



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 31.12.2014 RM'000 (unaudited)	3 months ended 31.12.2013 RM'000 (unaudited)	12 months ended 31.12.2014 RM'000 (unaudited)	12 months ended 31.12.2013 RM'000 (audited)
Revenue	8	177,727	255,009	877,208	762,527
Cost of sales and services		(136,664)	(202,462)	(680,494)	(606,380)
Gross profit		<u>41,063</u>	<u>52,547</u>	<u>196,714</u>	<u>156,147</u>
Other income		8,446	3,956	19,541	10,831
Administrative expenses		(8,851)	(7,078)	(19,443)	(15,723)
Other expenses		(1,166)	(1,171)	(3,761)	(787)
Finance costs		(29)	(31)	(119)	(127)
Profit before tax	8, 18	<u>39,463</u>	<u>48,223</u>	<u>192,932</u>	<u>150,341</u>
Income tax expense	19	(374)	754	(2,165)	815
Profit for the period		<u><u>39,089</u></u>	<u><u>48,977</u></u>	<u><u>190,767</u></u>	<u><u>151,156</u></u>
Attributable to: Owners of the Company		<u><u>39,089</u></u>	<u><u>48,977</u></u>	<u><u>190,767</u></u>	<u><u>151,156</u></u>
Earnings per share attributable to owners of the Company:					
- basic (sen)	26	7.36	10.14	36.65	31.29
- diluted (sen)	26	<u><u>7.32</u></u>	<u><u>10.07</u></u>	<u><u>35.49</u></u>	<u><u>31.29</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 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	INDIVIDUAL		CUMULATIVE	
	3 months ended 31.12.2014 RM'000 (unaudited)	3 months ended 31.12.2013 RM'000 (unaudited)	12 months ended 31.12.2014 RM'000 (unaudited)	12 months ended 31.12.2013 RM'000 (audited)
Profit for the period	39,089	48,977	190,767	151,156
Other comprehensive income / (loss):				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Currency translation differences arising from consolidation	14(a) 62,846	4,804	65,534	49,933
Net loss on available-for-sale financial assets	-	-	-	(28)
Total comprehensive income for the period	<u>101,935</u>	<u>53,781</u>	<u>256,301</u>	<u>201,061</u>
Attributable to:				
Owners of the Company	<u>101,935</u>	<u>53,781</u>	<u>256,301</u>	<u>201,061</u>

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.



COASTAL CONTRACTS BHD (Company No. 517649-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	As at 31.12.2014 RM'000 (unaudited)	As at 31.12.2013 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	59,698	69,310
Investment properties	3,855	3,937
Intangible asset	5,641	5,884
Deferred tax assets	15	409
Trade receivable	8,094	10,102
	<u>77,303</u>	<u>89,642</u>
Current assets		
Inventories	14(b) 1,209,611	961,424
Trade receivables	14(c) 30,865	22,379
Other receivables	14(d) 307,877	156,080
Tax recoverable	323	968
Cash and bank balances	469,691	319,001
	<u>2,018,367</u>	<u>1,459,852</u>
TOTAL ASSETS	8 <u>2,095,670</u>	<u>1,549,494</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	106,320	96,654
Share premium	195,820	-
Treasury shares	(1,251)	(427)
Currency translation reserve	111,420	45,886
Warrants reserve	25,259	25,269
Retained earnings	20 997,262	840,986
Total equity	<u>1,434,830</u>	<u>1,008,368</u>
Non-current liabilities		
Borrowings	22 3,520	4,584
Deferred tax liabilities	1,355	2,331
	<u>4,875</u>	<u>6,915</u>
Current liabilities		
Borrowings	22 95,491	11,417
Trade payables	48,908	21,557
Other payables	14(e) 510,428	500,833
Income tax payable	1,138	404
	<u>655,965</u>	<u>534,211</u>
Total liabilities	8 <u>660,840</u>	<u>541,126</u>
TOTAL EQUITY AND LIABILITIES	<u>2,095,670</u>	<u>1,549,494</u>
Net assets per share (RM)	<u>2.7011</u>	<u>2.0874</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 2014

Note	Attributable to owners of the Company							
	Non-distributable						Distributable	Total
	Share capital	Share premium	Treasury shares	Currency translation reserve	Fair value adjustment reserve	Warrants reserve	Retained earnings	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>12 months ended 31 December 2013 (audited)</u>								
Balance at 1 January 2013	96,654	-	(303)	(4,047)	28	25,269	717,849	835,450
Purchase of treasury shares	-	-	(124)	-	-	-	-	(124)
Total comprehensive income / (loss) for the period	-	-	-	49,933	(28)	-	151,156	201,061
Interim dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	(13,527)	(13,527)
Interim dividend for the financial year ended 31 December 2013	-	-	-	-	-	-	(14,492)	(14,492)
Balance at 31 December 2013	96,654	-	(427)	45,886	-	25,269	840,986	1,008,368
<u>12 months ended 31 December 2014 (unaudited)</u>								
Balance at 1 January 2014	96,654	-	(427)	45,886	-	25,269	840,986	1,008,368
Issuance of ordinary shares pursuant to:								
- conversion of warrants	6(a)	5	78	-	-	(10)	-	73
- private placement	6(a)	9,661	198,059	-	-	-	-	207,720
Share issuance expenses		-	(2,317)	-	-	-	-	(2,317)
Purchase of treasury shares	6(b)	-	-	(824)	-	-	-	(824)
Total comprehensive income for the period	-	-	-	65,534	-	-	190,767	256,301
Interim dividend for the financial year ended 31 December 2013	7	-	-	-	-	-	(16,425)	(16,425)
Interim dividend for the financial year ended 31 December 2014	7	-	-	-	-	-	(18,066)	(18,066)
Balance at 31 December 2014	106,320	195,820	(1,251)	111,420	-	25,259	997,262	1,434,830

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	CUMULATIVE	
	12 months ended 31.12.2014	12 months ended 31.12.2013
	RM'000 (unaudited)	RM'000 (audited)
<u>Operating Activities</u>		
Profit before tax	192,932	150,341
Adjustments for non-cash items	(79)	2,837
Operating cash flows before changes in working capital	192,853	153,178
Changes in working capital:		
Increase in inventories	(175,441)	(103,435)
Increase in receivables	(137,120)	(114,858)
Increase in payables	1,377	183,731
Cash flows (used in) / from operations	(118,331)	118,616
Interest paid	(393)	(508)
Income tax paid	(1,369)	(743)
Net cash flows (used in) / from operating activities	(120,093)	117,365
<u>Investing Activities</u>		
Interest received	7,043	1,281
Proceeds from disposal of investment securities	-	152
Proceeds from disposal of property, plant and equipment	5,008	14,237
Purchase of property, plant and equipment	(1,483)	(12,266)
Net cash flows from investing activities	10,568	3,404
<u>Financing Activities</u>		
Purchase of treasury shares	(824)	(124)
Proceeds from issuance of ordinary shares	207,793	-
Share issuance expenses	(2,317)	-
Dividends paid on ordinary shares	(34,491)	(28,019)
Proceeds from borrowings	148,903	8,196
Repayment of borrowings	(71,963)	(4,066)
Net cash flows from / (used in) financing activities	247,101	(24,013)
NET INCREASE IN CASH AND CASH EQUIVALENTS	137,576	96,756
Effect of foreign exchange rate changes	13,114	13,923
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	319,001	208,322
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	469,691	319,001

* Cash and cash equivalents at end of financial period comprise the following:

Short term deposits	407,947	258,720
Cash and bank balances	61,744	60,281
Cash and cash equivalents at end of financial period	469,691	319,001

Subsequent to 31 December 2014, RM22.5 million of fixed deposits were utilised for payment to contractors and suppliers.

The above Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.



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Explanatory Notes

FOR THE QUARTER ENDED 31 DECEMBER 2014

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 31 December 2013. 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 31 December 2013.

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 31 December 2013 except for the adoption of the following new Interpretation and amendments to certain Malaysian Financial Reporting Standards ("MFRSs") where applicable to the Group's financial period beginning 1 January 2014:

Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*

Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*

Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*

IC Interpretation 21 *Levies*

The adoption of the abovementioned Interpretation 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 the global and regional economic conditions. The demand for vessels as well as shiprepair and charter services are closely associated with the 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

- (a) For the period ended 31 December 2014, the paid-up share capital of the Company was increased by RM9,666,020 by way of the issuance of:
- (i) 23,165 new ordinary shares of RM0.20 each pursuant to the conversion of 23,165 warrants; and
 - (ii) 48,306,933 new ordinary shares of RM0.20 each, representing approximately 10% of the issued and paid-up share capital of the Company, via private placement.
- (b) For the period ended 31 December 2014, 200,000 ordinary shares of RM0.20 each were repurchased in the open market at an average price of RM4.10 per share. The total consideration paid for the repurchase including transaction costs amounted to RM824,076 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 31 December 2014, the total number of treasury shares held was 400,000 ordinary shares of RM0.20 each.

Save as disclosed above, there were no other issue, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

7 Dividends Paid

The following dividends were paid during the financial year-to-date:

	RM'000
Second interim tax exempt dividend of 17% equivalent to 3.4 sen per ordinary share paid on 28 March 2014 for the financial year ended 31 December 2013	16,425
First interim single-tier dividend of 17% equivalent to 3.4 sen per ordinary share paid on 26 September 2014 for the financial year ended 31 December 2014	18,066
	<u>34,491</u>

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.

	Shipbuilding and Shiprepair RM'000	Vessel Chartering RM'000	Eliminations RM'000	Consolidated RM'000
<u>3 months ended 31 December 2014</u>				
<i>Revenue</i>				
External revenue	176,415	1,312	-	177,727
Inter-segment revenue	163	-	(163)	-
Total revenue	<u>176,578</u>	<u>1,312</u>	<u>(163)</u>	<u>177,727</u>
<i>Results</i>				
Profit before tax	<u>38,948</u>	<u>515</u>	<u>-</u>	<u>39,463</u>



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	Shipbuilding and Shiprepair RM'000	Vessel Chartering RM'000	Eliminations RM'000	Consolidated RM'000
<u>12 months ended 31 December 2014</u>				
Revenue				
External revenue	872,107	5,101	-	877,208
Inter-segment revenue	163	25	(188)	-
Total revenue	872,270	5,126	(188)	877,208
Results				
Profit before tax	192,526	406	-	192,932
Total Assets				
31 December 2014	2,067,420	28,250	-	2,095,670
31 December 2013	1,491,256	58,238	-	1,549,494
Total Liabilities				
31 December 2014	657,925	2,915	-	660,840
31 December 2013	536,151	4,975	-	541,126

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) The Company had on 15 December 2014 incorporated a wholly-owned subsidiary in Singapore known as Coastal Drilling Pte Ltd ("CD"). The issued and paid-up capital of CD is SGD50,000. It is a company limited by shares and is registered under the Companies Act (CAP.50), Singapore. The principal activities of CD are ship/rig owner and provision of ship/rig chartering services.
- (b) The Company had on 26 December 2014 incorporated a wholly-owned subsidiary in Singapore known as Coastal Energy Solutions Pte Ltd ("CES"). The issued and paid-up capital of CES is SGD50,000. It is a company limited by shares and is registered under the Companies Act (CAP.50), Singapore. The principal activities of CES are ship/rig owner and provision of ship/rig chartering services.
- (c) On 20 January 2015, CoastOil S.A. de C.V. ("COSA") was incorporated in Mexico. It is a company limited by shares and is registered under the General Corporation Law, Mexico. The issued and paid-up capital of COSA is Pesos \$50,000 of which the Company's wholly-owned subsidiaries, Coastal Marine Pte Ltd ("CTM") and Coastal Drilling Pte Ltd have contributed Pesos \$47,500 and Pesos \$2,500 respectively. COSA is a 95% direct subsidiary of CTM and an indirect wholly-owned subsidiary of the Company. The principal activities of COSA are leasing and subleasing of all kind of offshore assets related to the oil and gas industry and provision of drilling, engineering and other ancillary services to the oil and gas industry.

11 Contingent Liabilities and Contingent Assets

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiaries	263,385

As at 31 December 2014, the Company is contingently liable for RM96,636,000 of banking facilities utilised by its subsidiaries.



12 Capital Commitments

The amounts of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2014 are estimated as follows:

	RM'000
Approved and contracted for	507,692
Approved but not contracted for	75,157
	<u>582,849</u>

13 Related Party Transactions

	Individual 3 months ended 31 December 2014 RM'000	Cumulative 12 months ended 31 December 2014 RM'000
<i>Transactions with a company in which certain Directors of the Company have financial interests:</i>		
- Top Pride Sdn. Bhd.		
Rent of premises	3	10
<i>Transactions with a Director of the Company:</i>		
- Ng Chin Shin		
Rent of premises	5	19

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 Detailed Analysis of Performance

The Group booked a lower revenue of RM177.7 million in the current quarter ended 31 December 2014 (4Q2014) as compared to last quarter's (3Q2014) of RM232.4 million and last year's corresponding period (4Q2013) of RM255.0 million, a reduction of 24% and 30%, respectively. Nevertheless, the year-to-date revenue of the Group of RM877.2 million has already surpassed 2013's number of RM762.5 million, breaking the RM800 million-mark for the first time.

Shipbuilding and Shiprepair Division

The revenue generated from this division in 4Q2014 stood at RM176.4 million, eased by RM54.7 million (or 24%) from RM231.1 million recorded in 3Q2014 and by RM77 million (or 30%) from RM253.4 million in 4Q2013. This was mainly attributed to lower number of delivery of offshore support vessels ("OSV") in the current quarter, i.e. 2 units in contrast to 3 units in 3Q2014 and 5 units in 4Q2013.

The division's profit margin before tax for 4Q2014 of 22% (RM38.9 million) was lower than the 24% (RM54.4 million) achieved in 3Q2014 owing to higher administrative expenses incurred. Year-on-year, the profit margin before tax has edged up 2% from 20% (RM49.8 million) as a result of the higher margins derived from the different vessel sales mix.

Vessel Chartering Division

The division registered a constant revenue of RM1.3 million in 4Q2014 as compared to 3Q2014. Compared with 4Q2013, the revenue has dropped by 19% from RM1.6 million, as a result of the reduction in fleet size and lower fleet utilisation.



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The division achieved a greater profit margin before tax of 39% (RM0.5 million) in 4Q2014 as compared to the 7% (RM0.1 million) recorded in 3Q2014, mainly attributed to the gain on disposal of used vessels. For 4Q2013, the division incurred a loss margin before tax of 100% (RM1.6 million in loss). The losses incurred were resulted by the underperformance of the division as well as lower gain on disposal of used vessels.

- (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) Included in inventories of the Group were finished goods of RM389.8 million (31 December 2013: RM391.3 million) and vessels work-in-progress of RM808.2 million (31 December 2013: RM560.0 million). For the current quarter under review and financial year-to-date, there were no provisions made for obsolete or slow-moving inventories or work-in-progress write-off.
- (c) Out of the RM30.9 million of short term trade receivables as at 31 December 2014, RM4.1 million was subsequently received by the Group.
- (d) Included in other receivables of the Group were payments made to suppliers and contractors totalling RM291.7 million (31 December 2013: RM137.4 million) to secure the supply of input materials, equipment and services intended for the Group's rolling vessel building programme.
- (e) Included in other payables were advance payments received from vessel buyers totalling RM465.9 million (31 December 2013: RM489.7 million), a good testament of the Group's healthy order book.

15 **Material Change in Profit Before Tax**

The Group made a RM39.5 million of profit before tax in 4Q2014, which was 28% lower compared to the RM54.5 million achieved in 3Q2014. Against 4Q2013, profit before tax was down by 18% from RM48.2 million. The poorer performance in 4Q2014 was principally due to lower revenue contribution from Shipbuilding Division on the back of lesser OSV deliveries.

16 **Prospects**

Shale oil production from the United States at a breakneck pace coupled with supply glut in the oil and gas market has translated into plummeting global oil price in the recent months. Despite current signs of gloom, Coastal Group envisages the medium to long term fundamentals of Oil and Gas industry to remain positive given the hardly substitutable nature of petroleum. In tandem with the rising population growth, motorization, emerging economies notably in China, India and Middle East as well as the development of rural areas in most countries, the demand for oil and gas would certainly move in an upward trend in the medium to long term which would in turn mask the near-term Oil and Gas production surplus and eventually the production-consumption balance could be achieved. In view of the above, oil prices are anticipated to normalize in the medium to long term as output adjusts to prevailing demand.

According to the recent provisional figures released by four of the world's six biggest oil firms, new reserves could only replenish two-thirds of the hydrocarbons extracted in 2014, implying the need for active involvement by the global oil majors in deep-water Oil and Gas drilling and exploration activities in consequence of shallow water fields' depletion. This phenomenon would subsequently trigger the demand surge for deep-water capable OSV in the medium to long run and hence, the OSV market is expected to stay firm in the long term.

Driven by the above factors, increasing demand of fossil fuels will eventually lead to its rapid depletion. To overcome this, Enhanced Oil Recovery (EOR) technology has been practised immensely since the past few years as it can ensure the optimum exploitation of oil resources and thus able to increase overall production while slowing down the depletion rate of oil resources. With the recent Jack-up Gas Compression Service Unit charter contract secured by the Group, the management remains optimistic with the prospect of this market, particularly in the Gulf of Mexico and Southeast Asia. Coastal Group is determined to build up its expertise and global network in this market to procure opportunities that lie ahead.



While drilling subsides due to the recent low oil price, Coastal Group is committed to further defend its competitive position in the offshore Oil and Gas market seeing that successful offshore exploration activities in the new region may necessitate upgrades of the jack-up drilling rigs to accommodate specific regional requirements. As such, the Group foresees a sound market outlook for the jack-up rig market in the medium to long term. In addition, anemic performance in the industry presently would not disrupt the Group's continual effort in building on its resource capacities spurred by its confidence in the oil price recovery during the long run.

In any event, Coastal Group will leave itself well-positioned to riding out the downturn for future opportunities in the Oil and Gas market and moving forward, the Group will continue to execute its expansion plan via a two-pronged approach, which is extending its participation in lucrative oil and gas upstream sector and scaling up its shipbuilding value chain.

17 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.

18 Profit Before Tax

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

	Individual 3 months ended 31 December 2014 RM'000	Cumulative 12 months ended 31 December 2014 RM'000
Interest income	2,263	7,043
Other income	2,741	7,416
Depreciation and amortisation	1,711	6,975
Impairment loss on receivables	329	329
Impairment loss on intangible asset	243	243
Foreign exchange gain (net)	2,975	2,048

There were no provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives and other exceptional items for the current quarter under review and financial year-to-date.

19 Income Tax Expense

	Individual 3 months ended 31 December 2014 RM'000	Cumulative 12 months ended 31 December 2014 RM'000
Income tax expense comprises:		
Current tax charge	382	2,747
Deferred tax charge / (reversal)	(8)	(582)
	374	2,165

The effective tax rates for the current quarter and the financial year-to-date were lower than the statutory tax rate in Malaysia due to the different income tax rate applicable to subsidiaries of the Group in other jurisdictions.



20 Retained Earnings

The retained earnings as at 31 December 2014 and 31 December 2013 were further analysed as follows:

	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Total retained earnings of the Group:		
- Realised	1,050,228	895,343
- Unrealised	(599)	(271)
	1,049,629	895,072
Consolidation adjustments	(52,367)	(54,086)
Total Group retained earnings as per consolidated accounts	997,262	840,986

21 Status of Corporate Proposals

(a) There were no corporate proposals that have been announced but not completed as at 24 February 2015.

(b) Status of Utilisation of Proceeds

The proceeds raised from the private placement were approved for the following activities and status on the fund utilised as at 24 February 2015 are summarised below:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Expected timeframe for the full utilisation
*Working capital:				
- purchase of offshore support vessels	195,133	-	195,133	Within 24 months from March 2014
- other operational expenses, including utilities, staff salaries, marketing, administrative and other operating expenses	10,270	3,673	6,597	Within 24 months from March 2014
*Estimated expenses in relation to the Proposed Private Placement	2,317	2,317	-	Completed
Total	207,720	5,990	201,730	

* The actual amount raised was RM207.7 million as compared to the initial announcement of RM184.0 million under the Minimum Scenario, and the surplus of RM23.7 million was proportionately added to the working capital and estimated expenses.



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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 2014 RM'000
Short term	
Secured	1,086
Unsecured	94,405
	<hr/>
	95,491
Long term	
Secured	3,520
Total	<hr/> <hr/>
	99,011

Apart from RM94.4 million of short term unsecured borrowings which are denominated in United States Dollar, all the other borrowings are denominated in Ringgit Malaysia.

The debt-equity ratio of the Group has increased to 0.069 from last quarter's 0.049. Additional funds were drawn down from existing credit lines to partly finance the Group's shipbuilding division to keep an orderly rolling work-in-progress.

The current gearing is within management comfort level.

23 Financial Instruments

(a) Derivatives

There were no outstanding derivatives as at 31 December 2014.

(b) Gains or Losses Arising from Fair Value Changes of Financial Liabilities

As the Group did not have any financial liabilities measured at fair value through profit or loss, there were no gains or losses arising from fair value changes of financial liabilities for the current quarter and financial year-to-date.

24 Material Litigation

As announced on 26 September 2012, the Company's wholly-owned subsidiary, Seri Modalwan Sdn Bhd ("SM"), had on 24 September 2012 received a Writ of Summons and Statement of Claim dated 20 September 2012 from a customer, namely PT Mainstream Indonesia ("PTMI") and its affiliate, Mainstream Venture Sdn Bhd ("collectively referred to as the Plaintiffs") pertaining to the loss of use and damage to PTMI's vessel while under repair at SM's premises. The Plaintiffs alleged that the damage to the subject vessel by fire was due to negligence of SM, which allegation was denied by SM. The Plaintiffs claim for the sum of RM7,927,314.46 being the cost of the subject vessel and the loss of income for the subject vessel from September 2011 to July 2012 and other relevant costs, interest, cost and such other relief as may be appropriate or just. As announced on 19 November 2012, SM had via its solicitors filed a Statement of Defence on 16 November 2012 in response to the Statement of Claim served by the Plaintiffs. Subsequently on 30 November 2012, the Plaintiffs served a Statement of Reply against SM. The trial of litigation proceedings between SM and the Plaintiffs has been finished on 13 November 2013. On 4 March 2014, SM received a correspondence from its solicitors informing that the High Court at Sandakan had adjudged that the Plaintiffs' claims against SM be dismissed with costs of RM50,000 to SM. However, on 19 March 2014, the Plaintiffs had lodged an appeal to the Court of Appeal against the decision made. To-date, there is no further development on the above litigation proceedings.

The Group is not engaged in other material litigation and is not aware of any proceedings which may materially affect the position or business of the Group as at 24 February 2015.



25 Dividend Payable

On 24 February 2015, the Directors declared a second interim single-tier dividend of 19% equivalent to 3.8 sen per ordinary share in respect of the financial year ended 31 December 2014. This dividend will be payable on 27 March 2015 to depositors registered in the Records of Depositors at close of business on 12 March 2015. The dividend declared in the corresponding period of last year was 3.4 sen.

Inclusive of the first interim single-tier dividend of 3.4 sen per ordinary share paid on 26 September 2014, the total single-tier dividend distribution per ordinary share in respect of the financial year ended 31 December 2014 was 7.2 sen.

26 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 December 2014	Cumulative 12 months ended 31 December 2014
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	39,089	190,767
Weighted average number of ordinary shares in issue ('000)	531,220	520,488
Basic earnings per share (sen)	7.36	36.65

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 warrants ("Warrants"). The dilutive portion of the ordinary shares deemed issued pursuant to the Warrants are accounted for in the diluted earnings per share calculation.

	Individual 3 months ended 31 December 2014	Cumulative 12 months ended 31 December 2014
<i>Diluted earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	39,089	190,767
Weighted average number of ordinary shares in issue ('000)	531,220	520,488
Effect of dilution of Warrants ('000)	2,720	16,999
Adjusted weighted average number of ordinary shares ('000)	533,940	537,487
Diluted earnings per share (sen)	7.32	35.49

As at the end of the quarter, there was only one class of shares in issue and they ranked pari passu among each other.



COASTAL CONTRACTS BHD (Company No. 517649-A)

27 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 31 December 2013 was not subject to any qualification.

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 24 February 2015.