



COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

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

	Note	INDIVIDUAL		CUMULATIVE	
		3 months ended 31.03.2023 RM'000 (unaudited)	3 months ended 31.03.2022 RM'000 (unaudited)	9 months ended 31.03.2023 RM'000 (unaudited)	9 months ended 31.03.2022 RM'000 (unaudited)
Revenue	8	55,736	53,841	170,033	180,852
Cost of sales and services		(32,752)	(33,849)	(105,453)	(107,699)
Gross profit		<u>22,984</u>	<u>19,992</u>	<u>64,580</u>	<u>73,153</u>
Other income		31,852	17,843	172,878	45,363
Administrative expenses		(5,490)	(4,189)	(17,146)	(24,396)
Other expenses		(11,269)	(528)	(47,795)	(9,023)
Finance costs		(9,179)	(3,359)	(24,576)	(4,635)
Share of profit of joint venture, net of tax		129,874	19,973	314,565	19,973
Profit before tax	8, 19	<u>158,772</u>	<u>49,732</u>	<u>462,506</u>	<u>100,435</u>
Income tax expense	20	(3,485)	(4,431)	(25,027)	(19,659)
Profit for the period		<u><u>155,287</u></u>	<u><u>45,301</u></u>	<u><u>437,479</u></u>	<u><u>80,776</u></u>
Attributable to:					
Owners of the Company		153,657	44,315	433,657	78,065
Non-controlling interests		<u>1,630</u>	<u>986</u>	<u>3,822</u>	<u>2,711</u>
		<u><u>155,287</u></u>	<u><u>45,301</u></u>	<u><u>437,479</u></u>	<u><u>80,776</u></u>
Earnings per share attributable to owners of the Company:					
- basic (sen)	25	28.91	8.46	82.07	14.93
- diluted (sen)	25	<u>27.71</u>	<u>8.12</u>	<u>78.66</u>	<u>14.81</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 MARCH 2023

	INDIVIDUAL		CUMULATIVE	
	3 months ended 31.03.2023 RM'000 (unaudited)	3 months ended 31.03.2022 RM'000 (unaudited)	9 months ended 31.03.2023 RM'000 (unaudited)	9 months ended 31.03.2022 RM'000 (unaudited)
Profit for the period	155,287	45,301	437,479	80,776
Other comprehensive income / (loss):				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Cash flow hedge:				
- Fair value gain on derivatives	-	43	-	75
Currency translation differences arising from consolidation	15(a) 9,016	6,368	(12,209)	6,043
Share of other comprehensive income of joint venture:				
- Currency translation differences	28,138	2,278	29,639	2,278
Total comprehensive income for the period	<u>192,441</u>	<u>53,990</u>	<u>454,909</u>	<u>89,172</u>
Attributable to:				
Owners of the Company	190,818	52,981	451,142	86,438
Non-controlling interests	<u>1,623</u>	<u>1,009</u>	<u>3,767</u>	<u>2,734</u>
	<u>192,441</u>	<u>53,990</u>	<u>454,909</u>	<u>89,172</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.
Registration No. 200001015043 (517649-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

		As at 31.03.2023 RM'000 (unaudited)	As at 30.06.2022 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		645,796	714,619
Right-of-use assets		8,845	7,739
Investment in joint ventures		441,118	95,595
Investment properties		3,178	3,240
Investment securities	14	11,765	11,958
Trade receivables		102,716	125,904
		<u>1,213,418</u>	<u>959,055</u>
Current assets			
Inventories		27,014	25,017
Trade receivables	15(b)	215,746	111,966
Contract assets		-	212
Other receivables		29,796	26,624
Amount due from joint ventures		763,781	650,548
Short term investments	14	14,143	15,554
Tax recoverable		273	253
Cash and bank balances		181,316	223,114
		<u>1,232,069</u>	<u>1,053,288</u>
TOTAL ASSETS	8	<u>2,445,487</u>	<u>2,012,343</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		319,760	311,976
Treasury shares		(13,336)	(13,336)
Share option reserve		9,271	10,897
Currency translation reserve		338,661	321,176
Retained earnings		1,157,210	723,459
Equity attributable to owners of the Company		<u>1,811,566</u>	<u>1,354,172</u>
Non-controlling interests		8,459	4,692
Total equity		<u>1,820,025</u>	<u>1,358,864</u>
Non-current liabilities			
Borrowings	22	89,567	119,521
Lease liabilities		916	183
Deferred tax liabilities		608	4,196
		<u>91,091</u>	<u>123,900</u>
Current liabilities			
Borrowings	22	338,578	343,766
Lease liabilities		1,054	571
Trade payables		141,575	140,850
Other payables		49,251	41,542
Income tax payable		3,913	2,850
		<u>534,371</u>	<u>529,579</u>
Total liabilities	8	<u>625,462</u>	<u>653,479</u>
TOTAL EQUITY AND LIABILITIES		<u>2,445,487</u>	<u>2,012,343</u>
Net assets per share (RM)		<u>3.3997</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 MARCH 2023

	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	
9 months ended 31 March 2022 (unaudited)									
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	3,442	-	(677)	-	-	-	2,765	-	2,765
Share options granted under ESOS	-	-	11,888	-	-	-	11,888	-	11,888
Total comprehensive income for the period	-	-	-	8,298	75	78,065	86,438	2,734	89,172
Balance at 31 March 2022	310,492	(13,336)	11,211	274,467	49	621,306	1,204,189	3,789	1,207,978
9 months ended 31 March 2023 (unaudited)									
Balance at 1 July 2022	311,976	(13,336)	10,897	321,176	-	723,459	1,354,172	4,692	1,358,864
Issuance of ordinary shares pursuant to the ESOS	7,784	-	(1,532)	-	-	-	6,252	-	6,252
Value of share options forfeited	-	-	(94)	-	-	94	-	-	-
Total comprehensive income for the period	-	-	-	17,485	-	433,657	451,142	3,767	454,909
Balance at 31 March 2023	319,760	(13,336)	9,271	338,661	-	1,157,210	1,811,566	8,459	1,820,025

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 MARCH 2023**

	CUMULATIVE	
	9 months ended 31.03.2023 RM'000 (unaudited)	9 months ended 31.03.2022 RM'000 (unaudited)
<u>Operating Activities</u>		
Profit before tax	462,506	100,435
Adjustments for non-cash items	(275,594)	55,308
Operating cash flows before changes in working capital	186,912	155,743
Changes in working capital:		
Increase in inventories	(1,830)	(1,475)
Increase in receivables	(76,484)	(70,234)
(Decrease) / Increase in payables	(7,098)	33,079
Cash flows from operations	101,500	117,113
Interest paid	(8,162)	(6,279)
Income tax paid	(27,588)	(14,983)
Net cash flows from operating activities	65,750	95,851
<u>Investing Activities</u>		
Interest received	70,433	7,823
Cash flows for loss of control in a subsidiary	-	(10,616)
Loan to joint venture	(99,344)	(245,103)
Net purchase of investment securities	(16)	(549)
Net proceeds from disposal of short term investments	1,763	95,891
Income received from investments	535	1,395
Proceeds from disposal of property, plant and equipment	-	776
Purchase of property, plant and equipment	(142)	(36,177)
Net cash flows used in investing activities	(26,771)	(186,560)
<u>Financing Activities</u>		
Proceeds from issuance of ordinary shares	6,252	2,765
Purchase of treasury shares	-	(636)
Payment of lease liabilities	(865)	(784)
Net (repayment) / proceeds from drawdown of borrowings	(39,917)	153,457
Net cash flows (used in) / from financing activities	(34,530)	154,802
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,449	64,093
Effect of foreign exchange rate changes	(46,247)	(5,706)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	223,114	163,703
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	181,316	222,090
* Cash and cash equivalents at end of financial period comprise the following:		
Fixed deposits	71,614	87,560
Cash and bank balances	109,702	134,530
Cash and cash equivalents at end of financial period	181,316	222,090

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 MARCH 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 6,315,620 new ordinary shares were issued pursuant to the Company's Employees' Share Option Scheme.
- (b) As at 31 March 2023, the total number of treasury shares held was 12,801,500 ordinary shares.



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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 March 2023</u>					
Revenue					
External revenue	37,110	18,626	-	-	55,736
Inter-segment revenue	-	-	899	(899)	-
Total revenue	<u>37,110</u>	<u>18,626</u>	<u>899</u>	<u>(899)</u>	<u>55,736</u>
Results					
Profit / (loss) before tax	<u>159,563</u>	<u>2,870</u>	<u>(3,661)</u>	<u>-</u>	<u>158,772</u>
<u>9 months ended 31 March 2023</u>					
Revenue					
External revenue	115,547	54,184	302	-	170,033
Inter-segment revenue	-	-	3,216	(3,216)	-
Total revenue	<u>115,547</u>	<u>54,184</u>	<u>3,518</u>	<u>(3,216)</u>	<u>170,033</u>
Results					
Profit / (loss) before tax	<u>458,291</u>	<u>(935)</u>	<u>5,150</u>	<u>-</u>	<u>462,506</u>
Total Assets					
31 March 2023	2,001,985	382,266	61,236	-	2,445,487
30 June 2022	<u>1,495,847</u>	<u>433,711</u>	<u>82,785</u>	<u>-</u>	<u>2,012,343</u>
Total Liabilities					
31 March 2023	347,145	91,654	186,663	-	625,462
30 June 2022	<u>365,123</u>	<u>110,585</u>	<u>177,771</u>	<u>-</u>	<u>653,479</u>

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.

11 Contingent Liabilities and Contingent Assets

	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to the Group	<u>172,510</u>

As at 31 March 2023, the Group is contingently liable for RM97,080,000 of banking facilities utilised by the Group.



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12 Capital Commitments

	As at 31 March 2023 RM'000
<i>Capital expenditure:</i>	
- Property, plant and equipment of the joint venture	<u>30,469</u> #

Includes the Group's portion (after the completion of the Shares Sale stated in Note 21) of capital commitment under the Joint Venture Company (defined in Note 21).

13 Related Party Transactions

	Individual 3 months ended 31 March 2023 RM'000	Cumulative 9 months ended 31 March 2023 RM'000
<i>Transactions with Directors of the Company:</i>		
- Rent of premises	10	65
<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	15
<i>Transactions with a joint venture:</i>		
- Interest income	23,553	77,610
- Service fee income	654	3,423

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

14 Fair Value of Financial Instruments

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

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

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

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

As at 31 March 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	11,765	-	-	11,765
Short term investments	14,143	-	-	14,143
	<u>25,908</u>	<u>-</u>	<u>-</u>	<u>25,908</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.



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15 Detailed Analysis of Performance

The Group's revenue for the 3 months ended 31 March 2023 (3Q2023) stood at RM55.7 million, 11% lower compared to the RM62.4 million achieved in previous quarter (2Q2023). Against the corresponding quarter a year ago (3Q2022), revenue was up by 4% from RM53.8 million.

Gas Processing Division

The division recorded a quarter-on-quarter decrease in revenue from RM39.6 million to RM37.1 million. Compared 3Q2022, the revenue scaled up by 4% from RM35.6 million. The fluctuation in revenue generated over the quarters was mainly attributed to the impact of foreign exchange fluctuation on USD denominated income.

The division's profit before tax climbed 16% to RM159.6 million in 3Q2023 from RM138.1 million in 2Q2023, owing to the higher profit contributed from the joint venture because of higher profit contributed by Papan Plant in this quarter. Against 3Q2022, current quarter's profit before tax has jumped 211% from RM51.3 million. The better showing this quarter was mainly due to higher interest income earned from loan granted to a joint venture and greater profit shared from joint venture.

Vessel Chartering Division

The division booked a lower revenue of RM18.6 million in 3Q2023 as compared to 2Q2023's RM22.7 million, a reduction of 18%. The decrease in revenue this quarter was mainly attributed to the expiration of a short term charter contract during the quarter. For 3Q2022, the revenue recorded was RM18.3 million which was fairly consistent with current quarter's revenue.

The division achieved a higher profit before tax margin of 15% (RM2.9 million) in 3Q2023 as compared to the 6% (RM1.3 million) and 4% (RM0.6 million) reported in 2Q2023 and 3Q2022, respectively. The better showing this quarter was mainly attributed to lower overhead expenses incurred.

Shipbuilding and Shiprepair Division

No revenue was generated from this division in 3Q2023. The revenue posted in 2Q2023 and 3Q2022 were RM0.1 million and RM10,000, respectively. This division's revenue was generated from ship repairing contract works.

The division reported a loss before tax of RM3.7 million in 3Q2023, as compared to the profit before tax of RM11.6 million recorded in 2Q2023. The profit derived in 2Q2023 was mainly due to receipt of an one-off compensation related to non-conformities of a vessel's parts and equipments from a supplier. For 3Q2022, the division posted a loss before tax of RM2.2 million. The losses incurred in 3Q2023 and 3Q2022 were attributed to the underperformance of the division.

- (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 RM215.7 million of short term trade receivables as at 31 March 2023, RM4.9 million was subsequently received by the Group.

16 Material Change in Profit Before Tax

The Group achieved a higher profit before tax of RM158.8 million in 3Q2023 compared to RM151.0 million reported in 2Q2023, an increase of 5%. Against 3Q2022, the profit before tax has risen 220% from RM49.7 million. The year-on-year improved performance was mainly attributed to the higher profit shared from the joint venture and interest income earned from loan granted to the joint venture.

17 Prospects

In view of the most rapid vaccine rollout globally, the global economy is expected to recover quickly from the Covid-19 pandemic triggered recession. At the meantime, joint commitment of Organisation of the Petroleum Exporting Countries (OPEC) plus non-OPEC major producers in tightening their supply shall further stabilise the global oil market. Given the strong recovery of oil prices driven by vaccine optimism and oil producers' supply cuts, Coastal Group shall have plenty of opportunities to materialise more deals in the short to medium term.



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In accommodating long term demand for fossil fuels, Enhanced Oil Recovery (EOR) technology has been practised immensely since the past few years to ensure optimum exploitation of oil resources. With the Jack-up Gas Compression Service Unit (“JUGCSU”) charter contract secured by the Group, which is currently in operation, the Group is able to effectively leverage its competitive advantage and strong foothold in this sector with promising prospects. Recently, Coastal Group diversified its earnings portfolio in Mexico by venturing into gas sweetening processing plant project. Natural gas burns fewer emissions of air pollutants and carbon dioxide compared to other types of fossils to produce equal amount of energy. Globally, the demand trend for natural gas is expected to increase mainly due to the development of industries and growth in electricity demand using natural gas as power generation source. In view of the above, the Management is optimistic with the prospect of our Gas Processing Division.

The Management believes that the OSV market remains oversupplied but the market equilibrium has improved since FY2019 mainly due to the gradual increase in upstream activities and also due to increasing consensus that a large number of vessels which have been laid up during the downturn may not return to service due to high reactivation costs and the reluctance of oil companies to contract vessels which have been out of service for longer period. These circumstances may reduce some of the supply overhang and provide a good opportunity for our shipbuilding division in the next few years. While waiting for the recovery of OSV market, Coastal Group has embarked into liftboat chartering with a long term plan to tap into the wind farm renewable energy sector which is currently the fastest growing energy sources in the world.

Other than the above, Coastal Group shall still continue to pursue new business that suits its growth strategies, such as Floating Production Storage and Offloading (FPSO), Floating Production Unit (FPU), Floating Storage and Offloading (FSO), Floating Storage and Regassification Unit (FSRU) and other O & G related projects.

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 March 2023 RM'000	Cumulative 9 months ended 31 March 2023 RM'000
Interest income	28,550	90,024
Other income	2,060	22,421
Depreciation and amortisation	23,211	72,098
Reversal of inventories written down	9	9
Fair value gain on short term investments	157	352
Fair value loss on quoted investments	12	594
Foreign exchange (loss) / gain (net)	(10,179)	12,894

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



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20 Income Tax Expense

	Individual 3 months ended 31 March 2023 RM'000	Cumulative 9 months ended 31 March 2023 RM'000
Income tax expense comprises:		
Current tax charge	10,605	28,615
Deferred tax charge / (reversal)	(7,120)	(3,588)
	<u>3,485</u>	<u>25,027</u>

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) 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**. The Company is in the progress of selling its 50% equity interests in the JVC to Alfair ("Shares Sale"), which would be delayed to second half of FY2023.

The JVC was accounted for as a "Joint Arrangement" using equity accounting method in accordance with MFRS 11 **upon all the conditions precedents stipulated in the Transaction Documents are fulfilled** (as mentioned in the previous paragraph). The Company accounted the results of the JVC according to its current effective shareholdings in the JVC, which is 100% as at 31 March 2023. As the Shares Sale is not completed as at 31 March 2023, the Company is required to account **100% of the JVC's results** under equity accounting method.

The summarised financial information of the JVC as at 31 March 2023 was as follows:

	RM'000
Non-current assets	834,564
Current assets	669,339
Non-current liabilities	(29,700)
Current liabilities	(1,036,160)
Net assets	<u>438,043</u>
Less: Group's contribution for future capital increase in JVC	(24,679)
Adjusted net assets	<u>413,364</u>
Contractual proceeds from Shares Sale	6
Alfair's share of net assets based on the eventual effective shareholdings in the JVC which is 50%	<u>206,682</u>
Effect of the Shares Sale to the Group as at 31 March 2023	<u>(206,676)</u>



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Should the Shares Sale was completed on 31 March 2023 and the equity accounting method been applied in accordance with MFRS 11 based on the Company's **eventual effective shareholdings** in the JVC which is 50%, the Effect of the Shares Sale to the profit for the period would have been as follows:

	Individual 3 months ended 31 March 2023 RM'000	Cumulative 9 months ended 31 March 2023 RM'000
Profit for the period	155,287	437,479
Less: Effect of the Shares Sale	(206,676)	(206,676)
Adjusted (loss) / profit for the period	<u>(51,389)</u>	<u>230,803</u>

Upon completion of the Shares Sale, the Company shall account **50% of the JVC's results** under equity accounting method. In addition, the abovementioned Effect of the Shares Sale would be accounted for as a **loss on disposal of effective interest in the Joint Arrangement**.

22 Group Borrowings and Debt Securities

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

	As at 31 March 2023 RM'000
Short term	
Secured	39,419
Unsecured	<u>299,159</u>
	<u>338,578</u>
Long term	
Secured	60,802
Unsecured	<u>28,765</u>
	<u>89,567</u>
Total	<u>428,145</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 0.236 from last quarter's 0.247. 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 23 May 2023.

24 Dividend Payable

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



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25 Earnings Per Share

Basic earnings per share attributable to owners of the Company

Basic earnings per share of the Group was calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

	Individual 3 months ended 31 March 2023	Cumulative 9 months ended 31 March 2023
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	153,657	433,657
Weighted average number of ordinary shares in issue ('000)	531,533	528,419
Basic earnings per share (sen)	28.91	82.07

Diluted earnings per share attributable to owners of the Company

For diluted earnings per share calculation, the weighted average number of ordinary shares in issue was adjusted to assume that the maximum number of new ordinary shares have been issued pursuant to the share options granted under the ESOS. The dilutive portion of the ordinary shares deemed issued pursuant to the ESOS are accounted for in the diluted earnings per share calculation.

	Individual 3 months ended 31 March 2023	Cumulative 9 months ended 31 March 2023
<i>Diluted earnings per share</i>		
Profit attributable to owners of the Company (RM'000)	153,657	433,657
Weighted average number of ordinary shares in issue ('000)	531,533	528,419
Effect of dilution of ESOS ('000)	22,919	22,868
Adjusted weighted average number of ordinary shares ('000)	<u>554,452</u>	<u>551,287</u>
Diluted earnings per share (sen)	27.71	78.66

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 23 May 2023.