



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

		INDIVIDUAL		PERIOD / YEAR ENDED	
		3 months ended 31.12.2023 RM'000 (unaudited)	3 months ended 31.12.2022 RM'000 (unaudited)	18 months ended 31.12.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
	Note				
Revenue	8	48,434	62,354	333,636	232,698
Cost of sales and services		(39,603)	(36,215)	(223,255)	(145,000)
Gross profit		<u>8,831</u>	<u>26,139</u>	<u>110,381</u>	<u>87,698</u>
Other income		57,719	98,723	489,251	127,966
Administrative expenses		(7,407)	(6,578)	(33,751)	(30,243)
Other expenses		(207,715)	(33,897)	(267,731)	(8,029)
Finance costs		(1,358)	(8,284)	(36,661)	(15,175)
Loss on disposal of effective interest in joint venture		-	-	(155,322)	-
Share of profit of joint venture, net of tax		14,377	74,888	272,432	51,485
(Loss) / Profit before tax	8, 19	<u>(135,553)</u>	<u>150,991</u>	<u>378,599</u>	<u>213,702</u>
Income tax expense	20	(1,632)	(10,261)	(44,822)	(30,077)
(Loss) / Profit for the period		<u><u>(137,185)</u></u>	<u><u>140,730</u></u>	<u><u>333,777</u></u>	<u><u>183,625</u></u>
Attributable to:					
Owners of the Company		(139,074)	139,032	324,526	180,196
Non-controlling interests		<u>1,889</u>	<u>1,698</u>	<u>9,251</u>	<u>3,429</u>
		<u><u>(137,185)</u></u>	<u><u>140,730</u></u>	<u><u>333,777</u></u>	<u><u>183,625</u></u>
(Loss) / Earnings per share attributable to owners of the Company:					
- basic (sen)	25	(26.13)	26.37	61.17	34.41
- diluted (sen)	25	<u><u>(25.34)</u></u>	<u><u>25.21</u></u>	<u><u>58.84</u></u>	<u><u>33.93</u></u>

The above Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 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 31 DECEMBER 2023

	Note	INDIVIDUAL		PERIOD / YEAR ENDED	
		3 months ended 31.12.2023 RM'000 (unaudited)	3 months ended 31.12.2022 RM'000 (unaudited)	18 months ended 31.12.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
(Loss) / Profit for the period		(137,185)	140,730	333,777	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)	(12,330)	(80,405)	26,778	48,662
Share of other comprehensive income / (loss) of joint venture:					
- Currency translation differences		1,940	(7,137)	56,397	6,552
Total comprehensive (loss) / income for the period		<u>(147,575)</u>	<u>53,188</u>	<u>416,952</u>	<u>238,865</u>
Attributable to:					
Owners of the Company		(149,163)	51,806	407,415	235,228
Non-controlling interests		<u>1,588</u>	<u>1,382</u>	<u>9,537</u>	<u>3,637</u>
		<u>(147,575)</u>	<u>53,188</u>	<u>416,952</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.



COASTAL CONTRACTS BHD.
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		As at 31.12.2023 RM'000 (unaudited)	As at 30.06.2022 RM'000 (audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		398,300	714,619
Right-of-use assets		7,724	7,739
Investment in joint ventures		238,421	95,595
Investment properties		3,117	3,240
Investment securities	14	12,551	11,958
Trade receivables		-	125,904
		<u>660,113</u>	<u>959,055</u>
Current assets			
Inventories		34,355	25,017
Trade receivables	15(b)	179,137	111,966
Contract assets		2,431	212
Other receivables		21,771	26,624
Amount due from joint ventures		764,518	650,548
Short term investments	14	172,499	15,554
Tax recoverable		1,780	253
Cash and bank balances		170,077	223,114
		<u>1,346,568</u>	<u>1,053,288</u>
TOTAL ASSETS	8	<u>2,006,681</u>	<u>2,012,343</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		321,263	311,976
Treasury shares		(17,017)	(13,336)
Share option reserve		8,930	10,897
Currency translation reserve		370,747	321,176
Retained earnings		1,048,125	723,459
Equity attributable to owners of the Company		<u>1,732,048</u>	<u>1,354,172</u>
Non-controlling interests		<u>14,229</u>	<u>4,692</u>
Total equity		<u>1,746,277</u>	<u>1,358,864</u>
Non-current liabilities			
Borrowings	22	22,199	119,521
Lease liabilities		6	183
Deferred tax liabilities		2,105	4,196
		<u>24,310</u>	<u>123,900</u>
Current liabilities			
Borrowings	22	33,487	343,766
Lease liabilities		1,079	571
Trade payables		149,082	140,850
Contract liabilities		6,758	-
Other payables		44,219	41,542
Income tax payable		1,469	2,850
		<u>236,094</u>	<u>529,579</u>
Total liabilities	8	<u>260,404</u>	<u>653,479</u>
TOTAL EQUITY AND LIABILITIES		<u>2,006,681</u>	<u>2,012,343</u>
Net assets per share (RM)		<u>3.2534</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 31 DECEMBER 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		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 30 June 2022 (audited)								
Balance at 1 July 2021	307,050	(12,700)	-	266,169	(26)	543,241	1,103,734	1,104,789
Purchase of treasury shares	-	(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	238,866
Balance at 30 June 2022	311,976	(13,336)	10,897	321,176	-	723,459	1,354,172	1,358,864
18 months ended 31 December 2023 (unaudited)								
Balance at 1 July 2022	311,976	(13,336)	10,897	321,176	-	723,459	1,354,172	1,358,864
Purchase of treasury shares	6	-	(3,681)	-	-	-	(3,681)	(3,681)
Issuance of ordinary shares pursuant to the ESOS	9,287	-	(1,827)	-	-	-	7,460	7,460
Value of share options forfeited	-	-	(140)	-	-	140	-	-
Total comprehensive income for the period	-	-	-	82,889	-	324,526	407,415	416,952
Effect of loss on disposal of effective interest in joint venture	-	-	-	(33,318)	-	-	(33,318)	(33,318)
Balance at 31 December 2023	321,263	(17,017)	8,930	370,747	-	1,048,125	1,732,048	1,746,277

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 31 DECEMBER 2023

	PERIOD / YEAR ENDED	
	18 months ended 31.12.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
<u>Operating Activities</u>		
Profit before tax	378,599	213,702
Adjustments for non-cash items	(28,863)	(14,023)
Operating cash flows before changes in working capital	349,736	199,679
Changes in working capital:		
Increase in inventories	(9,983)	(1,576)
Increase in receivables	(101,933)	(120,095)
Increase in payables	6,397	28,935
Cash flows from operations	244,217	106,943
Interest paid	(29,583)	(4,178)
Income tax paid	(49,904)	(21,356)
Net cash flows from operating activities	164,730	81,409
<u>Investing Activities</u>		
Interest received	134,919	17,810
Investment in joint venture	-	(26,088)
Cash flows for loss of control in a subsidiary	-	(10,616)
Loan to joint venture	(59,287)	(532,509)
Proceeds from disposal of effective interest in joint venture	5	-
Net purchase of investment securities	(16)	(585)
Net (purchase of) / proceeds from disposal of short term investments	(158,285)	95,362
Income received from investments	1,256	1,614
Proceeds from disposal of property, plant and equipment	350,037	115,104
Purchase of property, plant and equipment	(848)	(36,166)
Net cash flows from / (used in) investing activities	267,781	(376,074)
<u>Financing Activities</u>		
Proceeds from issuance of ordinary shares	7,460	3,957
Purchase of treasury shares	(3,681)	(636)
Payment of lease liabilities	(1,640)	(1,053)
Net (repayment of) / proceeds from drawdown of borrowings	(418,146)	354,212
Net cash flows (used in) / from financing activities	(416,007)	356,480
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,504	61,815
Effect of foreign exchange rate changes	(69,541)	(2,404)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	223,114	163,703
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	170,077	223,114
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	119,690	79,104
Cash and bank balances	50,387	144,010
Cash and cash equivalents at end of financial period	170,077	223,114

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 31 DECEMBER 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 7,535,050 new ordinary shares were issued pursuant to the Company's Employees' Share Option Scheme.
- (b) For the 18-months period ended 31 December 2023, 1,704,700 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 RM3,681,064 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 31 December 2023, 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	Eliminations RM'000	Consolidated RM'000
<u>3 months ended 31 December 2023</u>					
<i>Revenue</i>					
External revenue	27,347	18,298	2,789	-	48,434
Inter-segment revenue	63	154	145	(362)	-
Total revenue	27,410	18,452	2,934	(362)	48,434
<i>Results</i>					
(Loss) / profit before tax	(147,285)	13,897	(2,165)	-	(135,553)
<u>18 months ended 31 December 2023</u>					
<i>Revenue</i>					
External revenue	221,720	107,556	4,360	-	333,636
Inter-segment revenue	4,384	304	6,814	(11,502)	-
Total revenue	226,104	107,860	11,174	(11,502)	333,636
<i>Results</i>					
Profit / (loss) before tax	239,029	143,999	(4,429)	-	378,599
Total Assets					
31 December 2023	1,666,320	267,417	72,944	-	2,006,681
30 June 2022	1,495,847	433,711	82,785	-	2,012,343
Total Liabilities					
31 December 2023	45,478	13,126	201,800	-	260,404
30 June 2022	365,123	110,585	177,771	-	653,479



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9 Subsequent Event

As announced on 5 February 2024, the joint venture company of the Group, Coastoil Dynamic S.A. de C.V. ("CD") has signed an addendum (the "Addendum") to the Contract with Petroleos Mexicanos ("Pemex"), Mexican state-owned petroleum company. Under the Addendum, Pemex has agreed to extend the gas sweetening services Contract up to 31 December 2025.

10 Changes in the Composition of the Group

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 amounted to RM3,000. The intended principal activity of CHH is investment holding.

11 Contingent Liabilities and Contingent Assets

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to the Group	<u>62,950</u>

As at 31 December 2023, the Group is contingently liable for RM16,977,000 of banking facilities utilised by the Group.

12 Capital Commitments

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

13 Related Party Transactions

	Individual 3 months ended 31 December 2023 RM'000	Cumulative 18 months ended 31 December 2023 RM'000
<i>Transactions with Directors of the Company:</i>		
- Rent of premises	10	119
<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	30
<i>Transactions with a joint venture:</i>		
- Interest income	20,680	140,294
- Service fee income	<u>678</u>	<u>5,499</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.



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14 Fair Value of Financial Instruments

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

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

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

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

As at 31 December 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	12,551	-	-	12,551
Short term investments	172,499	-	-	172,499
	<u>185,050</u>	<u>-</u>	<u>-</u>	<u>185,050</u>

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

15 Detailed Analysis of Performance

The Group's revenue for the current quarter ended 31 December 2023 (6Q2023) stood at RM48.4 million, 17% lower compared to the RM58.4 million achieved in last quarter (5Q2023). Year-on-year (2Q2023), revenue has drop 22% from RM62.4 million.

Gas Processing Division

The division registered a lower revenue of RM27.3 million in 6Q2023, reduction of 32% and 30% from RM40.0 million and RM38.8 million posted in 5Q2023 and 2Q2023, respectively. The decrease in revenue was mainly due to the Group did not recognise the revenue in December 2023 for the charter of its jack-up gas compression service unit ("JUGCSU"), as a result of the request from charterers for temporary suspension of bareboat charter hire under the current contract from 27 November 2023 onwards until the charterers managed to finalise the terms and conditions of the extension contract / new contract with Pemex.

The division reported a loss before tax of RM147.3 million in 6Q2023, compared to the profit before tax of RM86.7 million and RM138.1 million achieved in 5Q2023 and 2Q2023 respectively. The loss incurred in this quarter was mainly attributed to the impairment loss provided on receivables owing from charterers of JUGCSU as collection from the end user, Petroleos Mexicanos ("Pemex") is slower than expected which resulted higher expected credit loss need to be provided in accordance with MFRS 9 Financial Instruments. Other than the above, it is also due to lower income contribution from the charter of JUGCSU as explained in above, as well as unrealised foreign exchange loss on translation of loan granted to the Mexican joint venture company as a result of weakening of USD against SGD in 6Q2023.

Vessel Chartering Division

The division recorded a fairly consistent revenue of RM18.3 million in 6Q2023, a marginal increase of 3% as compared to RM17.7 million posted in 5Q2023. Against 2Q2023, revenue has drop 19% from RM22.7 million owing to the lower vessel utilisation rate.

The division achieved a higher profit before tax of RM13.9 million in 6Q2023 as compared to the RM3.1 million and RM1.3 million registered in 5Q2023 and 2Q2023, respectively. The better showing this quarter was mainly due to the gain on disposal of an offshore support vessel.



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Shipbuilding and Shiprepair Division

The revenue generated from this division in 6Q2023 was RM2.8 million. The revenue recorded in 5Q2023 and 2Q2023 were RM0.6 million and RM0.1 million, respectively. This division's revenue was generated from ship repairing contract works.

The division incurred loss before tax of RM2.2 million in 6Q2023 and RM1.9 million in 5Q2023. The losses occurred were attributed to the underperformance of the division. For 2Q2023, the division recorded a profit before tax of RM11.6 million owing to the receipt of an one-off compensation related to non-conformities of a vessel's parts and equipments from a supplier.

- (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 RM179.1 million of trade receivables as at 31 December 2023, RM10.7 million was subsequently received by the Group.

16 Material Change in Profit Before Tax

The Group posted a RM135.6 million of loss before tax in 6Q2023, in contrast to the profit before tax of RM87.9 million and RM151.0 million reported in 5Q2023 and 2Q2023 respectively. The loss in this quarter was mainly attributed to the impairment loss provided on receivables, lower profit contribution from both the Mexican joint venture company and the charter of JUGCSU, as well as loss on foreign exchange.

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.

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.



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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 31 December 2023 RM'000	Cumulative 18 months ended 31 December 2023 RM'000
Interest income	26,391	168,587
Other income	11,549	67,678
Gain on disposal of vessels	12,583	139,838
Depreciation and amortisation	20,475	137,479
Inventories written down	13	1,943
Reversal of inventories written down	503	534
Impairment loss on receivables	176,945	185,527
Reversal of impairment loss on receivables	3	279
Fair value gain on short term investments	486	1,170
Fair value gain / (loss) on quoted investments	518	(251)
Foreign exchange (loss) / gain (net)	(23,985)	31,181

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.

20 Income Tax Expense

	Individual 3 months ended 31 December 2023 RM'000	Cumulative 18 months ended 31 December 2023 RM'000
Income tax expense comprises:		
Current tax charge	2,497	46,928
Deferred tax charge / (reversal)	(865)	(2,106)
	1,632	44,822

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 and loss on disposal of effective interest in joint venture) 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 February 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 31 December 2023 RM'000
Short term	
Secured	16,401
Unsecured	17,086
	<u>33,487</u>
Long term	
Secured	1,440
Unsecured	20,759
	<u>22,199</u>
Total	<u>55,686</u>

Apart from RM16.8 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 0.032 from last quarter's 0.043. The reduction was mainly due to full settlement of two term loan facilities. 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 February 2024.

24 Dividend Payable

No interim dividend has been declared for the current quarter ended 31 December 2023.

25 (Loss) / Earnings Per Share

Basic (loss) / earnings per share attributable to owners of the Company

Basic (loss) / earnings per share of the Group was calculated by dividing the (loss) / 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 December 2023	Cumulative 18 months ended 31 December 2023
<i>Basic (loss) / earnings per share</i>		
(Loss) / Profit attributable to owners of the Company (RM'000)	(139,074)	324,526
Weighted average number of ordinary shares in issue ('000)	532,285	530,522
Basic (loss) / earnings per share (sen)	(26.13)	61.17



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Diluted (loss) / earnings per share attributable to owners of the Company

For diluted (loss) / 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 (loss) / earnings per share calculation.

	Individual 3 months ended 31 December 2023	Cumulative 18 months ended 31 December 2023
<i>Diluted (loss) / earnings per share</i>		
(Loss) / Profit attributable to owners of the Company (RM'000)	(139,074)	324,526
Weighted average number of ordinary shares in issue ('000)	532,285	530,522
Effect of dilution of ESOS ('000)	16,481	21,046
Adjusted weighted average number of ordinary shares ('000)	<u>548,766</u>	<u>551,568</u>
Diluted (loss) / earnings per share (sen)	(25.34)	58.84

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 29 February 2024.