



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	Note	INDIVIDUAL		CUMULATIVE *	
		3 months ended 31.03.2024 RM'000 (unaudited)	3 months ended 31.03.2023 RM'000 (unaudited)	3 months ended 31.03.2024 RM'000 (unaudited)	3 months ended 31.03.2023 RM'000 (unaudited)
Revenue	8	17,803	55,736	17,803	55,736
Cost of sales and services		(12,915)	(32,752)	(12,915)	(32,752)
Gross profit		<u>4,888</u>	<u>22,984</u>	<u>4,888</u>	<u>22,984</u>
Other income		81,543	31,852	81,543	31,852
Administrative expenses		(5,325)	(5,490)	(5,325)	(5,490)
Other expenses		(6,265)	(11,269)	(6,265)	(11,269)
Finance costs		(954)	(9,179)	(954)	(9,179)
Share of profit of joint venture, net of tax		24,910	129,874	24,910	129,874
Profit before tax	8, 19	<u>98,797</u>	<u>158,772</u>	<u>98,797</u>	<u>158,772</u>
Income tax expense	20	(2,296)	(3,485)	(2,296)	(3,485)
Profit for the period		<u><u>96,501</u></u>	<u><u>155,287</u></u>	<u><u>96,501</u></u>	<u><u>155,287</u></u>
Attributable to:					
Owners of the Company		94,860	153,657	94,860	153,657
Non-controlling interests		<u>1,641</u>	<u>1,630</u>	<u>1,641</u>	<u>1,630</u>
		<u><u>96,501</u></u>	<u><u>155,287</u></u>	<u><u>96,501</u></u>	<u><u>155,287</u></u>
Earnings per share attributable to owners of the Company:					
- basic (sen)	25	17.77	28.91	17.77	28.91
- diluted (sen)	25	<u>17.33</u>	<u>27.71</u>	<u>17.33</u>	<u>27.71</u>

\* The Group has changed its financial year end from 30 June to 31 December. Comparatives for cumulative quarters consist of 3 months results beginning 1 January 2023 to 31 March 2023.

The above Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the 18-month financial period ended 31 December 2023 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 2024

	Note	INDIVIDUAL		CUMULATIVE *	
		3 months ended 31.03.2024 RM'000 (unaudited)	3 months ended 31.03.2023 RM'000 (unaudited)	3 months ended 31.03.2024 RM'000 (unaudited)	3 months ended 31.03.2023 RM'000 (unaudited)
Profit for the period		96,501	155,287	96,501	155,287
Other comprehensive income:					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences arising from consolidation	15(a)	21,852	9,016	21,852	9,016
Share of other comprehensive income of joint venture:					
- Currency translation differences		11,479	28,138	11,479	28,138
Total comprehensive income for the period		<u>129,832</u>	<u>192,441</u>	<u>129,832</u>	<u>192,441</u>
Attributable to:					
Owners of the Company		127,751	190,818	127,751	190,818
Non-controlling interests		2,081	1,623	2,081	1,623
		<u>129,832</u>	<u>192,441</u>	<u>129,832</u>	<u>192,441</u>

\* The Group has changed its financial year end from 30 June to 31 December. Comparatives for cumulative quarters consist of 3 months results beginning 1 January 2023 to 31 March 2023.

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the 18-month financial period ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 MARCH 2024

		As at 31.03.2024 RM'000 (unaudited)	As at 31.12.2023 RM'000 (audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		389,366	398,300
Right-of-use assets		59,584	7,724
Investment in joint ventures		277,672	241,027
Investment properties		3,096	3,117
Investment securities	14	12,473	12,551
		<u>742,191</u>	<u>662,719</u>
<b>Current assets</b>			
Inventories		41,861	31,373
Trade receivables	15(b)	198,990	179,137
Contract assets		-	5,560
Other receivables		19,145	21,650
Amount due from joint ventures		794,489	764,380
Short term investments	14	136,538	172,499
Tax recoverable		2,629	1,780
Cash and bank balances		221,898	170,077
		<u>1,415,550</u>	<u>1,346,456</u>
<b>TOTAL ASSETS</b>	8	<u>2,157,741</u>	<u>2,009,175</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		323,546	321,263
Treasury shares		(17,018)	(17,018)
Share option reserve		8,481	8,930
Currency translation reserve		403,882	370,991
Retained earnings		1,145,202	1,050,342
<b>Equity attributable to owners of the Company</b>		<u>1,864,093</u>	<u>1,734,508</u>
<b>Non-controlling interests</b>		<u>26,619</u>	<u>14,234</u>
<b>Total equity</b>		<u>1,890,712</u>	<u>1,748,742</u>
<b>Non-current liabilities</b>			
Borrowings	22	18,307	22,199
Lease liabilities		2	6
Deferred tax liabilities		2,178	2,130
		<u>20,487</u>	<u>24,335</u>
<b>Current liabilities</b>			
Borrowings	22	29,983	33,487
Lease liabilities		829	1,079
Trade payables		151,269	149,082
Contract liabilities		6,758	6,758
Other payables		47,504	44,223
Income tax payable		1,199	1,469
Deferred purchase consideration		9,000	-
		<u>246,542</u>	<u>236,098</u>
<b>Total liabilities</b>	8	<u>267,029</u>	<u>260,433</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,157,741</u>	<u>2,009,175</u>
Net assets per share (RM)		<u>3.4893</u>	<u>3.2581</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the 18-month financial period ended 31 December 2023 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 2024

	Attributable to owners of the Company					Non-controlling interests	Equity, Total
	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Retained earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3 months ended 31 March 2023 (unaudited)</b>							
<b>Balance at 1 January 2023</b>	314,802	(13,336)	10,279	301,500	1,003,521	6,836	1,623,602
Issuance of ordinary shares pursuant to the ESOS	4,958	-	(976)	-	-	-	3,982
Value of share options forfeited	-	-	(32)	-	32	-	-
Total comprehensive income for the period	-	-	-	37,161	153,657	1,623	192,441
<b>Balance at 31 March 2023</b>	<b>319,760</b>	<b>(13,336)</b>	<b>9,271</b>	<b>338,661</b>	<b>1,157,210</b>	<b>8,459</b>	<b>1,820,025</b>
<b>3 months ended 31 March 2024 (unaudited)</b>							
<b>Balance at 1 January 2024</b>	321,263	(17,018)	8,930	370,991	1,050,342	14,234	1,748,742
Issuance of ordinary shares pursuant to the ESOS	2,283	-	(449)	-	-	-	1,834
Dividend distributed by subsidiary to non-controlling interests	-	-	-	-	-	(946)	(946)
Acquisition of a subsidiary	-	-	-	-	-	11,250	11,250
Total comprehensive income for the period	-	-	-	32,891	94,860	2,081	129,832
<b>Balance at 31 March 2024</b>	<b>323,546</b>	<b>(17,018)</b>	<b>8,481</b>	<b>403,882</b>	<b>1,145,202</b>	<b>26,619</b>	<b>1,890,712</b>

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the 18-month financial period ended 31 December 2023 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 2024

	Note	CUMULATIVE*	
		3 months ended 31.03.2024 RM'000 (unaudited)	3 months ended 31.03.2023 RM'000 (unaudited)
<b><u>Operating Activities</u></b>			
Profit before tax		98,797	158,772
Adjustments for non-cash items		(93,519)	(117,066)
Operating cash flows before changes in working capital		<u>5,278</u>	<u>41,706</u>
Changes in working capital:			
Increase in inventories		(7,085)	(465)
Increase in receivables		(8,817)	(37,189)
Increase / (decrease) in payables		97	(7,416)
Cash flows used in operations		<u>(10,527)</u>	<u>(3,364)</u>
Interest paid		(935)	(2,698)
Income tax paid		<u>(3,442)</u>	<u>(9,950)</u>
Net cash flows used in operating activities		<u>(14,904)</u>	<u>(16,012)</u>
<b><u>Investing Activities</u></b>			
Acquisition of a subsidiary, net of cash and cash equivalents acquired	10(b)	(34,000)	-
Interest received		16,384	9,009
Movement in amount due from joint ventures		348	(24,586)
Net proceeds from disposal of short term investments		41,009	3,856
Income received from investments		576	185
Proceeds from disposal of property, plant and equipment		45,817	-
Purchase of property, plant and equipment		(48)	(41)
Net cash flows from / (used in) investing activities		<u>70,086</u>	<u>(11,577)</u>
<b><u>Financing Activities</u></b>			
Dividend paid to non-controlling interests		(946)	-
Proceeds from issuance of ordinary shares		1,834	3,982
Payment of lease liabilities		(274)	(278)
Net (repayment of) / proceeds from drawdown of borrowings		<u>(8,406)</u>	<u>25,703</u>
Net cash flows (used in) / from financing activities		<u>(7,792)</u>	<u>29,407</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		47,390	1,818
Effect of foreign exchange rate changes		4,431	1,784
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>		<u>170,077</u>	<u>177,714</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*</b>		<u><u>221,898</u></u>	<u><u>181,316</u></u>
* Cash and cash equivalents at end of financial period comprise the following:			
Fixed deposits		181,032	71,614
Cash and bank balances		40,866	109,702
Cash and cash equivalents at end of financial period		<u><u>221,898</u></u>	<u><u>181,316</u></u>

\* The Group has changed its financial year end from 30 June to 31 December. Comparatives for cumulative quarters consist of 3 months results beginning 1 January 2023 to 31 March 2023.

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the 18-month financial period ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.



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**Explanatory Notes**  
FOR THE QUARTER ENDED 31 MARCH 2024

**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 18-month financial period ended 31 December 2023. 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 period ended 31 December 2023.

**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 18-month financial period ended 31 December 2023 except for the adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRSs") where applicable to the Group's financial period beginning 1 January 2024:

*MFRS 17 Insurance Contracts*

*Amendments to MFRS 16 Lease Liability in a Sale and Leaseback*

*Amendments to MFRS 17 Insurance Contracts*

*Amendment to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information*

*Amendments to MFRS 101 Disclosure of Accounting Policies*

*Amendments to MFRS 101 Classification of Liabilities as Current or Non-current*

*Amendments to MFRS 101 Non-current Liabilities with Covenants*

*Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements*

*Amendments to MFRS 108 Disclosure of Accounting Estimates*

*Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

*Amendments to MFRS 112 International Tax Reform – Pillar Two Model Rules*

The adoption of the abovementioned MFRS and 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 1,851,920 new ordinary shares were issued pursuant to the Company's Employees' Share Option Scheme.
- (b) As at 31 March 2024, the total number of treasury shares held was 14,506,200 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	Hospitality RM'000	Eliminations RM'000	Consolidated RM'000
<b>3 months ended 31 March 2024</b>						
<b>Revenue</b>						
External revenue	-	17,395	408	-	-	17,803
Inter-segment revenue	-	-	256	-	(256)	-
Total revenue	-	17,395	664	-	(256)	17,803
<b>Results</b>						
Profit / (loss) before tax	60,918	32,017	(1,290)	7,152	-	98,797
<b>Total Assets</b>						
31 March 2024	1,717,837	298,086	78,860	62,958	-	2,157,741
31 December 2023	1,668,927	266,538	73,710	-	-	2,009,175
<b>Total Liabilities</b>						
31 March 2024	39,863	10,034	208,081	9,051	-	267,029
31 December 2023	45,478	13,068	201,887	-	-	260,433

## 9 Subsequent Event

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

## 10 Changes in the Composition of the Group

- (a) On 17 January 2024, the Company had incorporated a wholly-owned subsidiary under Companies Act 2016 of Malaysia known as Coastal Hospitality Holdings Sdn. Bhd. ("CHH"). CHH is a private company limited by shares. The issued and paid-up ordinary share capital of CHH as of date of incorporation was RM3,000. The intended principal activity of CHH is investment holding.
- (b) Coastal Hospitality Holdings Sdn. Bhd. ("CHH"), a wholly-owned subsidiary of the Company had on 29 February 2024 entered into a Share Sale Agreement and on 12 March 2024 entered into a Shareholders Agreement (collectively known as "Transaction Documents"). Under the Transaction Documents, CHH shall acquire 100,000 shares in Jewel of Mabul Development Sdn. Bhd. ("JOMD") from Richard Christopher Barnes ("Seller") and subscribe another 1,722,222 ordinary shares in JOMD. Upon the completion of the share transfer and share subscription, CHH shall hold 82% equity interest in JOMD. The Conditions Precedent for Seller under the Transaction Documents was successfully fulfilled and satisfied by CHH on 14 March 2024.



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The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	As at effective date of acquisition RM'000
<i><u>Fair value of purchase consideration</u></i>	
Cash	35,000
Deferred purchase consideration	9,000
Total consideration transferred	<u>44,000</u>
<i><u>Identifiable assets acquired and liabilities assumed</u></i>	
Property, plant and equipment	9,353
Right-of-use assets	52,147
Amount due from related corporations of JOMD	786 *
Cash and bank balances	16,025
Amount due to directors of JOMD	(14,302) *
Other payables	(1,509) *
Fair value of net identifiable assets acquired and liabilities assumed	<u>62,500</u>
<i><u>Gain on bargain purchase arising from acquisition</u></i>	
Total consideration transferred	44,000
Less: Fair value of net identifiable assets acquired and liabilities assumed	(62,500)
Add: Non-controlling interests	11,250
Gain on bargain purchase	<u>(7,250)</u>
<i><u>Cash flows arising from acquisition</u></i>	
Total consideration transferred	44,000
Less: Deferred purchase consideration	(9,000)
Less: Cash and bank balances of subsidiary acquired	(16,025)
Add: Net liabilities assumed and settled	15,025 *
Net cash outflow from the acquisition of subsidiary	<u>34,000</u>

(c) On 15 April 2024, the Company received notification from the Accounting and Corporate Regulatory Authority (ACRA) of Singapore that the name of both of its dormant subsidiary companies, Coastal C I Pte. Ltd. and Coastal Supreme 1 Pte. Ltd. have been struck off from the register of ACRA.

## 11 Contingent Liabilities and Contingent Assets

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to the Group	<u>63,603</u>

As at 31 March 2024, the Group is contingently liable for RM12,967,000 of banking facilities utilised by the Group.

## 12 Capital Commitments

There was no material capital commitment as at the end of the current quarter.





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### 13 Related Party Transactions

	Individual 3 months ended 31 March 2024 RM'000	Cumulative 3 months ended 31 March 2024 RM'000
<i>Transactions with a Director of the Company:</i>		
- Rent of premises	10	10
<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	5
<i>Transactions with a joint venture:</i>		
- Interest income	21,452	21,452
- Service fee income	712	712

The above transactions were entered into in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

### 14 Fair Value of Financial Instruments

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

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

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

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

As at 31 March 2024, 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	12,473	-	-	12,473
Short term investments	136,538	-	-	136,538
	<u>149,011</u>	<u>-</u>	<u>-</u>	<u>149,011</u>

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the last financial period ended 31 December 2023.

### 15 Detailed Analysis of Performance

The Group recorded a lower revenue in the current quarter ended 31 March 2024 (1Q2024) of RM17.8 million, eased by 63% and 68% compared to the RM48.4 million and RM55.7 million achieved in last quarter (6Q2023) and last year's corresponding period (3Q2023), respectively.

#### *Gas Processing Division*

No revenue was generated by the division in 1Q2024 as a result of the request from charterers for temporary suspension of bareboat charter hire of JUGCSU. The revenue reported in 6Q2023 and 3Q2023 were RM27.3 million and RM37.1 million, respectively.

The division achieved a profit before tax of RM60.9 million in 1Q2024, compared to the loss before tax of RM147.3 million posted in 6Q2023. Current quarter's profit was mainly attributed to the improving share of profits from joint venture, recurring interest income on loan granted to joint venture and unrealised foreign exchange gain on translation of loan granted to the Mexican joint venture company as a result of weakening of SGD against USD, while the loss incurred in last quarter was mainly due to the one-off impairment loss provided on receivables owing from charterers of JUGCSU. The profit before tax for 3Q2023 was higher at RM159.6 million, mainly owing to higher profits contributed from the joint venture's EPC activities.



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#### Vessel Chartering Division

The division's revenue for 1Q2024 stood at RM17.4 million, a reduction of 5% and 6%, respectively against the RM18.3 million and RM18.6 million posted in 6Q2023 and 3Q2023. The lower revenue was owing to the lower vessel utilisation rate.

The division achieved a higher profit before tax of RM32.0 million in 1Q2024 as compared to the RM13.9 million and RM2.9 million registered in 6Q2023 and 3Q2023, respectively. The better showing this quarter was mainly due to the gain on disposal of an offshore support vessel.

#### Shipbuilding and Shiprepair Division

The division's revenue posted in 1Q2024 was RM0.4 million. The revenue recorded in 6Q2023 was RM2.8 million. No revenue was generated in 3Q2023. This division's revenue was generated from ship repairing contract works.

The division incurred a lower loss before tax of RM1.3 million in 1Q2024, as compared to the RM2.2 million and RM3.7 million reported in 6Q2023 and 3Q2023, respectively. The lower loss in the current quarter was due to the lower overhead costs incurred.

- (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 RM199.0 million of trade receivables as at 31 March 2024, RM27.9 million was subsequently received by the Group.

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

The Group achieved a RM98.8 million of profit before tax in 1Q2024, in contrast to the loss before tax of RM135.6 million reported in 6Q2023. The loss in 6Q2023 was mainly attributed to the impairment loss provided on receivables. Year-on-year, the profit before tax was decreased by 38% from RM158.8 million, as a result of the lower profit contribution from the Mexican joint venture company.

### **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 2 years 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. The current situation in the Red Sea has also heightened supply chain concerns on a major global trade route.

US Fed has continued to maintain its interest rate which may be there for a longer period than previously anticipated. Additionally although not expected, it has not ruled out, a further hike, 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 believe 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.



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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 2024 RM'000	Cumulative 3 months ended 31 March 2024 RM'000
Interest income	23,100	23,100
Other income	2,057	2,057
Gain on bargain purchase	7,250	7,250
Gain on disposal of plant and equipment	24,543	24,543
Depreciation and amortisation	9,209	9,209
Reversal of inventories written down	20	20
Fair value gain on short term investments	1,570	1,570
Fair value loss on quoted investments	146	146
Foreign exchange gain (net)	22,472	22,472

There were no impairment loss on receivables, provision for 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 2024 RM'000	Cumulative 3 months ended 31 March 2024 RM'000
Income tax expense comprises:		
Current tax charge	2,295	2,295
Deferred tax charge / (reversal)	1	1
	2,296	2,296

The effective tax rate for the current quarter (excluding the results of joint ventures which is equity accounted net of tax) was 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 24 May 2024.

## 22 Group Borrowings and Debt Securities

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

	As at 31 March 2024 RM'000
Short term	
Secured	12,408
Unsecured	17,575
	29,983
Long term	
Secured	1,340
Unsecured	16,967
	18,307
Total	48,290



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Apart from RM12.8 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 0.026 from last quarter's 0.032. 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 24 May 2024.

## 24 Dividend Payable

No interim dividend has been declared for the current quarter ended 31 March 2024.

## 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 2024	Cumulative 3 months ended 31 March 2024
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	94,860	94,860
Weighted average number of ordinary shares in issue ('000)	533,720	533,720
Basic earnings per share (sen)	17.77	17.77

### 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 2024	Cumulative 3 months ended 31 March 2024
<i>Diluted earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	94,860	94,860
Weighted average number of ordinary shares in issue ('000)	533,720	533,720
Effect of dilution of ESOS ('000)	13,618	13,618
Adjusted weighted average number of ordinary shares ('000)	<u>547,338</u>	<u>547,338</u>
Diluted earnings per share (sen)	17.33	17.33

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 18-month financial period ended 31 December 2023 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 24 May 2024.