



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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

	Note	INDIVIDUAL		CUMULATIVE *	
		3 months ended 30.06.2024 RM'000 (unaudited)	3 months ended 30.06.2023 RM'000 (unaudited)	6 months ended 30.06.2024 RM'000 (unaudited)	6 months ended 30.06.2023 RM'000 (unaudited)
Revenue	8	14,122	56,806	31,925	112,542
Cost of sales and services		(12,402)	(41,809)	(25,317)	(74,561)
Gross profit		<u>1,720</u>	<u>14,997</u>	<u>6,608</u>	<u>37,981</u>
Other income		36,091	196,081	117,634	227,933
Administrative expenses		(4,983)	(4,279)	(10,308)	(9,769)
Other expenses		(6,771)	(11,962)	(13,036)	(23,231)
Finance costs		(816)	(9,150)	(1,770)	(18,329)
Loss on disposal of effective interest in joint venture		-	(155,322)	-	(155,322)
Share of (loss) / profit of joint venture, net of tax		(3,405)	(66,613)	21,505	63,261
Profit / (Loss) before tax	8, 19	<u>21,836</u>	<u>(36,248)</u>	<u>120,633</u>	<u>122,524</u>
Income tax expense	20	(7,090)	(11,511)	(9,386)	(14,996)
Profit / (Loss) for the period		<u><u>14,746</u></u>	<u><u>(47,759)</u></u>	<u><u>111,247</u></u>	<u><u>107,528</u></u>
Attributable to:					
Owners of the Company		13,648	(49,590)	108,508	104,067
Non-controlling interests		<u>1,098</u>	<u>1,831</u>	<u>2,739</u>	<u>3,461</u>
		<u><u>14,746</u></u>	<u><u>(47,759)</u></u>	<u><u>111,247</u></u>	<u><u>107,528</u></u>
Earnings / (Loss) per share attributable to owners of the Company:					
- basic (sen)	25	2.55	(9.30)	20.32	19.60
- diluted (sen)	25	<u>2.49</u>	<u>(8.95)</u>	<u>19.82</u>	<u>18.76</u>

* The Group has changed its financial year end from 30 June to 31 December. Comparatives for cumulative quarters consist of 6 months results beginning 1 January 2023 to 30 June 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.



COASTAL CONTRACTS BHD.
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

	Note	INDIVIDUAL		CUMULATIVE *	
		3 months ended 30.06.2024	3 months ended 30.06.2023	6 months ended 30.06.2024	6 months ended 30.06.2023
		RM'000 (unaudited)	RM'000 (unaudited)	RM'000 (unaudited)	RM'000 (unaudited)
Profit / (Loss) for the period		14,746	(47,759)	111,247	107,528
Other comprehensive (loss) / income:					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences arising from consolidation	15(a)	(11,985)	54,758	9,867	63,774
Share of other comprehensive (loss) / income of joint venture:					
- Currency translation differences		(30,737)	30,541	(19,258)	58,679
Total comprehensive (loss) / income for the period		<u>(27,976)</u>	<u>37,540</u>	<u>101,856</u>	<u>229,981</u>
Attributable to:					
Owners of the Company		(29,027)	35,124	98,724	225,942
Non-controlling interests		<u>1,051</u>	<u>2,416</u>	<u>3,132</u>	<u>4,039</u>
		<u>(27,976)</u>	<u>37,540</u>	<u>101,856</u>	<u>229,981</u>

* The Group has changed its financial year end from 30 June to 31 December. Comparatives for cumulative quarters consist of 6 months results beginning 1 January 2023 to 30 June 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.



COASTAL CONTRACTS BHD.
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

		As at 30.06.2024 RM'000 (unaudited)	As at 31.12.2023 RM'000 (audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		380,131	398,300
Right-of-use assets		59,005	7,724
Investment in joint ventures		243,214	241,027
Investment properties		3,076	3,117
Investment securities	14	12,329	12,551
		<u>697,755</u>	<u>662,719</u>
Current assets			
Inventories		43,444	31,373
Trade receivables	15(b)	185,827	179,137
Contract assets		-	5,560
Other receivables		38,722	21,650
Amount due from joint ventures		774,623	764,380
Short term investments	14	139,276	172,499
Tax recoverable		3,036	1,780
Cash and bank balances		240,827	170,077
		<u>1,425,755</u>	<u>1,346,456</u>
TOTAL ASSETS	8	<u>2,123,510</u>	<u>2,009,175</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		323,990	321,263
Treasury shares		(17,018)	(17,018)
Share option reserve		8,366	8,930
Currency translation reserve		361,207	370,991
Retained earnings		1,158,878	1,050,342
Equity attributable to owners of the Company		<u>1,835,423</u>	<u>1,734,508</u>
Non-controlling interests		<u>27,670</u>	<u>14,234</u>
Total equity		<u>1,863,093</u>	<u>1,748,742</u>
Non-current liabilities			
Borrowings	22	10,952	22,199
Lease liabilities		19	6
Deferred tax liabilities		2,172	2,130
		<u>13,143</u>	<u>24,335</u>
Current liabilities			
Borrowings	22	29,983	33,487
Lease liabilities		562	1,079
Trade payables		152,822	149,082
Contract liabilities		6,758	6,758
Other payables		46,341	44,223
Income tax payable		1,808	1,469
Deferred purchase consideration		9,000	-
		<u>247,274</u>	<u>236,098</u>
Total liabilities	8	<u>260,417</u>	<u>260,433</u>
TOTAL EQUITY AND LIABILITIES		<u>2,123,510</u>	<u>2,009,175</u>
Net assets per share (RM)		<u>3.4333</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 30 JUNE 2024

	Attributable to owners of the Company					Non-controlling interests	Equity, Total	
	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
6 months ended 30 June 2023 (unaudited)								
Balance at 1 January 2023	314,802	(13,336)	10,279	301,500	1,003,521	1,616,766	6,836	1,623,602
Purchase of treasury shares	-	(2,028)	-	-	-	(2,028)	-	(2,028)
Issuance of ordinary shares pursuant to the ESOS	5,945	-	(1,170)	-	-	4,775	-	4,775
Value of share options forfeited	-	-	(61)	-	61	-	-	-
Total comprehensive income for the period	-	-	-	121,875	104,067	225,942	4,039	229,981
Effect of loss on disposal of effective interest in joint venture	-	-	-	(33,318)	-	(33,318)	-	(33,318)
Balance at 30 June 2023	320,747	(15,364)	9,048	390,057	1,107,649	1,812,137	10,875	1,823,012
6 months ended 30 June 2024 (unaudited)								
Balance at 1 January 2024	321,263	(17,018)	8,930	370,991	1,050,342	1,734,508	14,234	1,748,742
Issuance of ordinary shares pursuant to the ESOS	2,727	-	(536)	-	-	2,191	-	2,191
Value of share options forfeited	-	-	(28)	-	28	-	-	-
Dividend distributed by subsidiary to non-controlling interests	-	-	-	-	-	-	(946)	(946)
Acquisition of a subsidiary	-	-	-	-	-	-	11,250	11,250
Total comprehensive (loss) / income for the period	-	-	-	(9,784)	108,508	98,724	3,132	101,856
Balance at 30 June 2024	323,990	(17,018)	8,366	361,207	1,158,878	1,835,423	27,670	1,863,093

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 30 JUNE 2024

	Note	CUMULATIVE*	
		6 months ended 30.06.2024 RM'000 (unaudited)	6 months ended 30.06.2023 RM'000 (unaudited)
<u>Operating Activities</u>			
Profit before tax		120,633	122,524
Adjustments for non-cash items		(112,389)	(36,883)
Operating cash flows before changes in working capital		8,244	85,641
Changes in working capital:			
Increase in inventories		(8,655)	(109)
Increase in receivables		(14,536)	(73,138)
Decrease in payables		(158)	(1,766)
Cash flows (used in) / from operations		(15,105)	10,628
Interest paid		(1,742)	(21,135)
Income tax paid		(10,353)	(21,076)
Net cash flows used in operating activities		(27,200)	(31,583)
<u>Investing Activities</u>			
Acquisition of a subsidiary, net of cash and cash equivalents acquired	10(b)	(34,000)	-
Interest received		61,933	47,521
Movement in amount due from joint ventures		(3,961)	13,123
Proceeds from disposal of effective interest in joint venture		-	5
Net proceeds from disposal of investments		39,525	5,211
Income received from investments		966	509
Proceeds from disposal of property, plant and equipment		45,856	278,640
Purchase of property, plant and equipment		(394)	(228)
Net cash flows from investing activities		109,925	344,781
<u>Financing Activities</u>			
Dividend paid to non-controlling interests		(946)	-
Proceeds from issuance of ordinary shares		2,191	4,775
Purchase of treasury shares		-	(2,028)
Payment of lease liabilities		(546)	(528)
Net repayment of borrowings		(15,650)	(322,091)
Net cash flows used in financing activities		(14,951)	(319,872)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		67,774	(6,674)
Effect of foreign exchange rate changes		2,976	757
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		170,077	177,714
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*		240,827	171,797
* Cash and cash equivalents at end of financial period comprise the following:			
Fixed deposits		197,669	91,576
Cash and bank balances		43,158	80,221
Cash and cash equivalents at end of financial period		240,827	171,797

* The Group has changed its financial year end from 30 June to 31 December. Comparatives for cumulative quarters consist of 6 months results beginning 1 January 2023 to 30 June 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 30 JUNE 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 2,212,340 new ordinary shares were issued pursuant to the Company's Employees' Share Option Scheme.
- (b) As at 30 June 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
3 months ended 30 June 2024						
Revenue						
External revenue	-	13,923	199	-	-	14,122
Inter-segment revenue	63	-	359	-	(422)	-
Total revenue	63	13,923	558	-	(422)	14,122
Results						
Profit / (loss) before tax	17,415	6,078	(1,281)	(376)	-	21,836
6 months ended 30 June 2024						
Revenue						
External revenue	-	31,318	607	-	-	31,925
Inter-segment revenue	63	-	615	-	(678)	-
Total revenue	63	31,318	1,222	-	(678)	31,925
Results						
Profit / (loss) before tax	78,333	38,095	(2,571)	6,776	-	120,633
Total Assets						
30 June 2024	1,687,782	274,255	98,839	62,634	-	2,123,510
31 December 2023	1,668,927	266,538	73,710	-	-	2,009,175
Total Liabilities						
30 June 2024	33,863	9,563	207,888	9,103	-	260,417
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.



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- (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.

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.
- (d) On 21 August 2024, the Company had incorporated a wholly-owned subsidiary under Companies Act 2016 of Malaysia known as Coastal Power Holdings Sdn. Bhd. (“CPH”). CPH is a private company limited by shares. The issued and paid-up ordinary share capital of CPH is RM5,000. The intended principal activity of CPH is investment holding.
- (e) On 23 August 2024, CPH had incorporated a wholly-owned subsidiary under Companies Act 2016 of Malaysia known as Coastal Solar Sdn. Bhd. (“CS”). CS is a private company limited by shares. The issued and paid-up ordinary share capital of CS is RM5,000. The intended principal activity of CS is to own and operate renewable energy assets.
- (f) On 27 August 2024, the Company had incorporated a wholly-owned subsidiary in the British Virgin Islands known as Coastal Offshore Marine Inc. (“COM”). The issued and paid-up capital of COM is USD50,000. It is a company limited by shares and is registered under the BVI Business Companies Act 2004, Territory of the British Virgin Islands. The principal activity of COM is sale of offshore support and marine transportation vessels.



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11 Contingent Liabilities and Contingent Assets

RM'000

Corporate guarantees to financial institutions in respect of banking facilities granted to the Group

63,598

As at 30 June 2024, the Company is contingently liable for RM14,202,000 of banking facilities utilised by its subsidiaries.

12 Capital Commitments

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

13 Related Party Transactions

	Individual 3 months ended 30 June 2024 RM'000	Cumulative 6 months ended 30 June 2024 RM'000
<i>Transactions with a Director of the Company:</i>		
- Rent of premises	10	20
<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	10
<i>Transactions with a joint venture:</i>		
- Interest income	21,465	42,917
- Service fee income	710	1,422
	<u>710</u>	<u>1,422</u>

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

14 Fair Value of Financial Instruments

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

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

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

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

As at 30 June 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	12,329	-	-	12,329
Short term investments	139,276	-	-	139,276
	<u>151,605</u>	-	-	<u>151,605</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 booked a lower revenue of RM14.1 million in the current quarter ended 30 June 2024 (2Q2024) as compared to last quarter's RM17.8 million (1Q2024), a reduction of 21%. Year-on-year, the Company's revenue has drop 75% from RM56.8 million.

Despite the drop in revenue, Coastal Group's net profit for the six-month period of RM111.2 million has already surpassed 2023's number of RM107.5 million.



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Gas Processing Division

No revenue was generated by the division in 2Q2024 and 1Q2024 due to the absence of JUGCSU charter income since December 2023. The revenue reported in 4Q2023 was RM38.8 million.

The division reported a lower profit before tax of RM17.4 million in 2Q2024 against RM60.9 million achieved in 1Q2024. The quarter-on-quarter decrease in profit was mainly attributed to the share of loss from joint venture as well as lower unrealised foreign exchange gain reported by the division in the current quarter. The loss incurred by the joint venture in 2Q2024 was mainly due to unrealised foreign exchange loss on the USD denominated loan owing to the Group and higher operating costs. For 4Q2023, the division incurred a loss before tax of RM158.7 million, mainly owing to the share of loss from joint venture and loss on disposal of effective interest in a joint venture as a result of the completion of the 50% shares transfer in the joint venture on 29 June 2023.

Vessel Chartering Division

The revenue generated from this division in 2Q2024 stood at RM13.9 million, a reduction of 20% from RM17.4 million and RM17.3 million posted in 1Q2024 and 4Q2023, respectively. The lower revenue was mainly owing to the liftboat was off-hire for periodic maintenance from mid of June 2024 until end of August 2024.

The division recorded a lower profit before tax of RM6.1 million in 2Q2024, against the RM32.0 million and RM128.0 million achieved in 1Q2024 and 4Q2023, respectively. The higher profit contributions in 1Q2024 and 4Q2023 were mainly due to the gain on disposal of offshore support vessels of RM24.5 million and RM127.3 million, respectively.

Shipbuilding and Shiprepair Division

The division's revenue posted in 2Q2024 amounted to RM0.2 million. The revenue recorded in 1Q2024 and 4Q2023 were RM0.4 million and RM0.7 million, respectively. This division's revenue was generated from ship repairing contract works.

The division's loss before tax of RM1.3 million in 2Q2024 was comparable to 1Q2024. For 4Q2023, the loss before tax was higher at RM5.5 million owing to the inventories written down and higher 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 RM185.8 million of trade receivables as at 30 June 2024, RM1.4 million was subsequently received by the Group.

16 Material Change in Profit Before Tax

The Group reported a RM21.8 million of profit before tax in 2Q2024, which was 78% lower compared to the RM98.8 million achieved in 1Q2024, mainly attributed to the share of loss from a joint venture and lower unrealised foreign exchange gain. In addition, there was gain on disposal of an offshore support vessel recognised in 1Q2024. For 4Q2023, the Group incurred a loss before tax of RM36.2 million as a result of the loss on disposal of effective interest in a joint venture of RM155.3 million.

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 cause 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.



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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 June 2024 RM'000	Cumulative 6 months ended 30 June 2024 RM'000
Interest income	24,065	47,165
Other income	1,711	3,768
Gain on bargain purchase	-	7,250
Gain on disposal of plant and equipment	21	24,564
Depreciation and amortisation	9,229	18,438
Reversal of impairment loss on receivables	107	107
Reversal of inventories written down	11	31
Fair value gain on short term investments	1,622	3,192
Fair value loss on quoted investments	84	230
Foreign exchange gain (net)	<u>7,466</u>	<u>29,938</u>

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 30 June 2024 RM'000	Cumulative 6 months ended 30 June 2024 RM'000
Income tax expense comprises:		
Current tax charge	7,092	9,387
Deferred tax charge / (reversal)	(2)	(1)
	<u>7,090</u>	<u>9,386</u>

The effective tax rate for the current quarter (excluding the results of joint ventures which is equity accounted net of tax) was higher than the statutory tax rate in Malaysia mainly due to the non-deductible expenses of certain subsidiaries of the Group in other jurisdiction.

The effective tax rate for the financial year-to-date (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 29 August 2024.



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22 Group Borrowings and Debt Securities

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

	As at 30 June 2024 RM'000
Short term	
Secured	12,412
Unsecured	17,571
	<u>29,983</u>
Long term	
Secured	1,222
Unsecured	9,730
	<u>10,952</u>
Total	<u>40,935</u>

Apart from RM12.7 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 0.022 from last quarter's 0.026. 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 29 August 2024.

24 Dividend Payable

No interim dividend has been declared for the current quarter ended 30 June 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 30 June 2024	Cumulative 6 months ended 30 June 2024
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	13,648	108,508
Weighted average number of ordinary shares in issue ('000)	534,349	534,034
Basic earnings per share (sen)	2.55	20.32

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.



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	Individual 3 months ended 30 June 2024	Cumulative 6 months ended 30 June 2024
<i>Diluted earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	13,648	108,508
Weighted average number of ordinary shares in issue ('000)	534,349	534,034
Effect of dilution of ESOS ('000)	13,350	13,484
Adjusted weighted average number of ordinary shares ('000)	<u>547,699</u>	<u>547,518</u>
Diluted earnings per share (sen)	2.49	19.82

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 29 August 2024.