dividend has been declared for the current quarter ended 30 September 2023.

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 September 2023	Cumulative 15 months ended 30 September 2023
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	79,533	463,600
Weighted average number of ordinary shares in issue ('000)	532,572	530,167
Basic earnings per share (sen)	14.93	87.44

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 30 September 2023	Cumulative 15 months ended 30 September 2023
<i>Diluted earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	79,533	463,600
Weighted average number of ordinary shares in issue ('000)	532,572	530,167
Effect of dilution of ESOS ('000)	19,752	21,913
Adjusted weighted average number of ordinary shares ('000)	<u>552,324</u>	<u>552,080</u>
Diluted earnings per share (sen)	14.40	83.97

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 2022 was not subject to any qualification.

27 Change of Financial Year End

On 20 October 2023, the Board has approved to change the financial year end from 30 June to 31 December and the next audited financial statements shall be for a period of 18 months, made up from 1 July 2022 to 31 December 2023.

28 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 30 November 2023.