



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

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

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 30.06.2023 RM'000 (unaudited)	3 months ended 30.06.2022 RM'000 (unaudited)	12 months ended 30.06.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
Revenue	8	56,806	58,073	226,839	232,698
Cost of sales and services		(41,809)	(37,306)	(147,262)	(145,000)
Gross profit		<u>14,997</u>	<u>20,767</u>	<u>79,577</u>	<u>87,698</u>
Other income		196,081	82,446	368,959	127,966
Administrative expenses		(4,279)	(5,847)	(21,425)	(30,243)
Other expenses		(11,962)	(5,032)	(59,757)	(8,029)
Finance costs		(9,150)	(10,539)	(33,726)	(15,175)
Loss on disposal of effective interest in joint venture		(155,322)	-	(155,322)	-
Share of (loss) / profit of joint venture, net of tax		(66,613)	33,834	247,952	51,485
(Loss) / Profit before tax	8, 19	<u>(36,248)</u>	<u>115,629</u>	<u>426,258</u>	<u>213,702</u>
Income tax expense	20	(11,511)	(10,418)	(36,538)	(30,077)
(Loss) / Profit for the period		<u><u>(47,759)</u></u>	<u><u>105,211</u></u>	<u><u>389,720</u></u>	<u><u>183,625</u></u>
Attributable to:					
Owners of the Company		(49,590)	104,409	384,067	180,196
Non-controlling interests		1,831	802	5,653	3,429
		<u><u>(47,759)</u></u>	<u><u>105,211</u></u>	<u><u>389,720</u></u>	<u><u>183,625</u></u>
(Loss) / Earnings per share attributable to owners of the Company:					
- basic (sen)	25	(9.30)	19.86	72.53	34.41
- diluted (sen)	25	<u><u>(8.95)</u></u>	<u><u>19.11</u></u>	<u><u>69.57</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 30 JUNE 2023

	INDIVIDUAL		CUMULATIVE	
	3 months ended 30.06.2023 RM'000 (unaudited)	3 months ended 30.06.2022 RM'000 (unaudited)	12 months ended 30.06.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
(Loss) / Profit for the period	(47,759)	105,211	389,720	183,625
Other comprehensive income / (loss):				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Cash flow hedge:				
- Fair value (loss) / gain on derivatives	-	(49)	-	26
Currency translation differences arising from consolidation	15(a) 54,758	42,676	42,549	48,662
Share of other comprehensive income of joint venture:				
- Currency translation differences	30,541	4,327	60,180	6,552
Total comprehensive income for the period	<u>37,540</u>	<u>152,165</u>	<u>492,449</u>	<u>238,865</u>
Attributable to:				
Owners of the Company	35,124	151,175	486,266	235,228
Non-controlling interests	<u>2,416</u>	<u>990</u>	<u>6,183</u>	<u>3,637</u>
	<u>37,540</u>	<u>152,165</u>	<u>492,449</u>	<u>238,865</u>

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		As at 30.06.2023 RM'000 (unaudited)	As at 30.06.2022 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		504,709	714,619
Right-of-use assets		8,318	7,739
Investment in joint ventures		217,472	95,595
Investment properties		3,158	3,240
Investment securities	14	11,708	11,958
Trade receivables		100,250	125,904
		<u>845,615</u>	<u>959,055</u>
Current assets			
Inventories		25,489	25,017
Trade receivables	15(b)	283,592	111,966
Contract assets		-	212
Other receivables		18,608	26,624
Amount due from joint ventures		753,594	650,548
Short term investments	14	13,227	15,554
Tax recoverable		304	253
Cash and bank balances		171,797	223,114
		<u>1,266,611</u>	<u>1,053,288</u>
TOTAL ASSETS	8	<u>2,112,226</u>	<u>2,012,343</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		320,747	311,976
Treasury shares		(15,364)	(13,336)
Share option reserve		9,048	10,897
Currency translation reserve		390,057	321,176
Retained earnings		1,107,649	723,459
Equity attributable to owners of the Company		<u>1,812,137</u>	<u>1,354,172</u>
Non-controlling interests		10,875	4,692
Total equity		<u>1,823,012</u>	<u>1,358,864</u>
Non-current liabilities			
Borrowings	22	42,374	119,521
Lease liabilities		544	183
Deferred tax liabilities		2,378	4,196
		<u>45,296</u>	<u>123,900</u>
Current liabilities			
Borrowings	22	43,858	343,766
Lease liabilities		1,062	571
Trade payables		149,382	140,850
Contract liabilities		3,173	-
Other payables		43,742	41,542
Income tax payable		2,701	2,850
		<u>243,918</u>	<u>529,579</u>
Total liabilities	8	<u>289,214</u>	<u>653,479</u>
TOTAL EQUITY AND LIABILITIES		<u>2,112,226</u>	<u>2,012,343</u>
Net assets per share (RM)		<u>3.4014</u>	<u>2.5718</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Note	Attributable to owners of the Company						Non-controlling interests	Equity, Total	
	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Cash flow hedge reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>12 months ended 30 June 2022 (audited)</u>									
Balance at 1 July 2021	307,050	(12,700)	-	266,169	(26)	543,241	1,103,734	1,055	1,104,789
Purchase of treasury shares	-	(636)	-	-	-	-	(636)	-	(636)
Issuance of ordinary shares pursuant to the ESOS	4,926	-	(969)	-	-	-	3,957	-	3,957
Share options granted under ESOS	-	-	11,866	-	-	22	11,888	-	11,888
Total comprehensive income for the period	-	-	-	55,007	26	180,196	235,229	3,637	238,866
Balance at 30 June 2022	311,976	(13,336)	10,897	321,176	-	723,459	1,354,172	4,692	1,358,864
<u>12 months ended 30 June 2023 (unaudited)</u>									
Balance at 1 July 2022	311,976	(13,336)	10,897	321,176	-	723,459	1,354,172	4,692	1,358,864
Purchase of treasury shares	6	(2,028)	-	-	-	-	(2,028)	-	(2,028)
Issuance of ordinary shares pursuant to the ESOS	8,771	-	(1,726)	-	-	-	7,045	-	7,045
Value of share options forfeited	-	-	(123)	-	-	123	-	-	-
Total comprehensive income for the period	-	-	-	102,199	-	384,067	486,266	6,183	492,449
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

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	CUMULATIVE	
	12 months ended 30.06.2023 RM'000 (unaudited)	12 months ended 30.06.2022 RM'000 (audited)
<u>Operating Activities</u>		
Profit before tax	426,258	213,702
Adjustments for non-cash items	(195,411)	(14,023)
Operating cash flows before changes in working capital	230,847	199,679
Changes in working capital:		
Increase in inventories	(1,474)	(1,576)
Increase in receivables	(112,433)	(120,095)
(Decrease) / Increase in payables	(1,448)	28,935
Cash flows from operations	115,492	106,943
Interest paid	(26,599)	(4,178)
Income tax paid	(38,714)	(21,356)
Net cash flows from operating activities	50,179	81,409
<u>Investing Activities</u>		
Interest received	108,945	17,810
Investment in joint venture	-	(26,088)
Cash flows for loss of control in a subsidiary	-	(10,616)
Loan to joint venture	(61,635)	(532,509)
Proceeds from disposal of effective interest in joint venture	5	-
Net purchase of investment securities	(16)	(585)
Net proceeds from disposal of short term investments	3,118	95,362
Income received from investments	859	1,614
Proceeds from disposal of property, plant and equipment	278,640	115,104
Purchase of property, plant and equipment	(329)	(36,166)
Net cash flows from / (used in) investing activities	329,587	(376,074)
<u>Financing Activities</u>		
Proceeds from issuance of ordinary shares	7,045	3,957
Purchase of treasury shares	(2,028)	(636)
Payment of lease liabilities	(1,115)	(1,053)
Net (repayment) / proceeds from drawdown of borrowings	(387,711)	354,212
Net cash flows (used in) / from financing activities	(383,809)	356,480
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(4,043)	61,815
Effect of foreign exchange rate changes	(47,274)	(2,404)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	223,114	163,703
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	171,797	223,114
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	91,576	79,104
Cash and bank balances	80,221	144,010
Cash and cash equivalents at end of financial period	171,797	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 30 JUNE 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.

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 7,116,310 new ordinary shares were issued pursuant to the Company's Employees' Share Option Scheme.



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- (b) For the 12-months period ended 30 June 2023, 905,100 ordinary shares were repurchased in the open market at an average price of RM2.23 per share. The total consideration paid for the repurchase including transaction costs amounted to RM2,027,882 and were financed by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 30 June 2023, the total number of treasury shares held was 13,706,600 ordinary shares.

7 Dividend Paid

No dividend was paid in the current quarter under review.

8 Segment Information

Segment information is presented in respect of the Group's primary business segments, which is based on the Company's management and internal reporting structure.

	Gas Processing RM'000	Vessel Chartering RM'000	Shipbuilding and Shiprepair RM'000	Eliminations RM'000	Consolidated RM'000
<u>3 months ended 30 June 2023</u>					
<i>Revenue</i>					
External revenue	38,790	17,340	676	-	56,806
Inter-segment revenue	4,321	150	2,702	(7,173)	-
Total revenue	43,111	17,490	3,378	(7,173)	56,806
<i>Results</i>					
(Loss) / profit before tax	(158,686)	127,950	(5,512)	-	(36,248)
<u>12 months ended 30 June 2023</u>					
<i>Revenue</i>					
External revenue	154,337	71,524	978	-	226,839
Inter-segment revenue	4,321	150	5,918	(10,389)	-
Total revenue	158,658	71,674	6,896	(10,389)	226,839
<i>Results</i>					
Profit / (loss) before tax	299,605	127,015	(362)	-	426,258
Total Assets					
30 June 2023	1,698,073	348,333	65,820	-	2,112,226
30 June 2022	1,495,847	433,711	82,785	-	2,012,343
Total Liabilities					
30 June 2023	52,198	37,304	199,712	-	289,214
30 June 2022	365,123	110,585	177,771	-	653,479

9 Subsequent Event

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

10 Changes in the Composition of the Group

There was no change in the composition of the Group for the financial period under review.



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11 Contingent Liabilities and Contingent Assets

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

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to the Group	<u>105,310</u>

As at 30 June 2023, the Group is contingently liable for RM38,530,000 of banking facilities utilised by the Group.

(b) *Contingent liabilities of the joint venture*

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

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

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

12 Capital Commitments

	As at 30 June 2023 RM'000
<i>Capital expenditure:</i>	
- Property, plant and equipment of the joint venture	<u>63,567</u>

13 Related Party Transactions

	Individual 3 months ended 30 June 2023 RM'000	Cumulative 12 months ended 30 June 2023 RM'000
<i>Transactions with Directors of the Company:</i>		
- Rent of premises	34	99
<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	20
<i>Transactions with a joint venture:</i>		
- Interest income	20,673	98,283
- Service fee income	689	4,112

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 (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 2023, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<i>Financial assets</i>				
Investment securities	11,708	-	-	11,708
Short term investments	13,227	-	-	13,227
	<u>24,935</u>	<u>-</u>	<u>-</u>	<u>24,935</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 reported a slightly higher revenue of RM56.8 million in the current quarter ended 30 June 2023 (4Q2023) as compared to the RM55.7 million achieved in preceding quarter (3Q2023), a marginal increase of 2%. Year-on-year (4Q2022), revenue was slightly decreased by 2% from RM58.1 million.

Gas Processing Division

The division achieved marginally higher revenue of RM38.8 million in 4Q2023 compared to RM37.1 million in 3Q2023 and RM38.4 million in 4Q2022, an increase of 5% and 1% respectively. The fluctuation in revenue was mainly attributed to the impact of foreign exchange fluctuation on USD denominated income.

The division reported a loss before tax of RM158.7 million in 4Q2023, as compared to the profit before tax of RM159.6 million and RM78.9 million achieved in 3Q2023 and 4Q2022, respectively. The loss occurred this quarter was mainly due to the share of loss from joint venture of RM66.6 million, as well as loss on disposal of effective interest in a joint venture of RM155.3 million as a result of the completion of the 50% shares transfer in the joint venture on 29 June 2023.

Vessel Chartering Division

The revenue generated from this division in 4Q2023 stood at RM17.3 million, eased by RM1.3 million (or 7%) from RM18.6 million recorded in 3Q2023 and by RM2.0 million (or 10%) from RM19.3 million in 4Q2022. The reduction in revenue this quarter was mainly attributed to the lower vessel utilisation rate.

The division's profit before tax in 4Q2023 has jumped significantly to RM128.0 million from RM2.9 million in 3Q2023 and RM37.6 million in 4Q2022. The significant increase in profit this quarter was mainly attributed to the gain on disposal of 2 units offshore support vessel.

Shipbuilding and Shiprepair Division

The revenue generated from this division in 4Q2023 was RM0.7 million. No revenue was posted in 3Q2023. For 4Q2022, the revenue recorded was RM0.3 million. This division's revenue was generated from ship repairing contract works.

The division recorded a greater loss before tax of RM5.5 million in 4Q2023, against the RM3.7 million posted in 3Q2023. The higher loss incurred in 4Q2023 was mainly due to inventories written down. For 4Q2022, the division posted a loss before tax of RM0.9 million. The lower loss in 4Q2022 compared to current quarter was mainly attributed to the reversal of impairment loss on receivables and inventories in last year.



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- (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 RM283.6 million of short term trade receivables as at 30 June 2023, RM6.8 million was subsequently received by the Group.

16 Material Change in Profit Before Tax

The Group made a loss before tax of RM36.2 million in 4Q2023, against the profit before tax of RM158.8 million and RM115.6 million achieved in 3Q2023 and 4Q2022, respectively. The loss in current quarter was mainly attributed to the loss on disposal of effective interest in a joint venture of RM155.3 million as a result of the completion of the 50% shares transfer in the joint venture on 29 June 2023.

17 Prospects

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

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

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

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

18 Explanatory Notes for Variance of Forecast and Profit Guarantee

The Company did not issue any profit forecast or profit guarantee and therefore, this note is not applicable.

19 Profit Before Tax

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

	Individual 3 months ended 30 June 2023 RM'000	Cumulative 12 months ended 30 June 2023 RM'000
Interest income	25,726	115,750
Other income	6,936	29,357
Gain on disposal of vessels	127,255	127,255
Depreciation and amortisation	22,550	94,648



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	Individual 3 months ended 30 June 2023 RM'000	Cumulative 12 months ended 30 June 2023 RM'000
Inventories written down	1,919	1,919
Reversal of inventories written down	2	11
Impairment loss on receivables	8,574	8,574
Reversal of impairment loss on receivables	276	276
Fair value gain on short term investments	218	570
Fair value loss on quoted investments	400	994
Foreign exchange gain (net)	34,605	47,499

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 30 June 2023 RM'000	Cumulative 12 months ended 30 June 2023 RM'000
Income tax expense comprises:		
Current tax charge	9,813	38,428
Deferred tax charge / (reversal)	1,698	(1,890)
	11,511	36,538

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

21 Status of Corporate Proposals

On 17 February 2021, the Company and its Mexican strategic business partner, Grupo Empresarial Alfair S.A.P.I. De C.V. ("Alfair"), has entered into a Share Purchase Agreement ("SPA") to sell and transfer its 50% equity interest in its indirect wholly owned subsidiary, Coastoil Dynamic S.A. De C.V. (the Joint Venture Company or "JVC"), to its JV Partner, Alfair. On the same date, a Shareholders Agreement ("SA") was entered among a wholly owned subsidiary of the Company, Coastal Marine Pte Ltd, Alfair and JVC to set out the rights and obligations of Coastal Marine Pte Ltd and Alfair ("JV Partners") under the JVC. The SPA, SA and other executed related documents are collectively known as "Transaction Documents". Pursuant to the Transaction Documents, the JVC shall undertake an onshore gas sweetening plant project in Mexico for Petroleos Mexicanos ("Pemex"), Mexican state-owned petroleum company. The completion of the Joint Venture is subject to the fulfilment and satisfaction of the condition precedents stipulated in the Transaction Documents.

On 30 December 2021, the Joint Venture was completed as all the conditions precedents stipulated in the Transaction Documents have been fulfilled. On 29 June 2023, the Company completed its 50% shares transfer to Alfair pursuant to the Transaction Documents. With this completion of 50% shares transfer, the Company has accounted the effect of the completion of 50% shares transfer as loss on disposal of effective interest in joint venture.



COASTAL CONTRACTS BHD.

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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 2023 RM'000
Short term	
Secured	26,491
Unsecured	17,367
	<u>43,858</u>
Long term	
Secured	16,324
Unsecured	26,050
	<u>42,374</u>
Total	<u><u>86,232</u></u>

Apart from RM17.0 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 0.048 from last quarter's 0.236. The reduction was mainly due to repayment of short term borrowings. Internally generated funds derived from operations were utilised to sustain the Group's working capital requirements during the quarter under review.

The current gearing is within management comfort level.

23 Material Litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which may materially affect the position or business of the Group as at 30 August 2023.

24 Dividend Payable

No interim dividend has been declared for the current quarter ended 30 June 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 30 June 2023	Cumulative 12 months ended 30 June 2023
<i>Basic (loss) / earnings per share</i>		
(Loss) / Profit attributable to owners of the Company (RM'000)	(49,590)	384,067
Weighted average number of ordinary shares in issue ('000)	533,001	529,561
Basic (loss) / earnings per share (sen)	(9.30)	72.53



COASTAL CONTRACTS BHD.

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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 30 June 2023	Cumulative 12 months ended 30 June 2023
<i>Diluted (loss) / earnings per share</i>		
(Loss) / Profit attributable to owners of the Company (RM'000)	(49,590)	384,067
Weighted average number of ordinary shares in issue ('000)	533,001	529,561
Effect of dilution of ESOS ('000)	21,107	22,463
Adjusted weighted average number of ordinary shares ('000)	<u>554,108</u>	<u>552,024</u>
Diluted (loss) / earnings per share (sen)	(8.95)	69.57

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 Authorisation for Issue

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