



Coastal Contracts Bhd
(517649-A)

**“Sail Forth,
Grow Beyond”**

Coastal Contracts Bhd (517649-A)

Block G, Lot 3B, Bandar Leila, W.D.T. 259, 90009 Sandakan, Sabah, Malaysia.

T : +60 89 616263

F : +60 89 616654

E : mail@coastalcontracts.com

www.coastalcontracts.com



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at the Registered Office, Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on 23 June 2015 at 11:00 am to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees for the financial year ended 31 December 2014.
3. To re-elect the following Directors:
 - 3.1 Mr Ng Chin Keuan retiring pursuant to Article No. 91 of the Company's Articles of Association and being eligible, offers himself for re-election.
 - 3.2 Mr Ng Chin Heng retiring pursuant to Article No. 91 of the Company's Articles of Association and being eligible, offers himself for re-election.
 - 3.3 Ir. Hj. Intizam Bin Ayub retiring pursuant to Article No. 96 of the Company's Articles of Association and being eligible, offers himself for re-election.
4. To appoint Messrs Crowe Horwath as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young.

Notice of Nomination pursuant to Section 172 (11) of the Companies Act, 1965, a copy of which is annexed on Page 117 of the Annual Report has been received by the Company nominating Messrs Crowe Horwath for appointment as Auditors and of the intention to propose the following ordinary resolution:

"That Messrs Crowe Horwath be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following Resolution:

ORDINARY RESOLUTION

Authority to issue shares under Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals from the relevant statutory and regulatory authorities, where such approvals are necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company from time to time at such price upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Please refer to
Explanatory Notes (a)

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

Resolution 6

Notice of Annual General Meeting (cont'd.)

6. To consider and if thought fit, to pass the following Resolution:

ORDINARY RESOLUTION

Proposed renewal of authority for the Company to purchase its own shares of up to 10% of its issued and paid-up share capital

Resolution 7

"THAT subject to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all other applicable laws, rules, regulations, and orders and the approvals of all relevant regulatory authorities, the Company is hereby authorised to purchase and/or hold such amount of ordinary shares of RM0.20 each ("Shares") in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point in time and that an amount of the funds not exceeding the retained earnings of the Company, be utilised for Share buy-back;

AND THAT such Shares purchased may be retained as treasury shares and/or distributed as dividends and/or resold on the market of Bursa Securities and/or be cancelled, as the Directors may deem fit and expedient in the interest of the Company;

AND THAT such authority hereby given shall take effect immediately and shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which time it shall lapse unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by a resolution passed by the Shareholders in a general meeting, whichever is the earlier;

AND FURTHER THAT the Directors be hereby authorised to do all such acts and things as may be required by the relevant authorities (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorisation."

7. To consider and if thought fit, to pass the following Resolution:

ORDINARY RESOLUTION

Proposed retention of Independent Non-Executive Director

Resolution 8

"THAT approval be and is hereby given for Mr Loh Thian Sang @ Lo Thian Siang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to be retained and to continue to act as an Independent Non-Executive Director of the Company until the next Annual General Meeting. "

8. To transact any other business of the Company of which due notice has been given to the Company.

GENERAL MEETING RECORD OF DEPOSITORS

NOTICE IS ALSO HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the Fifteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article No. 49 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 17 June 2015. Only a depositor whose name appears on the Record of Depositors as at 17 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

By Order of the Board

Dorothy Luk Wei Kam
Company Secretary

Kota Kinabalu, Sabah
Dated: 29 May 2015

Notice of Annual General Meeting (cont'd.)

Notes:

- (a) A member entitled to attend and vote at the meeting is entitled to appoint:
 - (i) at least one (1) proxy but not more than two (2) proxies to attend and vote instead of him; or
 - (ii) multiple proxies where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account").

A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.
- (b) Where a member appoints two (2) proxies to attend and vote at the same meeting, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (c) The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
- (d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, he may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account.
- (e) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Explanatory Notes

(a) Audited Financial Statements for financial year ended 31 December 2014

Agenda 1 is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, it will not be put forward for voting.

(b) Ordinary Resolution - Authority to issue shares under Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution No. 6, if passed, shall give power to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. This general mandate is a renewal of the mandate that was approved by the shareholders on 26 June 2014. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to facilitate the Company to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

(c) Ordinary Resolution - Proposed renewal of authority for the Company to purchase its own shares of up to 10% of its issued and paid-up share capital

The proposed Ordinary Resolution No. 7, if passed, shall empower the Directors of the Company to buy back and/or to hold the shares of the Company not exceeding 10% of its issued and paid-up share capital from time to time being quoted on Bursa Malaysia Securities Berhad as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company. Shareholders are directed to refer to the Circular to Shareholders dated 29 May 2015 for more information.

Notice of Annual General Meeting (cont'd.)

(d) Ordinary Resolution – Proposed Retention of Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance 2012, the Board of Directors has via the Nomination Committee assessed the Independence of Mr Loh Thian Sang @ Lo Thian Siang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non Executive Director of the Company based on the following justifications:-

- (i) He fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) He has extensive experience and knowledge in the marine industry which are relevant to the Group's activities;
- (iii) He has demonstrated his capability as an independent director and provided numerous constructive suggestions to the Board; and
- (iv) His level of independence and competency has not been impaired with time.

The proposed Ordinary Resolution No. 8, if passed, will enable Mr Loh Thian Sang @ Lo Thian Siang to continue in office as Independent Non-Executive Director until the next Annual General Meeting.



Statement Accompanying Notice Of Annual General Meeting

Further details of the individuals who are standing for re-election or re-appointment as Directors in accordance with Agenda 3 of the Notice of Annual General Meeting are set out on pages 10 to 12 of this Annual Report, whereas the details of their interest in the securities of the Company are disclosed on pages 113 to 116 of this Annual Report.



Corporate Information

BOARD OF DIRECTORS

Ng Chin Heng
Executive Chairman

Ng Chin Shin
Executive Director

Ng Chin Keuan
Executive Director

Jacob O Pang Su Yin
Independent Non-Executive Director

Loh Thian Sang @ Lo Thian Siang
Independent Non-Executive Director

Intizam Bin Ayub
Independent Non-Executive Director

AUDIT COMMITTEE

Jacob O Pang Su Yin
Chairman

Loh Thian Sang @ Lo Thian Siang
Member

Intizam Bin Ayub
Member

NOMINATION COMMITTEE

Jacob O Pang Su Yin
Chairman
Loh Thian Sang @ Lo Thian Siang
Member
Intizam Bin Ayub
Member

REMUNERATION COMMITTEE

Jacob O Pang Su Yin
Chairman
Loh Thian Sang @ Lo Thian Siang
Member
Ng Chin Heng
Member

COMPANY SECRETARY

Dorothy Luk Wei Kam, MAICSA 7000414

REGISTERED OFFICE

Block G, Lot 3B, Bandar Leila
W.D.T. No. 259, 90009 Sandakan, Sabah
Tel: +60 89 616263
Fax: +60 89 616654, 611130
Website: <http://www.coastalcontracts.com>

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor Darul Ehsan
Tel: +60 3 78418000
Fax: +60 3 78418151/52
Helpdesk: +60 3 78490777

PRINCIPAL BANKERS

Affin Bank Berhad
AmBank (M) Berhad
Amlslamic Bank Berhad
CIMB Bank Berhad
DBS Bank Ltd
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad
The Hongkong and Shanghai Banking Corporation Ltd
United Overseas Bank Limited

AUDITORS

Ernst & Young (AF 0039)
16th Floor, Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
P.O. Box 648, 90707 Sandakan, Sabah

INDEPENDENT NON-EXECUTIVE DIRECTOR

Loh Thian Sang @ Lo Thian Siang
Tel: +60 16 809 5668
E-mail: lohthiansang@gmail.com

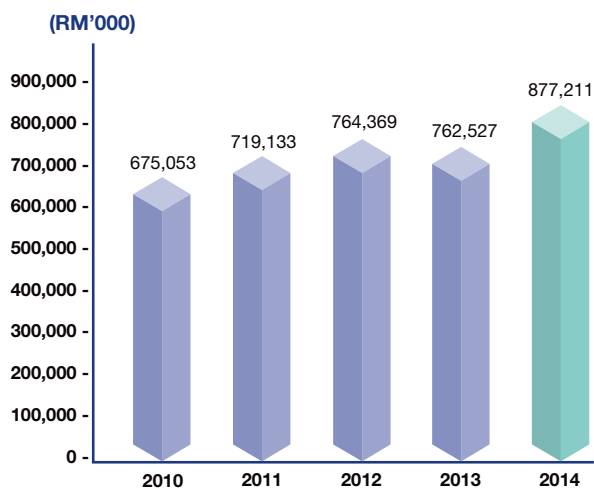
STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)

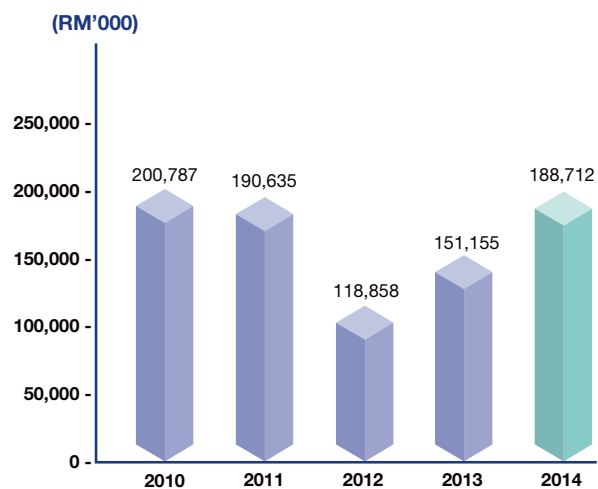
5-Years' Group Financial Summary

	2014	2013	2012	2011	2010
Financial Results (RM'000)					
Revenue	877,211	762,527	764,369	719,133	675,053
Profit before tax	190,879	150,340	117,596	191,321	199,951
Profit after tax	188,712	151,155	118,858	190,635	200,787
Statement of Financial Position (RM'000)					
Total assets	2,088,027	1,543,853	1,155,106	1,131,794	1,092,918
Total borrowings	99,011	16,001	11,537	15,503	51,079
Shareholders' equity	1,427,185	1,002,726	829,809	770,432	602,648
Financial indicators					
Return on equity	15.53%	16.50%	14.86%	27.77%	37.84%
Earnings per share (sen)	36.26	31.29	24.60	39.45	41.55
Net asset per share (sen)	269	207	172	159	125
Net dividend	38,250	30,917	27,054	38,659	19,935
Dividend per share (sen)	7.20	6.40	5.60	8.00	5.50

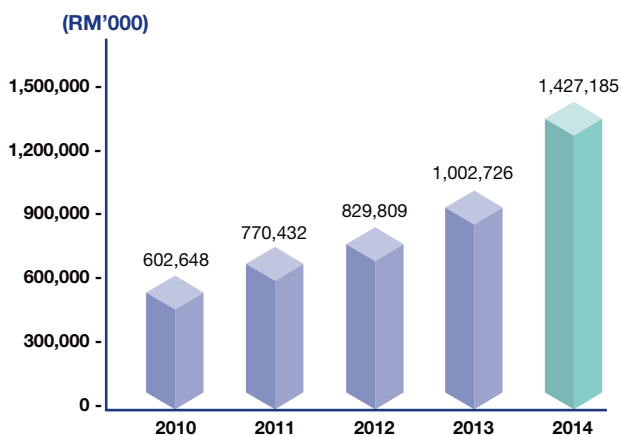
REVENUE



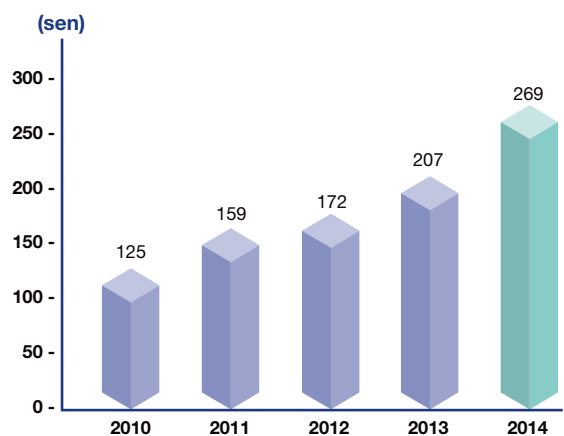
PROFIT AFTER TAX



SHAREHOLDERS' EQUITY



NET ASSET PER SHARE



Corporate Structure



Coastal Contracts Bhd
(517649-A)



Directors' Profiles

The Board currently has six members, comprising three Executive Directors (including the Chairman) and three Independent Non-Executive Directors. A brief description of the background of each Director is presented below:

NG CHIN HENG

aged 66, Malaysian,
Executive Chairman

Mr Ng Chin Heng was appointed as Executive Chairman to the Board on 8 August 2000 and serves as a member of the Remuneration Committee.

He is the principal founder of Coastal Group. Soon after completing the Lower Certificate of Education and gaining work experience in various capacities, Mr Ng Chin Heng started his business endeavour in 1977 trading in animal feed, fertilisers and raw rubber. Subsequently, he ventured into vessel chartering business in 1982 when he acquired Coastal Transport (Sandakan) Sdn Bhd, a tug and barge hire company, which then owned and operated 4 small old tankers. He then acquired the technical and management skills in tugboat and barge repairs and fabrications. He further learned and improved the technical and management aspects of shipyard operations by visiting some of the shipyards in Malaysia, Indonesia, Singapore and China.

Mr Ng Chin Heng is responsible for leadership of the Board of the Company, ensuring its effectiveness and setting its agenda. He meets with shareholders to ensure that there is sufficient and effective communication to understand shareholders' issues and concerns. He is responsible for executing the strategy agreed by the Board and developing objectives through leadership of the senior executive team. He also ensures that the Group's risks are adequately addressed and appropriate internal controls are in place.

Mr Ng Chin Heng attended all five board meetings held during the financial year ended 31 December 2014. He does not hold any directorship in other public company, and has not been convicted of any offences within the past 10 years.

As at 29 April 2015, Mr Ng Chin Heng has direct interests of 4.60% and indirect interests of 40.14% by virtue of Ivory Asia Sdn Bhd's, his wife's and children's shareholdings in Coastal Contracts Bhd. He is the brother of Mr Ng Chin Shin and Mr Ng Chin Keuan, both the Directors of the Company, and the husband of Madam Pang Fong Thau, a substantial shareholder of the Company. Save as disclosed on pages 93 and 94 of the Annual Report on related party transactions, he has no conflict of interest with the Company.

NG CHIN SHIN

aged 56, Malaysian,
Executive Director

Mr Ng Chin Shin was appointed as Executive Director to the Board on 8 August 2000.

Shortly after completing the Lower Certificate of Education, he went on to become a mechanic and welder in 1975 and subsequently a mechanic and construction supervisor. He gained his experience in the shipbuilding industry when he worked for a shipbuilding contractor between 1980 and 1985. With his valuable knowledge, he was invited to join the Group in 1986 and has been involved in the Group for close to 30 years. He has been instrumental in shaping and laying the foundations for the Group's products and workmanship quality in vessel manufacturing and repair works. His vast experience and in-depth knowledge in the vessel manufacturing and repair activities will continue to benefit the Group.

Mr Ng Chin Shin attended all five board meetings held during the financial year ended 31 December 2014. He does not hold any directorship in other public company, and has not been convicted of any offences within the past 10 years.

As at 29 April 2015, Mr Ng Chin Shin has direct interests of 4.49% in Coastal Contracts Bhd. He is the brother-in-law of Madam Pang Fong Thau, a substantial shareholder of the Company. He is the brother of Mr Ng Chin Heng and Mr Ng Chin Keuan, Directors of the Company. Mr Ng Chin Heng is also a substantial shareholder of the Company. Save as disclosed on pages 93 and 94 of the Annual Report on related party transactions, he has no conflict of interest with the Company.

Directors' Profiles (cont'd.)

NG CHIN KEUAN

aged 56, Malaysian,
Executive Director

Mr Ng Chin Keuan was appointed as Executive Director to the Board on 8 August 2000.

He has a Lower Certificate of Education. He is involved in the affairs of the Group since its early years in 1980s and thus well acquainted with the Group's operations. He gained the knowledge and skills of marine engineering through hands-on management and practical experience. He is principally responsible in supervising the day-to-day operations of the shipyards and also for fleet maintenance and parts procurement. Prior to joining the Group, he was in the trading business with Mr Ng Chin Heng.

Mr Ng Chin Keuan attended all the five board meetings held during the financial year ended 31 December 2014. He does not hold any directorship in other public company, and has not been convicted of any offences within the past 10 years.

As at 29 April 2015, Mr Ng Chin Keuan has direct interests of 4.46% in Coastal Contracts Bhd. He is the brother-in-law of Madam Pang Fong Thau, a substantial shareholder of the Company. He is the brother of Mr Ng Chin Heng and Mr Ng Chin Shin, Directors of the Company. Mr Ng Chin Heng is also a substantial shareholder of the Company. Save as disclosed on pages 93 and 94 of the Annual Report on related party transactions, he has no conflict of interest with the Company.

JACOB O PANG SU YIN

aged 48, Malaysian,
Independent Non-Executive Director

Mr Jacob O Pang Su Yin was appointed as Independent Non-Executive Director to the Board on 1 August 2013. He serves as the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He completed his tertiary education with a Degree in Commerce in 1989 from the James Cook University of North Queensland. He started his career as an Audit Trainee and subsequently gained his practical experience in a firm of chartered accountants. Having gained further substantial experience in the private sector, he established a company specialising in accountancy and secretarial works in 2005. He is a Fellow of CPA Australia and the Malaysian Institute of Accountants.

Mr Jacob O Pang Su Yin attended all the five board meetings held during the financial year ended 31 December 2014. He does not hold any directorship in other public company, and has not been convicted of any offences within the past 10 years.

As at 29 April 2015, Mr Jacob O Pang Su Yin does not have any direct or indirect interest in shares in Coastal Contracts Bhd. He has no conflict of interest with the Company or the Group and has no family relationship with any Directors and/or substantial shareholders of the Company.

LOH THIAN SANG @ LO THIAN SIANG

aged 70, Malaysian,
Independent Non-Executive Director

Mr Loh Thian Sang @ Lo Thian Siang was appointed as an Independent Non-Executive Director to the Board on 2 December 2002 and serves as a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He has over 36 years of experience in marine administration and operation. He joined the Marine Department in 1964 as signalman a year after leaving secondary school and during his tenure in the organisation advanced himself as a Senior Boarding Officer in 1998. His last post with the Marine Department before retirement was as the acting Assistant Marine Officer from 1997 to 2000.

Mr Loh Thian Sang @ Lo Thian Siang attended all the five board meetings held during the financial year ended 31 December 2014. He does not hold any directorship in other public company, and has not been convicted of any offences within the past 10 years.

As at 29 April 2015, Mr Loh Thian Sang @ Lo Thian Siang does not have any direct or indirect interest in shares in Coastal Contracts Bhd. He has no conflict of interest with the Company or the Group and has no family relationship with any Directors and/or substantial shareholders of the Company.

Directors' Profiles (cont'd.)

INTIZAM BIN AYUB

aged 62, Malaysian,
Independent Non-Executive Director

Mr Intizam Bin Ayub was appointed as an Independent Non-Executive Director to the Board on 7 October 2014 and serves as a member of the Audit Committee and Nomination Committee.

He obtained his Indonesian Merchant Marine Academy BSc Marine Engineering and holding 1st Class and 2nd Class Marine Engineer Foreign Going License issued by Department of Sea Communication. He started his career with Malaysian International Shipping Corp Bhd (MISC) as a 4th Engineer to Foreign Going Chief Engineer from year 1975 to 1984. He then joined Petronas Marine Dept E & P as a Marine Engineer from 1984 to 1988. In the same year, he was promoted to Senior Marine Engineer for Field Development Project of Petronas Carigali Sdn. Bhd ("PCSB") and this position was held until 1991. Subsequently he was appointed as the Manager Ship Vetting of Petronas Maritime Services Sdn. Bhd. who was in charge of Marine Support Vessel Selection and advisor for various FSO/FPSO project development (1991-1999). He later joined Carigali Triton Operation Company ("CTOC") as a Senior Resident Engineer, whom duties were developing Technical Specification and supervising a newbuilt FSO (1999-2002). He then worked within the Head of Consultancy Section of Petronas Maritime Services Sdn. Bhd. as a Manager Marine Consultancy who was monitoring the development of Marine Floater for Petronas for a period of 2 years (2002-2004) prior to joining Newfield (PCSB) as Senior Resident Engineer for the conversion of FSO (2004-2007). He then joined Petronas Carigali Vietnam in 2007 and held the position of Head of FPSO Project for 2 years. In 2008, he retired from Petronas and subsequent to his retirement, he reentered the workforce in July 2008 and worked with Petronas Carigali, Pertamina, PetroVietnam Operating Co Sdn. Bhd. as a Senior Marine Engineer, overseeing a MOPU Development Project. In August 2012, he was working with BC Petroleum Sdn. Bhd. as a Senior Manager who was in charge of Delivery of Early Production Vessel for Marginal Field.

Mr Intizam Bin Ayub attended the remaining board meetings held since his appointment as director in 7 October 2014 during the financial year ended 31 December 2014. He does not hold any directorship in other public companies and has not been convicted of any offences within the past 10 years.

As at 29 April 2015, Mr Intizam Bin Ayub does not have any direct or indirect interest in shares of Coastal Contracts Bhd. Therefore, he has no conflict of interest with the Company or the Group and has no family relationship with any Directors and/or substantial shareholders of the Company.

Chairman's Statement

Dear Shareholders,

The year in 2014 held significant challenges for the oil and gas (O&G) sector, with global oil prices declining drastically from their height from June 2014 onwards to reach the lowest levels since 2009.

Ng Chin Heng
Executive Chairman



NAVIGATING THROUGH COMPLEXITY

Despite slower demand for offshore support vessels (OSV) in the second half of the year as a result of the dampened industry sentiment, I am pleased to note that we successfully charted a new milestone in our revenue and net profit performance.

In this regard, it is my pleasure to present to you the Annual Report and Audited Financial Statements on Coastal Contracts Bhd ("Coastal") for the financial year ended 31 December 2014 (FY2014).

OPERATIONS HIGHLIGHTS

Shipbuilding

In FY2014, Coastal delivered 12 units of OSVs, in addition to 7 units of lower-premium tugboat and barges. Collectively, the total value of vessels delivered amounted to RM872 million.

During the year, we also replenished our shipbuilding order book by successfully securing new orders comprising 13 units of OSVs and 5 units of lower-premium tugboat and barges, amounting to a total order value of approximately RM802 million.

On February 2015, Coastal secured additional OSV orders worth about RM197 million, effectively increasing the Group's shipbuilding order book to RM1.5 billion. The Group's order book is slated for delivery over a period of two years until 2017.

O&G asset ownership

Coastal undertook the strategic venture into O&G asset ownership since 2013, with a view to diversify our income stream into the asset chartering sector.

On 10 February 2014, the Group successfully secured a RM1.24 billion contract for the fabrication and 12-year charter of a jack-up Gas Compression Service Unit (GCSU) for use by Mexico's national oil company Petróleos Mexicanos.

We are in the midst of fabricating the jack-up GCSU, which is on track for delivery and deployment to the Gulf of Mexico in the second half of 2015.

Additionally, as a prudent measure in view of ongoing uncertainties in the O&G industry globally, we embarked on the sale of our maiden jack-up rig, Coastal Driller 4001, which was originally targeted for potential charter to O&G players internationally.

The sale contract was secured on 22 April 2015, with a total sale consideration of about RM800 million. Coastal Driller 4001 is in its final stages of construction and slated for delivery to a major O&G player in the third quarter of 2015. We also commenced fabrication of our second JU rig in the fourth quarter of 2013, which is targeted for completion in the fourth quarter of 2015. We hope to secure a charter contract for our second JU rig, in line with our commitment towards building a strong recurring income stream for the Group.

To this end, we are currently in talks with several O&G players, whom have shown keen interest in deploying the JU rig in various oil fields internationally. This is primarily due to its ability to operate in harsh-water environments, at the same time being suitable for deployment in both shallow and medium depth waters around the world.

That said, given the current market fluctuations, we do not discount opportunities for the sale of our second JU rig to maintain financial prudence. Overall, Coastal has constantly adapted our strategies to the evolving economic cycles, which we believe will grant us significant leverage in this uncertain environment.

Chairman's Statement (cont'd.)

**REVIEW OF FINANCIAL PERFORMANCE*****Revenue and profitability***

In FY2014, Coastal successfully delivered 15.0% growth in topline to RM877.2 million, from RM762.5 million a year ago. The double-digit revenue expansion came primarily from strong sales of OSVs in our Shipbuilding Division, which improved 17.0% to RM872.1 million from RM745.2 million a year ago.

The balance contribution to group revenue came from our Vessel Chartering Division, which stood at RM5.1 million, declining significantly from RM17.3 million previously. This is in tandem with the Group's intention since 2012 to streamline our fleet ownership through the disposal of aging vessels.

In addition to the strong top line performance, we benefitted from favourable product mix on the back of rising demand for higher-specification and higher-capability OSVs. This led to profit before tax growing at a faster pace of 27% to RM190.9 million, from RM150.3 million previously.

Correspondingly, the Group reached a commendable net profit of RM188.7 million, 24.8% higher from RM151.2 million previously.

Financial position

As at 31 December 2014, Coastal maintained a strong balance sheet in line with our prudent financial practices.

Shareholders' equity rose to RM1.4 billion from RM1.0 billion previously, on higher retained earnings and increased value of shares held under our share premium account.

Group borrowings amounted to RM99.0 million from RM16.0 million a year ago, with a major portion of the borrowings utilized to finance our enlarged OSV fabrication activity.

That said, the Group's cash and bank balances stood strong at RM469.7 million, significantly higher than RM319.0 million previously. All in all, our balance sheet stood at a commendable net cash position of RM370.7 million as at end-December 2014.

On a whole, Coastal's balance sheet remains well positioned to support our business sustainability, along with adequate room for debt to fund potential capital investments in the future.

Dividends

Coastal has consistently paid dividends since our listing on the Main Board of Bursa Malaysia Securities Berhad in 2003.

In respect of FY2014, the Group had declared a first interim single-tier dividend of 3.4 sen per ordinary share, recording a payout of RM18.1 million to shareholders.

We also declared a second interim single-tier dividend of 3.8 sen, translating into a payout of RM20.2 million to shareholders.

Total dividend payout in respect of FY2014 amounted to RM38.2 million, representing 20.2% of net profit for the year.

Chairman's Statement (cont'd.)

CORPORATE DEVELOPMENTS

During the year, the Group increased its paid-up share capital to RM106.3 million from RM96.7 million previously, representing an increase of RM9.6 million. The Group's share base (including treasury shares) was correspondingly enlarged to 531.6 million shares of RM0.20 each as at end-December 2014, from 483.3 million shares of RM0.20 each previously.

This followed the issuance of 48.3 million new ordinary shares of RM0.20 each via a private placement which was completed on 26 March 2014. The Group also issued 23,165 new ordinary shares of RM0.20 each from the conversion of warrants on a 1:1 basis.

PROSPECTS AND GROWTH STRATEGIES

Global sentiment in the O&G industry remains in uncertain territory, as the price of crude oil continues to demonstrate weakness on the account of oversupply and moderated growth in demand. This has reflected in budgetary revisions among several major O&G players, with lower capital investment flow expected across the O&G industry in the year 2015.

Undoubtedly, this would lower demand for upstream products and services, which would lead to a drastic and substantial slowdown in OSV newbuild orders in the short to medium term.

In this regard, we strive to double up our efforts to secure a respectable number of new OSV orders in order to effectively weather the dampened outlook. While mindful of the challenges ahead, we remain positive on the Group's prospects as our significant order book of RM3.6 billion positions us well to benefit from a sustainable revenue source over the next two years.

Additionally, following ongoing energy policy reforms in Mexico, we look forward to establish a local presence in South America in the second half of 2015 to tap into the region's growth potential. Our efforts are preceded by recent successes in securing maiden OSV orders from Mexico in the first quarter of 2015.

We also aim to expand our venture into O&G asset ownership, especially in South America, by leveraging on existing inroads made. To date, our relations with our partners in Mexico had been fruitful, leading to our first jack-up GCSU charter to Petróleos Mexicanos. We hope to secure more charters, and are working closely with our partners towards this goal.

I am optimistic that our strategies to date would accord us a stronger footing in the O&G industry in the years ahead.

APPRECIATION

On behalf of the Board, I would like to extend our sincere gratitude to our Directors, key management and employees. The Group's successes to date could not have been achieved without your relentless contributions.

Furthermore, I would also like to take this opportunity to express our appreciation to shareholders, clients, business of the Group, for their continued support to date.

Corporate Social Responsibility Statement

Coastal Group is a proponent of open and transparent business practices that are based on moral and ethical values. The Group's Corporate Social Responsibility ("CSR") initiatives, having undergone the process of proper planning and consideration are assimilated into the way the Group functions as a business entity, thus delivering sustainable values.

COMMUNITY

Coastal Group fully subscribes to the concept of giving back to the community and remains active in providing financial assistance towards worthy causes such as schools, sport and leisure bodies as well as the community and other charitable organisations in support of education, children, youth development and the underprivileged.

During the year, Coastal Group has made monetary donation to Yong Peng High School Development Fund for the school development as well as improvement of school facilities in providing an environment more conducive for the students which motivates them to become more passionate towards studying. Likewise, Yong Peng High School has got one step nearer to its long-term sustainability goals through its school development plan.

The Group also understands the role of sports in society in the way it helps in inculcating values such as dedication, discipline and responsibility in children and adults alike at the same time teaching many valuable lessons. In support of this, the Group continues to work closely with the Sandakan District Tennis Association (SDTA), a non-profit association, in facilitating and promoting tennis especially amongst the younger generation in the community. The Group has for several years made monetary donations to SDTA and will continue to play a supportive role in the years ahead.

Donation has also been made by the Group to Wikimedia Foundation, which is a non-profit charitable organization that operates some of the largest collaboratively edited reference projects in the world including Wikipedia. As a renowned free encyclopedia to the world, Wikipedia is really useful in making a wide range of knowledge accessible to everyone around the world. With the donation, the Group was delighted that it has contributed to keeping it freely available and therefore enhancing the community wellbeing.

Apart from the above, Coastal also showed its care towards the less privileged through its donation made to the Montfort Youth Training Centre which supports youth from the orphanages and underprivileged families of age between 12 and 17 years and provides them with basic education up to Primary 6. It was certainly a meaningful deed as education and shelter were necessities to these kids at young age given that a good foundation is vital in leading them to the right path in life.

In addressing the issue of animal violence, Coastal Group has extended its financial support to the Society for the Prevention of Cruelty to Animals ("SPCA"). The mission of SPCA is to promote kindness and prevent cruelty to animals, as far as possible, through education, advocacy and action, which is in line with the Group's CSR practices.

Coastal Group will continuously adhere to its principle of performing social responsibility and contribute to the community with concrete action by taking part in campaigns such as public charity and educational support.

ENVIRONMENT

The Group is aware of the alarming rate of depletion of the world's resources as well as its role in creating more awareness. As a result, waste management, water conservation, noise abatement, energy saving, minimal emissions and the construction of environmental-friendly vessels are among the areas that are focused on.

To reduce the waste generated, the Group practises recycling through conversion of used papers to scribble pads whenever possible, envelopes are reused for delivery of mails by hand. At the Group's ship building and repair operations division, scraped steel plates are reserved for any secondary use wherever practicable. We also ensure that garbage and solid wastes are disposed in such a way that pollution is prevented at all times.

In March last year, Coastal Group participated in Earth Hour 2014 - employees were encouraged to switch off their electrical appliances at home during the one-hour event.

At the office, energy-saving light bulbs are used to conserve electricity. The use of water is regularly monitored so as to keep wastage to a minimum. As a result, the Group in 2014 recorded a notable decrease in expenses for electricity and water only made possible by strong top-down management leadership in effective resource conservation.

WORKPLACE

Coastal Group believes in local talent – the Group currently employs more than 270 local employees of diverse nationalities for both its domestic and international operations.

Corporate Social Responsibility Statement (cont'd.)

In addition to the sourcing of skills and talents from the local pool, the Group also strives to provide employment opportunities to females. Those in the senior bracket are also not forgotten – approximately 19% of the Group's workforce is over the age of 50. As one of the local major employers in Sandakan, Coastal Group provides significant employment opportunities as well as economic stability to a number of citizens.

Recognising that our people are the lifeblood and core to the success of Coastal Group, we are resolute in creating a conducive atmosphere, by introducing educational and self development programmes thus enriching our personnel with career development prospects. In developing and growing our talent pool, periodical training in marine technologies and workplace safety and health, as well as advancement programs on management and financial skills, remain our core focus. Moreover, we endeavor to embed the high standards required to enhance work quality and to achieve outstanding job performance. We also focus on on-the-job coaching. Initiatives are also taken to actively engage our workforce in curbing on-site injuries, spills/hazardous releases and to ensure stringent compliance with existing environmental health and safety regulations in all our operations.

MARKETPLACE

In our interaction with shareholders, suppliers and customers, Coastal Group makes every attempt in meeting our stakeholders' expectations by raising our standards of corporate governance, supporting green products and/or engaging in environmentally sustainable business practices.

Coastal Group's corporate governance practices are separately covered in the Statement on Corporate Governance (see pages 21 to 27).

One of the Group's initiatives to switch to more environmentally friendly alternatives to minimize or reduce greenhouse gas footprint – by sourcing from suppliers fuel-efficient marine engines that comply with the nitrogen oxides emission level requirements set by the governing International Maritime Organisation.

Under our CSR-conscious industrial practices, only non-toxic and non-polluting tin-free antifouling paints are used in the coating of ship hulls. Onboard, our manned ships are equipped with energy-efficient bulbs and sewerage treatment systems which cut down effluent discharge into waterways and the sea, as well as refrigeration systems with more eco-friendly refrigerants that sharply reduce emissions of ozone-depleting substances and greenhouse gas into the atmosphere. With the exception of certain vanes, joints and insulations, we insist on the installation of asbestos-free. This is to establish the safety of all personnel on board and at our shipyards, as asbestos is known to cause very serious, often life threatening illnesses such as mesothelioma and lung cancer.

MOVING FORWARD IN A RESPONSIBLE AND SUSTAINABLE WAY

Coastal Group has and will continue to operate in accordance with business practices of the highest standard so as to discharge its responsibilities to its shareholders, and at the same time play a meaningful role in the community and the environment.



"Donation to Prevention of Cruelty to Animals ("SPCA")"

Audit Committee Report

For The Financial Year Ended 31 December 2014

The Audit Committee was established on 2 December 2002.

The Audit Committee comprises the following members:-

Name	Designation	Directorship
Jacob O Pang Su Yin	Chairman	Independent Non-Executive Director
Loh Thian Sang @ Lo Thian Siang	Member	Independent Non-Executive Director
Zainal Bin Rajan (<i>Demised on 7 July 2014</i>)	Member	Independent Non-Executive Director
Intizam Bin Ayub (<i>Appointed on 7 October 2014</i>)	Member	Independent Non-Executive Director

TERMS OF REFERENCE

The Audit Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:

- a) the audit committee must be composed of no fewer than three (3) members;
- b) all the audit committee members must be non-executive directors, with a majority of them being independent directors; and
- c) all members of the audit committee should be financially literate and at least one member of the audit committee:
 - i) must be a member of the Malaysian Institute of Accountants (MIA); or
 - ii) if he is not a member of the MIA, he must have at least 3 years' working experience and:
 - aa) he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967; or
 - ab) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which results in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years.

RIGHTS

The Audit Committee shall, in accordance with the procedures determined by the Board and at the cost of the Company:

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the presence of other directors and employees of the Company, whenever deemed necessary.

Audit Committee Report

For The Financial Year Ended 31 December 2014 (cont'd.)

FUNCTIONS

The functions of Audit Committee shall include the following:

- 1) review the following and report the same to the Board:
 - a) with the external auditors, the audit plan;
 - b) with the external auditors, their evaluation of the system of internal controls;
 - c) with the external auditors, their audit report;
 - d) the assistance given by the employees of the Company to the external auditors;
 - e) the assessment on the competency and independence of external auditors for determination of their suitability for re-appointment;
 - f) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - g) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - h) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - i) changes in or implementation of major accounting policy changes;
 - ii) significant and unusual events; and
 - iii) compliance with accounting standards and other legal requirements;
 - i) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
 - j) any letter of resignation from the external auditors of the Company;
- 2) recommend the nomination of a person or persons as external auditors.

MEETINGS AND REPORTING PROCEDURES

1) Frequency and Notice of the Meeting

Meetings of the Audit Committee shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Audit Committee. The Chairman shall convene a meeting whenever any member of the Audit Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Audit Committee and external auditors where applicable. The Chairman shall engage on a continuous basis with the Executive Chairman, the senior finance officers, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

Other directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

2) Quorum

The quorum for a meeting of the Audit Committee shall be two (2) members provided always that the majority of the members present must be independent directors.

3) Secretaries

The Company Secretary shall be the secretary of the Audit Committee and shall maintain minutes of the proceedings of the meetings of the Audit Committee and circulate such minutes to all members of the Board.

Audit Committee Report

For The Financial Year Ended 31 December 2014 (cont'd.)

AUDIT COMMITTEE MEETING

The Audit Committee held five (5) meetings during the financial year ended 31 December 2014. These meetings were held at the registered office on 25 February, 22 April, 28 May, 21 August and 21 November 2014. Details of the attendance of the meetings by the Committee Members are as follows:

Name	No of Meetings Attended	% of Meetings Attended
Jacob O Pang Su Yin	5/5	100%
Loh Thian Sang @ Lo Thian Siang	5/5	100%
Zainal Bin Rajan (<i>Demised on 7 July 2014</i>)	3/3	100%
Intizam Bin Ayub (<i>Appointed on 7 October 2014</i>)	1/1	100%

ACTIVITIES DURING THE YEAR

The activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year are summarised as follows:

- i) Review the external auditors' scope of work and their audit plan.
- ii) Review with the external auditors the results of their audit, the audit report and internal control recommendations in respect of improvements in internal control procedures noted in the course of their audit.
- iii) Review and approve the internal audit plan presented by the internal auditors.
- iv) Review the annual report and the audited financial statements of the Company and the Group prior to submission to the Board for consideration and approval. The review was to ensure that the audited financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- v) Review the Company's compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- vi) Review the quarterly unaudited financial statements and the explanatory notes thereon and recommend to the Board for approval.
- vii) Review the related party transactions entered into by the Group.
- viii) Review the Company's status of compliance with the Malaysian Code on Corporate Governance for the purpose of issuing a Corporate Governance Statement pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements, Paragraph 15.25.

INTERNAL AUDIT FUNCTION

The Board has engaged the services of an independent professional firm to carry out the internal audit function of the Group, to provide independent assurance and assist the Audit Committee in discharging its duties and responsibilities. The functions of the internal audit include the review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Group.

During the year, the Internal Auditors had carried out evaluation and assessment of the internal controls within the Group's business processes that are essential to the achievement of its business objectives, in order to test the adequacy and effectiveness of the internal controls as well as the extent of compliance with the Group's established policies and procedures.

The system of internal controls was satisfactory and has not resulted in any material losses, contingencies and uncertainties that would require disclosures in the Group's Annual Report.

Statement On Corporate Governance

The Board of Directors is fully committed to maintaining high standards of corporate governance throughout the Group as a fundamental part of its responsibilities in managing the business and affairs of the Group. Set out below is a statement on how the Group has applied the principles and the extent of its compliance with the best practice as stipulated in the Malaysian Code on Corporate Governance ("MCCG") 2012.

The Board of Directors play a primary role in corporate governance by setting out the strategic direction of the Group, establishing goals and monitoring the achievement of the goals. A Strategic Plan has been adopted as one of the key policy in ensuring that the Group crystallises its future plans and provides a clear direction for the Board and the Management of the Group. A structured risk management process has been established to better identify, formalise, monitor within the various operating units and manage the business risk functions affecting the Group. This is elaborated in greater details in the Statement on Risk Management and Internal Control on pages 28 to 29 of this Annual Report.

The Executive Directors take the primary responsibility for managing the Group's business and resources. The intimate knowledge of the Executive Directors and their hands-on management practices has enabled the Group to have leadership position in its business division.

A. BOARD OF DIRECTORS

Board Composition and Balance

The Board currently comprises three (3) Executive Directors and three (3) Independent Non-Executive Directors. The strong and independent element on the Board fairly reflects the interest of the minority shareholders in the Company and provides for effective check and balance to the functioning of the Board. The Board views the number and composition of the Directors to be optimal and well-balanced given that its members are drawn from varied backgrounds bringing in-depth and diverse experiences and perspectives to the Group's business operations. The profile of each Director is presented on pages 10 to 12 of this Annual Report.

Although the position of Chairman of the Board is held by the Non-Independent Executive Director, Mr Ng Chin Heng, it does not mean that the independence of the Board is compromised. This is perceived as appropriate and of benefit to the Group given that Mr Ng has continued to demonstrated strong leadership to the Board and proven his competency as an Executive Director, especially in driving the Group to grow year-on-year. The Nomination Committee, which comprises of all the Independent Non-Executive Directors, views that the current composition and mix of Executive Directors and Independent Non-Executive Directors for the Board is appropriate.

On top of conducting an annual assessment on the Board's performance and independence of each Independent Director, the Nomination Committee and the Board itself also assess the Board's performance, its effectiveness and independence of the Board from time to time. The Nomination Committee believes that the independence of the Board will not be impaired by its current board composition.

Additionally, the Board is fully aware of one of the recommendations 3.2 of MCCG 2012 which states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Should such a case occur, he may continue subject to his re-designation as Non-Independent Non-Executive Director. Alternatively, he may also be retained as Independent Non-Executive Director subjected to shareholders' approval with justification of his retention.

Although Mr Loh Tian Sang @ Loh Tian Siang has served a cumulative term of more than nine (9) years on the Board as Independent Non-Executive Director, the Board views that Mr Loh's independence is not impaired merely because of his long tenure. Other factors have to be considered in assessing Mr Loh's independence. It is the Board and Nomination Committee's responsibility to assess the level of independence of each Independent Director and their competency annually. Latest assessments of Mr Loh's independence and competency as an Independent Director are satisfactory. In addition, Mr Loh has well demonstrated his extensive experience and knowledge pertaining to the Group's unique operating environment by providing numerous constructive suggestions to the Board ever since his appointment on 2 December 2002.

In view of the above, the Board has recommended for retaining Mr Loh as Independent Non-Executive Director and shall seek shareholders' approval at the forthcoming AGM.

Statement On Corporate Governance (cont'd.)

A. BOARD OF DIRECTORS (cont'd)

Duties and Responsibilities

Apart from its statutory duties and responsibilities, the Board oversees the management and affairs of the Group. It focuses on strategies and policies with particular attention paid to growth, financial performance and sustainability. It delegates the formulation of business strategies and policies, and day-to-day management to the Executive Director and the Management. The Board is responsible for overseeing that the delegated tasks to Executive Directors and Management are carried out in accordance with the Group's core values and ethical guidelines with reference to the Directors' Code of Conduct of the Group.

In order to further strengthen the Board's effectiveness and reinforce its independence, several Board Committees namely, Audit Committee, Nomination Committee and Remuneration Committee were formed to assist the Board in the execution of its responsibilities.

Overall, the Board's key responsibilities reflect the recommendations prescribed by MCGG 2012.

Board Charter

A Board Charter had been established and approved by the Board. The Board Charter acts as a source of reference and primary induction literature in providing insights to Board members and senior management. The Board will review Board Charter annually to ensure that it remains consistent with the Board's objectives and responsibilities as well as relevant standards of corporate governance.

The details of the Board Charter are available for reference at www.coastalcontracts.com.

Code of Conduct

A Directors' Code of Conduct had been established and approved. This code sets out the standards of conducts and basic principles to guide the Board in carrying out their duties and responsibilities to the highest standards of honesty and integrity.

Time Commitment

The Directors are aware of the time commitment expected from each of them to attend to the Group's matters, including attendance at Board and other committees meetings.

All Directors are required to immediately notify the Board when accepting any new external board appointments. Any Board member shall not hold more than five (5) directorship in public listed companies at any one time.

Board Committees

The Board Committees have the authority to examine particular issues according to their respective terms of reference and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, rests entirely with the Board. The key activities of each Board Committees are disclosed in the Audit Committee Report (pages 18 to 20) and the other parts of the Statement on Corporate Governance.

Board Meetings

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. In intervals between Board meetings, when matters require Board decision, Board approvals are sought via Directors' Circular Resolutions (DCR) with sufficient information required to make an informed decision.

The Board had held five (5) meetings during the financial year ended 31 December 2014 where the Board deliberated and considered a variety of matters including the Group's financial results, major investments, strategic decisions and direction of the Group. Where a potential conflict arises in the Group's transactions involving any Director's interest, such Director is required to declare his/her interests and abstain from the decision making process.

Statement On Corporate Governance (cont'd.)

A. BOARD OF DIRECTORS (cont'd)

Board Meetings (cont'd)

Shown below are the number of meetings attended by each Director for the financial year ended 31 December 2014, which were held at the registered office on 25 February, 22 April, 28 May, 21 August and 21 November 2014.

Name of Director	Designation	No. of Meetings Attended	%
Ng Chin Heng	Executive Chairman	5/5	100%
Ng Chin Shin	Executive Director	5/5	100%
Ng Chin Keuan	Executive Director	5/5	100%
Loh Thian Sang @ Lo Thian Siang	Independent Non-Executive Director	5/5	100%
Zainal Bin Rajan (<i>Demised on 7 July 2014</i>)	Independent Non-Executive Director	3/3	100%
Jacob O Pang Su Yin	Independent Non-Executive Director	5/5	100%
Intizam Bin Ayub (<i>Appointed on 7 October 2014</i>)	Independent Non-Executive Director	1/1	100%

Supply of Information

All Board members are supplied with information in a timely manner. The reports for the Board include, amongst others, financial and corporate information, significant operational, financial and corporate issues, performance of the Group and management proposals, which requires the approval of the Board. All Directors are entitled to call for additional clarification and information to assist them in matters that require their decision.

All Directors have access to the services of the Company Secretary for any information or advice they may require, and if need be, may take independent advice at the Company's expense.

Nomination Committee

The Nomination Committee comprises the following members:-

Name	Designation	Directorship
Jacob O Pang Su Yin	Chairman	Independent Non-Executive Director
Loh Thian Sang @ Lo Thian Siang	Member	Independent Non-Executive Director
Intizam Bin Ayub	Member	Independent Non-Executive Director

The Nomination Committee is entrusted to formally and transparently review annually the Board's structure, size and composition as well as the Board's required mix of skills, experiences and diversity in terms of genders, ethnicity and age, including core competencies which Non-Executive Directors should bring to the Board. They are also responsible for making recommendations for any appointments to the Board or committees of the Board. In making these recommendations, the Committee considers the candidates':

- skills, knowledge, expertise and experience;
- professionalism;
- commitment;
- integrity; and
- in the case of candidates for the position of Independent Non-Executive Directors, ability to discharge such responsibilities/functions as expected from the position.

Any new nomination received is put to the full Board for assessment and endorsement.

Statement On Corporate Governance (cont'd.)

A. BOARD OF DIRECTORS (cont'd)**Nomination Committee (cont'd)**

The Nomination Committee held two (2) meetings during the financial year ended 31 December 2014. These meetings were held at the registered office on 22 April and 21 November 2014. Details of the attendance of the meetings by the Committee Members are as follows:

Name of Director	No. of Meetings Attended	%
Jacob O Pang Su Yin	2/2	100%
Loh Thian Sang @ Lo Thian Siang	2/2	100%
Zainal Bin Rajan (Demised on 7 July 2014)	1/1	100%
Intizam Bin Ayub (Appointed on 7 October 2014)	1/1	100%

Summary of the activities of the Nomination Committee during the year are as follows:

- reviewed the mix of skills, experience and other qualities, including core competencies, of the Board members;
- assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;
- discussed and reviewed the Board's succession plans; and
- reviewed the profile of the proposed candidate for Independent Non-Executive Director recommended for Board approval.

The Board and the Nomination Committee are still considering to establish a policy formalising its approach to boardroom diversity and to ensure that women candidates are sought as part of its recruitment exercise in the future, which could be implemented in conjunction with the Board's succession plans.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Securities within four months of their appointments. During the financial year ended 31 December 2014, the details of seminar attended by the Directors are as follows:

Name of Director	Seminar
Ng Chin Heng	• ASEAN Corporate Governance Scorecard
Ng Chin Shin	• Training And Registration for Goods and Services Tax (GST) For Shipbuilding & Shiprepair Industry
Ng Chin Keuan	• Training and Registration for Goods and Services Tax (GST) For Shipbuilding & Shiprepair Industry
Jacob O Pang Su Yin	• MIA Public Practice Programme • Good & Services Tax (GST) – A Preparatory Course for GST Consultants and Accountants – Session 1 & 2 • Understanding of GST and Updates in Malaysia • Continuing Professional Development Seminar • Independent Directors – A Necessity, Not A Choice (Understanding Their Roles, Functions And Responsibilities)
Loh Thian Sang @ Lo Thian Siang	• Independent Directors – A Necessity, Not A Choice (Understanding Their Roles, Functions And Responsibilities)

The Directors will continue to undergo relevant training programmes to keep abreast with latest changes in laws, regulations and the business environment to equip them with the knowledge to discharge their duties effectively. Furthermore, the Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Directors' reference and will brief the Board members on these updates as and when required.

Statement On Corporate Governance (cont'd.)

A. BOARD OF DIRECTORS (cont'd)

Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, at an annual general meeting of the Company, one-third (1/3) of the Directors for the time being, or if the number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office so that all Directors shall retire from office once at least in every three (3) years. A retiring Director shall be eligible for re-election and shall retain office until the close of the meeting at when he retires.

Directors who are of or over the age of seventy (70) years are subjected to retirement annually and may seek for re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

Remuneration Committee

The Remuneration Committee comprises the following members:-

Name	Designation	Directorship
Jacob O Pang Su Yin	Chairman	Independent Non-Executive Director
Ng Chin Heng	Member	Executive Chairman
Loh Thian Sang @ Lo Thian Siang	Member	Independent Non-Executive Director

The functions of the Committee include evaluating and making its recommendations on all aspects of the Executive Directors' performance, terms of employment, remuneration package and incentives, and recommending to the Board the Company's framework for retaining and rewarding the Executive Directors.

The Committee shall meet when there are matters referred to them for consideration or as necessary.

The Committee has access to professional advice on remuneration matter from within the Group and external specialists of the field.

The Remuneration Committee held one (1) meeting during the financial year, which was attended by all the Committee members.

B. DIRECTORS' REMUNERATION

The Remuneration Committee ensures that formal and transparent remuneration policies and procedures have been put in place to attract and retain Directors of adequate competency in order to run the Group successfully. Remuneration packages for executive directors shall be fair in accordance with their achievements and contributions to the Group. The Committee has the right to obtain independent consultants' advice and information about remuneration practices elsewhere.

Basic salaries for Executive Directors are fixed for the duration of their contract and any adjustment of the basic salary will be reviewed and endorsed by the Remuneration Committee, considering factors such as individual performance, inflation price index, affordability, industry's practices and benchmarks. As for Non-Executive Directors, the quantum of Directors' fees is recommended by the Remuneration Committee to the Board after taking into account of the fiduciary duties and responsibilities of the Non-Executive Directors under the relevant regulatory requirements.

Bonus scheme which is based on the individual and Company's performance is offered to the Executive Directors and the bonuses payable are to be reviewed by the Remuneration Committee and approved by the Board.

All benefits in kind are made available as appropriate. In respect of the Executive Directors, contribution is made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan. The Company is subject to reimbursement of associated expenses incurred by the Directors in the course of fulfilling their duties as Executive Directors.

The Board as a whole determines and endorses the remuneration of the Directors after considering the proposals from the Remuneration Committee. Individual Directors concerned shall abstain from discussions and decisions in respect of their own remuneration. The Directors' remuneration shall be determined by an ordinary resolution of the Company pursuant to Article 78 of the Company's Articles of Association.

Statement On Corporate Governance (cont'd.)

B. DIRECTORS' REMUNERATION (cont'd)

The remuneration paid/payable to all the Directors of the Company for the financial year ended 31 December 2014 are as follows:-

Directors' Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Fee	-	92
Salaries	2,619	-
Bonuses and allowances	2,325	4
EPF	216	1
Benefits in kind (based on estimated money value)	61	-
Total	5,221	97

The details of the remuneration of each Director are not disclosed as they are private and confidential.

The number of Directors of the Company, whose remuneration during the financial year ended 31 December 2014, fall within the following bands as follows:

Directors' Remuneration Band RM	Executive Director	Non-Executive Director
100,000 and below	-	4
450,001 to 500,000	1	-
850,001 to 900,000	1	-
3,850,001 to 3,900,000	1	-

C. SHAREHOLDERS**Dialogue between Company and Investors**

The Board recognises the importance of an effective communication channel between the Board, shareholders and the general public. The annual reports, quarterly results, press releases and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and performance.

The Board also recognises information technology is essential for effective dissemination of information. Most of the information pertaining to investor relation are accessible at the Company's corporate website and this information will be updated appropriately in a timely manner.

Furthermore, shareholders shall be able to communicate with Company's Investor Relation Representatives, whose contact information is disclosed in the Company's corporate website.

The Annual General Meeting (AGM)

The Company's AGM provides an opportunity for direct interaction with shareholders where questions and concerns raised would serve as feedback to the Group's business and corporate decisions. The notice of AGM will be published in at least one newspaper of national circulation for a wider dissemination of such notice and to encourage greater shareholders' participation at general meeting.

The Board is aware of the recommendation by Malaysian Code on Corporate Governance (MCCG) to encourage poll voting in promoting active shareholders participation. With the current level of shareholders' attendance at AGMs, the Board perceives that voting by way of a show of hands remains effective. However, shareholders will be notified on their right to demand on a poll voting at the commencement of general meeting and poll voting will be carried out if required by Bursa's Main Market Listing Requirements or other applicable rules and regulations. As for agenda that requires poll voting compliant with listing rules, the Board will inform shareholders in advance and poll voting will be conducted manually.

Statement On Corporate Governance (cont'd.)

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's performance and prospects in all their reports and announcements to the shareholders, investors, regulatory bodies and the general public. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 38 of this Annual Report.

Risk Management and Internal Control

The Board acknowledges that it is responsible for maintaining a sound system of internal control covering not only financial controls but also operational, compliance as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risk to which it is exposed. The system, by its inherent limitations, can only provide reasonable but not absolute assurance against misstatement or loss.

The Board's statement on risk management and internal control is set out on pages 28 to 29 of this Annual Report.

Relationship with Auditors

Key features underlying the relationship of the Audit Committee with its auditors, both external and internal, are included in the Audit Committee's terms of reference. To ensure independence, the Company obtains written assurance from the external auditors confirming that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The functions of the Audit Committee and its relations with the Auditors are set out on pages 18 to 20 of this Annual Report.

Compliance Statement

During the year the Company has, in all material aspects, complied with the recommendations of MCCG 2012 to certain extent, except as disclosed elsewhere in the Statement on Corporate Governance. Moving forward, the Board will endeavour to improve and enhance the Company's compliance of MCCG 2012.

Statement On Risk Management And Internal Control

The Board of Directors is pleased to present the Group's Statement on Risk Management and Internal Control for the financial year ended 31 December 2014. This statement has been prepared in accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements, Paragraph 15.26(b), and in compliance with Malaysian Code on Corporate Governance 2012.

RESPONSIBILITY

The Board of Directors recognises the importance of sound systems of internal control and effective risk management practices to safeguard shareholders' investments and the Group's assets.

The Board confirms that there is an ongoing process for identifying, assessing and managing the principal risks faced by the Group, which is in accordance with the guidance as contained in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers". This process includes reviewing and updating the system of internal controls to take into consideration changes in the regulatory and business environment.

In view of the limitations inherent in any system of internal control, the Group's internal control system can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risks that may impede the achievement of the Group's business objectives.

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

Risk management is firmly embedded in the Group's management system. The Board's primary objective and direction in managing the Group's risks are focused on sustaining the achievement of the Group's business objectives. The Board and Senior Management are responsible to ensure there is an appropriate risk management process for identifying, evaluating and managing significant risks faced by the Group in all aspects. Key Management Personnel and Heads of Department are responsible for managing the risks of their respective sections and departments on an on-going basis.

In the previous year, the Internal Auditors have carried out evaluation and assessment of the internal controls within the Group's business processes essential to the achievement of its business objectives. This was done in order to test the adequacy, integrity and effectiveness of the internal controls. After the audit, the findings and recommendations for improvement were communicated to the respective management for their response and corrective actions, if necessary, to strengthen the internal control, risk management and governance systems of the Group.

There are continuous efforts to assess the effectiveness of the controls in place to manage these risks as well as the action plans designed to address the weaknesses, which are assigned to the risk owners.

The Executive Directors and Senior Management are specifically tasked with the responsibility of monitoring and reviewing strategic and significant operational and financial risk profiles of the Group.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Ad hoc and scheduled meetings at operation sites were held to identify, discuss and resolve operational issues. The Board is aware of and involved when necessary in resolving any significant issue identified at those meetings. The Group is structured as such that the heads of each operating unit has clear reporting line. There is also proper segregation of duties to ensure safe custody of the Group's assets.

The Executive Directors are actively involved in the day-to-day operations of the Group. The Executive Directors ensure that all employees have clear understanding of their roles and responsibilities and that the Group's operations are carried out in accordance with standards set and expected by the Board.

The Executive Directors had established a structured and formal employee appraisal system that ensures employees are remunerated based on their performance.

INTERNAL AUDIT FUNCTION

The Group outsources its Internal Audit function to an independent professional firm, whose remit is to the Audit Committee. The Internal Auditors have carried out the internal audit covering the period under review and presented their report to the Audit Committee. The Audit Committee had deliberated on the contents of the report and is satisfied that appropriate actions are being taken to address all the weaknesses highlighted. The costs incurred for the Internal Audit function in respect of the financial year 2014 was RM35,000.00.

Statement On Risk Management And Internal Control (cont'd.)

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

In addition to the assurance received from the Executive Chairman and Chief Financial Officer on the adequacy and effectiveness of the Group's risk management and internal control system, the Board is of the view that the system of risk management and internal control, which has been implemented within the Group is sound and effective. It has not resulted in any material losses and contingencies during the financial year 2014. The risk management and internal control procedures will be reviewed continuously in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness so as to safeguard the Group's assets and shareholders' investments.

Additional Compliance Information

• Utilisation of Proceeds

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 30 April 2015 was summarised as follows:

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	4,489	5,781	Within 24 months from March 2014
*Estimated expenses in relation to the Proposed Private Placement	2,317	2,317	-	Completed
Total	207,720	6,806	200,914	

* 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.

• For Share Buyback

During the financial year ended 31 December 2014, a total of 200,000 ordinary shares were purchased and retained as treasury shares. The details of the shares purchased were as follows:

Month	No. of shares purchased and retained as treasury shares	Purchase price per share (RM)		Average cost per share (RM)*	Total cost (RM)*
		Lowest	Highest		
27 February 2014	10,000	4.32	4.34	4.36	43,636.92
25 August 2014	30,000	5.07	5.12	5.11	153,313.87
8 October 2014	50,000	4.25	4.30	4.29	214,585.15
15 October 2014	80,000	3.77	3.90	3.83	306,567.69
16 October 2014	30,000	3.49	3.61	3.53	105,972.31
	200,000				824,075.94

* Inclusive of transaction charges

As at 31 December 2014, the total number of shares held as treasury shares was 400,000. None of the treasury shares were resold or cancelled during the financial year.

• Options, Warrants or Convertible Securities

On 25 July 2011, 60,408,667 free warrants were listed and quoted on Bursa Securities. The warrants were issued on the basis of one (1) warrant for every eight (8) existing ordinary shares. The exercise price of the warrants had been fixed at RM3.18 for every new ordinary shares.

During the financial year, 23,165 (2013: Nil) warrants were converted into new ordinary shares. As at 31 December 2014, the total number of Warrants 2011/2016 which remained unexercised amounted 60,385,502 (2013: 60,408,667) warrants.

• American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Additional Compliance Information (cont'd.)

- **Imposition of Sanctions/Penalties**

There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

- **Non-Audit Fees**

During the financial year, the non-audit fees paid by the Company and its subsidiaries to the external auditors amounted to RM28,091.

- **Variation in Results**

There was no variance of 10% or more between the audited results for the financial period ended 31 December 2014 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projection for the financial period.

- **Profit Guarantee**

No profit guarantee was given by the Company during the financial year.

- **Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries involving the interest of directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

- **Recurrent Related Party Transactions**

The details of the related party transactions can be found on pages 93 to 94.

Statement Of Directors' Responsibility For Preparing The Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgement and estimates that are reasonable and prudent;
- Ensured that all applicable approved accounting standards have been followed; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made due enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group as well as to prevent and detect fraud and other irregularities.

The above statement of the Directors' responsibilities for preparing the financial statements was made in accordance with a Board resolution dated 21 May 2015.



FINANCIAL STATEMENTS

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Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit net of tax	188,712,470	40,122,569

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amounts of dividends paid by the Company since 31 December 2013 were as follows:

	RM
In respect of the financial year ended 31 December 2013 as reported in the Directors' Report of that year:	
Second interim tax exempt dividend of 17% on 483,079,233 ordinary shares of RM0.20 each, declared on 13 March 2014 and paid on 28 March 2014	16,424,691
In respect of the financial year ended 31 December 2014:	
First interim single-tier dividend of 17% on 531,358,931 ordinary shares of RM0.20 each, declared on 9 September 2014 and paid on 26 September 2014	18,066,200
	34,490,891

The second interim single-tier dividend in respect of the financial year ended 31 December 2014 amounting to RM20,183,676 (3.80 sen per ordinary share) declared on 12 March 2015 and paid on 27 March 2015 has not been reflected in the current year financial statements. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

The Directors do not recommend any final dividend to be paid in respect of the current financial year.

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Ng Chin Heng
Ng Chin Shin
Ng Chin Keuan
Loh Thian Sang @ Lo Thian Siang
Zainal Bin Rajan
Jacob O Pang Su Yin
Intizam Bin Ayub

(Deceased on 7 July 2014)

(Appointed on 7 October 2014)

Directors' Report (cont'd.)

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares or warrants or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 26 to the financial statements.

Directors' Interest

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants in the Company during the financial year were as follows:

The Company	Number of Ordinary Shares of RM0.20 Each			
	1.1.2014	Acquired	Sold	31.12.2014
Direct Interest:				
Ng Chin Heng	24,442,900	-	-	24,442,900
Ng Chin Keuan	23,691,587	-	-	23,691,587
Ng Chin Shin	23,851,320	-	-	23,851,320
Indirect Interest:				
Ng Chin Heng (#)	213,884,966	228,600	(897,066)	213,216,500

Interest by virtue of shares held by spouse, children and by Ivory Asia Sdn. Bhd.

Interest in Warrants

The Company	1.1.2014	Number of Warrants 2011/2016			31.12.2014
		Acquired	Sold	Exercised	
Direct Interest:					
Ng Chin Heng	3,056,390	-	-	-	3,056,390
Ng Chin Keuan	2,961,448	-	-	-	2,961,448
Ng Chin Shin	2,981,415	-	-	-	2,981,415
Indirect Interest:					
Ng Chin Heng(^)	26,184,384	-	(18,100)	-	26,166,284

^ Interest by virtue of warrants held by spouse, children and by Ivory Asia Sdn. Bhd.

Ng Chin Heng, by virtue of his interests in shares in the Company, is deemed interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares and warrants in the Company or its related corporations during the financial year.

Directors' Report (cont'd.)

Issue of Shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM96,653,867 to RM106,319,886 by way of:

- (a) The issuance of 48,306,933 new ordinary shares of RM0.20 each through a private placement at an issue price of RM4.30 per ordinary share; and
- (b) The issuance of 23,165 new ordinary shares of RM0.20 each arising from the exercise of Warrants 2011/2016 at the exercise price of RM3.18 per ordinary share in accordance with the Deed Poll dated 14 July 2011.

The new ordinary shares issued rank *pari passu* in all respects with the existing ordinary shares of the Company.

Treasury Shares

During the financial year, the Company repurchased 200,000 of its issued ordinary shares from the open market at an average price of RM4.12 per share. The total consideration paid for the repurchase including transaction costs was RM824,076. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2014, the Company held as treasury shares a total of 400,000 of its 531,599,431 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,250,817 and further relevant details are disclosed in Note 23 to the financial statements.

Other Statutory Information

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report (cont'd.)

Other Statutory Information (continued)

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant Event

Detail of significant event is disclosed in Note 35 to the financial statements.

Events Occurring after the Reporting Date

Details of events occurring after the reporting date are disclosed in Note 36 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 April 2015.

Ng Chin Heng

Ng Chin Keuan

Statement by Directors/ Statutory Declaration

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Ng Chin Heng and Ng Chin Keuan, being two of the Directors of Coastal Contracts Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 41 to 109 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 April 2015.

Ng Chin Heng

Ng Chin Keuan

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Kong Wei Ket, being the officer primarily responsible for the financial management of Coastal Contracts Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 110 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Kong Wei Ket
at Sandakan in the State of Sabah
on 30 April 2015

Kong Wei Ket

Before me,

Independent auditors' report to the members of COASTAL CONTRACTS BHD. (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Coastal Contracts Bhd., which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 109.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Independent auditors' report to the members of COASTAL CONTRACTS BHD. (Incorporated in Malaysia) (cont'd.)

Other reporting responsibilities

The supplementary information set out in Note 38 on page 110 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Sandakan, Malaysia
30 April 2015

Chong Ket Vui, Dusun
2944/01/17 (J)
Chartered Accountant

Statements of Profit or Loss

For the Financial Year Ended 31 December 2014

	Note	2014 RM	Group 2013 RM	Company 2014 RM	2013 RM
Revenue	4	877,210,567	762,526,794	36,454,131	30,168,770
Cost of sales		(652,840,789)	(566,255,960)	-	-
Gross profit		224,369,778	196,270,834	36,454,131	30,168,770
Other items of income					
Interest income	5	5,812,320	1,281,056	4,112,262	83,874
Other income	6	12,174,634	9,549,795	1,887,809	450,198
Other items of expenses					
Marketing and distribution		(29,492,634)	(40,123,510)	-	-
Administrative expenses		(19,327,890)	(15,723,473)	(1,127,994)	(1,507,618)
Finance costs	7	(119,107)	(127,231)	(6,932)	(12,214)
Other expenses		(2,538,410)	(787,360)	(253,073)	-
Profit before tax	8	190,878,691	150,340,111	41,066,203	29,183,010
Income tax expense	11	(2,166,221)	815,069	(943,634)	(1,542)
Profit net of tax		188,712,470	151,155,180	40,122,569	29,181,468
Profit attributable to owners of the Company		188,712,470	151,155,180	40,122,569	29,181,468
Earnings per share attributable to owners of the Company (sen):					
Basic	12	36.26	31.29		
Diluted	12	35.11	31.29		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit net of tax	188,712,470	151,155,180	40,122,569	29,181,468
Other comprehensive income/(loss):				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	65,585,053	49,933,504	-	-
Net loss on available-for-sale financial assets	-	(28,599)	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	65,585,053	49,904,905	-	-
Total comprehensive income for the year	254,297,523	201,060,085	40,122,569	29,181,468
Total comprehensive income attributable to owners of the Company	254,297,523	201,060,085	40,122,569	29,181,468

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2014

	Note	31 December 2014 RM	31 December 2013 RM (Restated)	1 January 2013 RM (Restated)
Assets				
Non-Current Assets				
Property, plant and equipment	13	188,387,056	69,310,186	74,860,582
Investment properties	15	3,855,141	3,937,165	4,019,189
Intangible asset	16	-	242,658	242,658
Investment securities		-	-	364,631
Deferred tax assets	17	15,006	408,818	370,813
Trade and other receivables	18	8,093,698	10,101,609	962,287
		<u>200,350,901</u>	<u>84,000,436</u>	<u>80,820,160</u>
Current Assets				
Inventories	19	1,270,437,756	961,424,238	801,466,283
Trade and other receivables	18	147,225,018	178,458,714	63,927,190
Tax recoverable		322,909	967,862	569,599
Cash and short-term deposits	20	469,690,560	319,001,640	208,322,497
		<u>1,887,676,243</u>	<u>1,459,852,454</u>	<u>1,074,285,569</u>
Total Assets		<u>2,088,027,144</u>	<u>1,543,852,890</u>	<u>1,155,105,729</u>
EQUITY AND LIABILITIES				
Current Liabilities				
Income tax payable		1,137,743	404,484	286,852
Loans and borrowings	21	95,491,202	11,417,318	4,017,826
Trade and other payables	22	559,336,398	522,389,576	309,915,197
		<u>655,965,343</u>	<u>534,211,378</u>	<u>314,219,875</u>
Net Current Assets		<u>1,231,710,900</u>	<u>925,641,076</u>	<u>760,065,694</u>
Non-Current Liabilities				
Loans and borrowings	21	3,520,243	4,584,075	7,518,882
Deferred tax liabilities	17	1,356,267	2,331,066	3,558,381
		<u>4,876,510</u>	<u>6,915,141</u>	<u>11,077,263</u>
Total Liabilities		<u>660,841,853</u>	<u>541,126,519</u>	<u>325,297,138</u>
Net Assets		<u>1,427,185,291</u>	<u>1,002,726,371</u>	<u>829,808,591</u>

Consolidated Statement of Financial Position

As at 31 December 2014 (cont'd.)

	Note	31 December 2014 RM	31 December 2013 RM (Restated)	1 January 2013 RM (Restated)
Equity Attributable to Owners of the Company				
Share capital	23	106,319,886	96,653,867	96,653,867
Share premium	23	195,820,035	-	-
Treasury shares	23	(1,250,817)	(426,741)	(303,295)
Other reserves	24	136,730,431	71,155,068	21,250,163
Retained earnings		989,565,756	835,344,177	712,207,856
Total Equity		1,427,185,291	1,002,726,371	829,808,591
Total Equity and Liabilities		2,088,027,144	1,543,852,890	1,155,105,729

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Financial Position

As at 31 December 2014

	Note	31 December 2014 RM	31 December 2013 RM (Restated)	1 January 2013 RM (Restated)
Assets				
Non-Current Assets				
Property, plant and equipment	13	98,464	216,920	335,097
Investments in subsidiaries	14	61,275,976	57,371,170	56,871,986
		<u>61,374,440</u>	<u>57,588,090</u>	<u>57,207,083</u>
Current Assets				
Trade and other receivables	18	80,900,044	70,981,249	76,521,821
Tax recoverable		134,982	764,472	543,322
Cash and short-term deposits	20	208,500,954	13,466,024	7,540,142
		<u>289,535,980</u>	<u>85,211,745</u>	<u>84,605,285</u>
Total Assets		<u>350,910,420</u>	<u>142,799,835</u>	<u>141,812,368</u>
EQUITY AND LIABILITIES				
Current Liabilities				
Loans and borrowings	21	42,443	106,421	101,139
Trade and other payables	22	2,710,393	4,729,126	4,607,172
		<u>2,752,836</u>	<u>4,835,547</u>	<u>4,708,311</u>
Net Current Assets		<u>286,783,144</u>	<u>80,376,198</u>	<u>79,896,974</u>
Non-Current Liabilities				
Loans and borrowings	21	44,644	89,967	199,267
Other payables	22	145,079	187,557	254,881
Deferred tax liabilities	17	6,364	9,233	11,541
		<u>196,087</u>	<u>286,757</u>	<u>465,689</u>
Total Liabilities		<u>2,948,923</u>	<u>5,122,304</u>	<u>5,174,000</u>
Net Assets		<u>347,961,497</u>	<u>137,677,531</u>	<u>136,638,368</u>

Statement of Financial Position

As at 31 December 2014 (cont'd.)

	Note	31 December 2014 RM	31 December 2013 RM (Restated)	1 January 2013 RM (Restated)
Equity Attributable to Owners of the Company				
Share capital	23	106,319,886	96,653,867	96,653,867
Share premium	23	195,820,035	-	-
Treasury shares	23	(1,250,817)	(426,741)	(303,295)
Other reserves	24	25,259,255	25,268,945	25,268,945
Retained earnings	25	21,813,138	16,181,460	15,018,851
Total Equity		347,961,497	137,677,531	136,638,368
Total Equity and Liabilities		350,910,420	142,799,835	141,812,368

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2014

<div> <div>Attributable to Owners of the Company</div> <div> <div>Attributable to Owners of the Company</div> <div>Non-Distributable</div> <div>Distributable</div> <div>Non-Distributable</div> </div> </div>									
	Note	Equity, Total RM	Share Capital RM	Share Premium RM	Treasury Shares RM	Retained Earnings RM	Other Reserves, Total RM	Warrants Reserve RM	Foreign Currency Translation Reserve RM
2014									
Group									
Opening balance at 1 January 2014:									
- As previously reported	34	1,008,367,840 (5,641,469)	96,653,867	-	(426,741)	840,985,646 (5,641,469)	71,155,068	25,268,945	45,886,123
- Prior year adjustments			-	-	-	-	-	-	-
- - As restated		1,002,726,371	96,653,867	-	(426,741)	835,344,177	71,155,068	25,268,945	45,886,123
Foreign currency translation differences for foreign operations									
		65,585,053	-	-	-	-	65,585,053	-	65,585,053
Total other comprehensive income									
		65,585,053	-	-	-	-	65,585,053	-	65,585,053
Profit for the year									
		188,712,470	-	-	-	188,712,470	-	-	-
Total comprehensive income for the year									
		254,297,523	-	-	-	188,712,470	65,585,053	-	65,585,053
Transactions with owners:									
Dividends	33	(34,490,891)	-	-	-	(34,490,891)	-	-	-
Purchase of treasury shares	23	(824,076)	-	-	(824,076)	-	-	-	-
Shares issuance expense	23	(2,317,112)	-	(2,317,112)	-	-	-	-	-
Issue of ordinary shares:									
- Private placement	23	207,719,811	9,661,386	198,058,425	-	-	-	-	-
- Conversion of warrants	23	73,665	4,633	78,722	-	-	(9,690)	(9,690)	-
Total transactions with owners									
		170,161,397	9,666,019	195,820,035	(824,076)	(34,490,891)	(9,690)	(9,690)	-
Closing balance at 31 December 2014									
		1,427,185,291	106,319,886	195,820,035	(1,250,817)	989,565,756	136,730,431	25,259,255	111,471,176

Statements of Changes in Equity

For the Financial Year Ended 31 December 2014 (cont'd.)

		Attributable to Owners of the Company				Non-Distributable			
		Non-Distributable		Distributable		Non-Distributable		Non-Distributable	
		Equity, Total RM	Share Capital RM	Treasury Shares RM	Retained Earnings RM	Other Reserves, Total RM	Warrants Reserve RM	Foreign Currency Translation Reserve RM	Fair Value Adjustment Reserve RM
2013	Note								
Group									
Opening balance at 1 January 2013:									
- As previously reported		835,450,060	96,653,867	(303,295)	717,849,325	21,250,163	25,268,945	(4,047,381)	28,599
- Prior year adjustments	34	(5,641,469)	-	-	(5,641,469)	-	-	-	-
- As restated		829,808,591	96,653,867	(303,295)	712,207,856	21,250,163	25,268,945	(4,047,381)	28,599
Foreign currency translation differences for foreign operations		49,933,504	-	-	-	49,933,504	-	49,933,504	-
Fair value of available-for-sale financial assets		(28,599)	-	-	-	(28,599)	-	-	(28,599)
Total other comprehensive income		49,904,905	-	-	-	49,904,905	-	49,933,504	(28,599)
Profit for the year		151,155,180	-	-	151,155,180	-	-	-	-
Total comprehensive income for the year		201,060,085	-	-	151,155,180	49,904,905	-	49,933,504	(28,599)
Transactions with owners:									
Dividends	33	(28,018,859)	-	-	(28,018,859)	-	-	-	-
Purchase of treasury shares	23	(123,446)	-	(123,446)	-	-	-	-	-
Total transactions with owners		(28,142,305)	-	(123,446)	(28,018,859)	-	-	-	-
Closing balance at 31 December 2013		1,002,726,371	96,653,867	(426,741)	835,344,177	71,155,068	25,268,945	45,886,123	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2014 (cont'd.)

			← Non-Distributable →			Distributable	
Note	Equity, Total RM	Share Capital RM	Share Premium RM	Treasury Shares RM	Warrants Reserve RM	Retained Earnings RM	
2014							
Company							
Opening balance at 1 January 2014:							
- As previously reported		147,977,531	96,653,867	-	(426,741)	25,268,945	26,481,460
- Prior year adjustments	34	(10,300,000)	-	-	-	-	(10,300,000)
- As restated		137,677,531	96,653,867	-	(426,741)	25,268,945	16,181,460
Total comprehensive income for the year		40,122,569	-	-	-	-	40,122,569
Transactions with owners:							
Dividends	33	(34,490,891)	-	-	-	-	(34,490,891)
Purchase of treasury shares	23	(824,076)	-	-	(824,076)	-	-
Shares issuance expense	23	(2,317,112)	-	(2,317,112)	-	-	-
Issue of ordinary shares:							
- Private placement	23	207,719,811	9,661,386	198,058,425	-	-	-
- Conversion of warrants	23	73,665	4,633	78,722	-	(9,690)	-
Total transactions with owners		170,161,397	9,666,019	195,820,035	(824,076)	(9,690)	(34,490,891)
Closing balance at 31 December 2014							
		347,961,497	106,319,886	195,820,035	(1,250,817)	25,259,255	21,813,138

			← Non-Distributable →		Distributable
Note	Equity, Total RM	Share Capital RM	Treasury Shares RM	Warrants Reserve RM	Retained Earnings RM
2013					
Company					
Opening balance at 1 January 2013:					
- As previously reported	146,938,368	96,653,867	(303,295)	25,268,945	25,318,851
- Prior year adjustments	34 (10,300,000)	-	-	-	(10,300,000)
- As restated	136,638,368	96,653,867	(303,295)	25,268,945	15,018,851
Total comprehensive income for the year	29,181,468	-	-	-	29,181,468
Transactions with owners:					
Dividends	33 (28,018,859)	-	-	-	(28,018,859)
Purchase of treasury shares	23 (123,446)	-	(123,446)	-	-
Total transactions with owners	(28,142,305)	-	(123,446)	-	(28,018,859)
Closing balance at 31 December 2013	137,677,531	96,653,867	(426,741)	25,268,945	16,181,460

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2014

	Note	2014 RM	Group 2013 RM	Company 2014 RM	2013 RM
Operating Activities					
Profit before tax		190,878,691	150,340,111	41,066,203	29,183,010
<u>Adjustments for:</u>					
Dividend income	4	-	-	(36,454,131)	(30,168,770)
Interest income	5	(5,812,320)	(1,281,056)	(4,112,262)	(83,874)
Income from wholesale money market fund	6	(1,529,429)	-	(1,529,429)	-
Gain on disposal of property, plant and equipment	6	(732,937)	(3,241,012)	-	-
Premium income arising from guarantee contracts issued	6	-	-	(331,377)	(149,548)
Reversal of impairment loss on receivables	6	(65,760)	(74,040)	-	-
Interest expense	7	119,107	127,231	6,932	12,214
Goodwill written off	8	242,658	-	-	-
Deposits written off	8	1,876	-	-	-
Depreciation of property, plant and equipment	8	6,910,899	7,414,217	122,594	123,451
Depreciation of investment properties	8	82,024	82,024	-	-
Impairment loss on available-for-sale investment securities	8	-	71,496	-	-
Impairment loss on receivables	8	537,260	-	-	-
Loss on disposal of available-for-sale investment securities	8	-	112,620	-	-
Loss on disposal of plant and equipment	8	-	463	-	-
Inventories written down	8	438,346	-	-	-
Plant and equipment written off	8	-	3,154	-	-
Net unrealised gain on foreign exchange		(16,604)	(377,344)	(1,848)	(1,039)
Total adjustments		175,120	2,837,753	(42,299,521)	(30,267,566)
Operating cash flows before changes in working capital		191,053,811	153,177,864	(1,233,318)	(1,084,556)
<u>Changes in working capital</u>					
Net change in accounts with subsidiaries		-	-	(11,324,378)	5,492,339
Increase in inventories		(236,705,854)	(103,434,601)	-	-
Decrease/(increase) in receivables		54,989,981	(114,858,169)	1,185	(4,070)
Increase/(decrease) in payables		1,377,519	183,730,794	(197,111)	128,086
Total changes in working capital		(180,338,354)	(34,561,976)	(11,520,304)	5,616,355
Cash flows from/(used in) operations		10,715,457	118,615,888	(12,753,622)	4,531,799
Interest paid		(393,134)	(508,363)	(6,932)	(12,214)
Income tax paid		(1,369,299)	(742,677)	(317,013)	-
Net cash flows from/(used in) operating activities		8,953,024	117,364,848	(13,077,567)	4,519,585

Statements of Cash Flows

For the Financial Year Ended 31 December 2014 (cont'd.)

	Note	2014 RM	Group 2013 RM	Company 2014 RM	2013 RM
Investing Activities					
Placement in wholesale money market fund		(109,351,627)	-	(109,351,627)	-
Income from wholesale money market fund		1,529,429	-	1,529,429	-
Incorporation of new subsidiaries		-	-	(3,732,425)	(369,750)
Net dividend received		-	-	36,454,131	29,943,770
Interest received		5,500,326	1,281,056	3,813,404	83,874
Proceeds from disposal of available-for-sale investment securities		-	151,916	-	-
Proceeds from disposal of property, plant and equipment		5,006,000	14,236,639	-	-
Purchase of property, plant and equipment	13	(120,479,043)	(12,265,503)	(4,138)	(5,274)
Net cash flows (used in)/from investing activities		(217,794,915)	3,404,108	(71,291,226)	29,652,620
Financing Activities					
Conversion of warrants	23	73,665	-	73,665	-
Proceeds from issuance of ordinary shares	23	207,719,811	-	207,719,811	-
Share issuance expense	23	(2,317,112)	-	(2,317,112)	-
Purchase of treasury shares	23	(824,076)	(123,446)	(824,076)	(123,446)
Dividends paid on ordinary shares	33	(34,490,891)	(28,018,859)	(34,490,891)	(28,018,859)
Proceeds from revolving credits		85,310,404	8,195,601	-	-
Repayment of bank loans		(1,099,203)	(2,353,227)	-	-
Repayment of obligations under finance leases		(1,780,195)	(1,713,084)	(109,301)	(104,018)
Net cash flows from/(used in) financing activities		252,592,403	(24,013,015)	170,052,096	(28,246,323)
Net increase in cash and cash equivalents		43,750,512	96,755,941	85,683,303	5,925,882
Effect of foreign exchange rate changes		(2,413,219)	13,923,202	-	-
Cash and cash equivalents at 1 January		319,001,640	208,322,497	13,466,024	7,540,142
Cash and cash equivalents at 31 December	20	360,338,933	319,001,640	99,149,327	13,466,024

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2014

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the main market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Block G, Lot 3B, Bandar Leila, W. D. T. 259, 90009 Sandakan, Sabah. The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are stated in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

The nature and impact of the new and amended MFRSs and IC Interpretation are described below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

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

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.2 Changes in accounting policies (continued)

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

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

The application of these amendments has no impact on the disclosures in the Group's and the Company's financial statements.

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

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group as the Group does not have any derivatives.

IC Interpretation 21: Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans:	
Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.3 Standards issued but not yet effective (continued)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

This amendment is not expected to have any impact to the Group as the Group does not have deferred benefit plans.

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs to sell.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements as the Group and Company do not have biological assets.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.3 Standards issued but not yet effective (continued)

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to MFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

These amendments are not expected to have any impact to the Group as the Group does not have any interest in joint operations.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.3 Standards issued but not yet effective (continued)

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

MFRS 14: Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing MFRS preparer, this standard would not apply.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.3 Standards issued but not yet effective (continued)

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 2: Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

MFRS 3: Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

MFRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.3 Standards issued but not yet effective (continued)

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 3: Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

MFRS 13: Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

MFRS 140: Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
 - the transaction meets the definition of a business combination under MFRS 3,
- to determine if the transaction is a purchase of an asset or is a business combination.

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 5: Non-current Assets Held for Sale and Discontinued Operations

The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

MFRS 7: Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

MFRS 119: Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.3 Standards issued but not yet effective (continued)

Annual Improvements to MFRSs 2012–2014 Cycle (continued)

MFRS 134: Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests (NCI) even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the NCI are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any NCI, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment in an associate or a joint venture.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.4 Basis of Consolidation (continued)

Business Combinations

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in accordance with MFRS 139 either in the statement of profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the statement of profit or loss.

The Group elects for each individual business combination, whether NCI in the acquiree is recognised on the acquisition date at fair value, or at the NCI's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of NCI in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.9 in instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the statement of profit or loss on the acquisition date.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Foreign Currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from disposal of a foreign operation using this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.6 Foreign Currencies (continued)

(a) Transactions and balances (continued)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life. The estimated useful lives are as follows:

Long leasehold land	64 - 83 years
Buildings and workshops	10 - 15 years
Heavy machinery and equipment	5 - 18 years
Motor vehicles	5 years
Renovation	5 - 10 years
Slipway and shipyard infrastructure	10 - 20 years
Telecommunications and office equipment, furniture and fittings	5 - 10 years
Tugboats and barges	11 - 15 years

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.7 Property, Plant and Equipment (continued)

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the assets is included in the profit or loss in the year the asset is derecognised.

2.8 Investment Properties

An investment properties is a property held to earn rental income or for capital appreciation or both. Investment properties are initially measured at cost, including transaction costs. Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets of 50 years.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.9 Intangible Assets

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill associated with the disposed operation is included in the carrying amount of the operation when determining gain or loss on disposal.

2.10 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGU are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the units or groups of units on a pro-rata basis.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.10 Impairment of Non-Financial Assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.11 Current versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.12 Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.12 Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

a) Financial assets (continued)

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 18.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.12 Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

b) Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. When a trade receivable becomes uncollectible, it is written off against the allowance account. If, in a subsequent year, the amount of the estimated impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 21.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.12 Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

c) Financial liabilities (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less and short term deposits pledged to banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

2.14 Inventories

Inventories are valued at lower of cost and net realisable value.

The cost of raw materials and spare parts are determined using the weighted average method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress are determined using specific identification of their individual costs. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.16 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.17 Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.18 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of vessels

Revenue from sale of vessels is recognised upon the delivery of the vessels to customers during the year. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of Services

Revenue from provision of vessel repairs and maintenance services, sub-contract services, provision of tugboats, barges and equipment hiring income, ocean freight income, towing service and commission agency income are recognised upon rendering of services.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.20 Revenue (continued)

(c) Interest Income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(d) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental Income

Rental income is accounted for on a straight-line basis over the lease terms.

2.21 Income Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

31 December 2014 (cont'd.)

2. Summary of Significant Accounting Policies (continued)

2.21 Income Taxes (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.22 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Chairman of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.23 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.24 Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

2.25 Warrants Reserve

Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

Notes to the Financial Statements

31 December 2014 (cont'd.)

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the vessels construction and transportation industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 13.

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use and/or fair value less costs to sell of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2014 was Nil (2013: RM242,658). Further details are disclosed in Note 16.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 18.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM7,753,808 (2013: RM10,123,848).

4. Revenue

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Sale of offshore support and marine transportation vessels	871,436,418	744,854,494	-	-
Vessels hiring income	5,103,164	17,293,419	-	-
Contract fee income	670,985	378,881	-	-
Dividend income	-	-	36,454,131	30,168,770
	<u>877,210,567</u>	<u>762,526,794</u>	<u>36,454,131</u>	<u>30,168,770</u>

Notes to the Financial Statements

31 December 2014 (cont'd.)

5. Interest Income

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest income from:				
- Short-term deposits	5,210,137	923,230	4,112,262	83,874
- Others	602,183	357,826	-	-
	<u>5,812,320</u>	<u>1,281,056</u>	<u>4,112,262</u>	<u>83,874</u>

6. Other Income

Commission received	25,155	27,060	25,155	27,060
Gain on foreign exchange				
- realised	2,675,527	3,058,130	-	272,551
- unrealised	537,194	460,882	1,848	1,039
Income from wholesale money market fund	1,529,429	-	1,529,429	-
Premium income	-	-	331,377	149,548
Reversal of impairment loss on receivables	65,760	74,040	-	-
Gain on disposal of property, plant and equipment	732,937	3,241,012	-	-
Rental income from investment properties	180,000	180,000	-	-
Rental income	163,892	81,788	-	-
Sundry income	726,352	2,426,883	-	-
Project management fee income	5,538,388	-	-	-
	<u>12,174,634</u>	<u>9,549,795</u>	<u>1,887,809</u>	<u>450,198</u>

7. Finance Costs

Interest expense on:

Obligations under finance leases	48,743	178,752	6,932	12,214
Revolving credits	185,445	2,391	-	-
Bank loans	213,603	340,373	-	-
Overdue account	138	3	-	-
	<u>447,929</u>	<u>521,519</u>	<u>6,932</u>	<u>12,214</u>
Less: Interest capitalised in inventories (Note 19)	<u>(328,822)</u>	<u>(394,288)</u>	<u>-</u>	<u>-</u>
Total finance costs	<u>119,107</u>	<u>127,231</u>	<u>6,932</u>	<u>12,214</u>

The interest expense capitalised in the inventories was at the weighted average rate of the Group's general borrowings of 3.22% (2013: 5.57%).

Notes to the Financial Statements

31 December 2014 (cont'd.)

8. Profit before Tax

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Incorporation expenses	9,541	-	-	-
Employee benefits expenses (Note 9)	24,903,180	17,517,013	311,707	702,828
Non-executive Directors' fees and allowances (Note 10)	97,714	86,172	97,714	86,172
Auditors' remuneration:				
- statutory audits	215,885	204,261	41,000	41,000
- other services	28,091	28,058	6,500	6,500
- underprovision in prior year	1,291	1,258	-	-
Deposits written off	1,876	-	-	-
Impairment loss on available-for-sale investment securities	-	71,496	-	-
Depreciation of property, plant and equipment (Note 13)	6,910,899	7,414,217	122,594	123,451
Depreciation of investment properties (Note 15)	82,024	82,024	-	-
Equipment hire charges	59,453	57,680	-	-
Plant and equipment written off	-	3,154	-	-
Loss on foreign exchange				
- realised	643,886	420,248	253,073	-
- unrealised	520,590	83,538	-	-
Rental of premises	1,048,569	613,097	6,000	6,000
Direct operating expenses arising from investment properties				
- rental generating properties	16,146	15,946	-	-
Loss on disposal of available-for-sale investment securities	-	112,620	-	-
Loss on disposal of plant and equipment	-	463	-	-
Impairment loss on receivables	537,260	-	-	-
Goodwill written off	242,658	-	-	-
Inventories written down	438,346	-	-	-

9. Employee Benefits Expenses

Salaries, wages and bonuses	23,713,732	16,374,418	275,837	622,923
Contributions to defined contribution plan	1,128,586	1,085,195	33,897	76,127
Social security contributions	60,862	57,400	1,973	3,778
	24,903,180	17,517,013	311,707	702,828

Included in employee benefits expenses of the Group are Executive Directors' remuneration amounting to RM8,562,389 (2013: RM5,903,680).

Notes to the Financial Statements

31 December 2014 (cont'd.)

10. Directors' Remuneration

The details of remuneration receivable by Directors of the Group and of the Company during the year are as follows:

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	5,159,942	3,228,188	-	-
Total Executive Directors' remuneration (excluding benefits-in-kind) (Note 9)	5,159,942	3,228,188	-	-
Estimated money value of benefits-in-kind	61,225	61,225	23,950	-
Total Executive Directors' remuneration (including benefits-in-kind)	5,221,167	3,289,413	23,950	-
Non-Executive:				
Fees and allowances	97,714	86,172	97,714	86,172
Total Directors' remuneration	5,318,881	3,375,585	121,664	86,172
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	3,402,447	2,675,492	-	-
Total Executive Directors' remuneration (excluding benefits-in-kind) (Note 9)	3,402,447	2,675,492	-	-
Estimated money value of benefits-in-kind	23,144	48,210	-	-
Total Executive Directors' remuneration (including benefits-in-kind)	3,425,591	2,723,702	-	-

11. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
Statement of profit or loss:				
Current income tax:				
- Malaysian income tax	2,712,080	73,007	946,512	3,863
- Labuan offshore business activity	20,000	20,000	-	-
- Foreign tax	12,449	341,347	-	-
	2,744,529	434,354	946,512	3,863
Under/(over)provision in prior years:				
- Malaysian income tax	758	8,281	(9)	(13)
- Foreign tax	1,921	7,616	-	-
	2,679	15,897	(9)	(13)
	2,747,208	450,251	946,503	3,850
Deferred income tax (Note 17):				
- Relating to reduction in tax rate	-	(133,668)	-	(143)
- Origination and reversal of temporary differences	(596,560)	(1,128,270)	(2,839)	(2,175)
- Under/(over)provision in prior years	15,573	(3,382)	(30)	10
	(580,987)	(1,265,320)	(2,869)	(2,308)
Income tax expense recognised in profit or loss	2,166,221	(815,069)	943,634	1,542

Notes to the Financial Statements

31 December 2014 (cont'd.)

11. Income Tax Expense (continued)Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Accounting profit before tax	190,878,691	150,340,111	41,066,203	29,183,010
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	47,719,673	37,585,028	10,266,551	7,295,753
Adjustments:				
Relating to reduction in tax rate	-	(133,668)	-	(143)
Non-deductible expenses	718,506	202,319	255,856	60,514
Income not subject to taxation	(382,357)	(4,899)	(9,578,734)	(7,354,579)
Effect of different tax rates in Labuan	(30,575,191)	(29,240,792)	-	-
Effect of different tax rates in other jurisdictions	(15,724,157)	(9,235,944)	-	-
Deferred tax assets not recognised	408,818	372	-	-
Deferred tax assets recognised	(17,323)	-	-	-
Under/(over)provision in prior years:				
- income tax	2,679	15,897	(9)	(13)
- deferred tax	15,573	(3,382)	(30)	10
Income tax expense recognised in profit or loss	2,166,221	(815,069)	943,634	1,542

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced from the current year's rate of 25% to 24% with effect from the year of assessment 2016.

12. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the year net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary share outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the Financial Statements

31 December 2014 (cont'd.)

12. Earnings Per Share (continued)

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2014 RM	Group 2013 RM
Profit net of tax attributable to owners of the Company used in the computation of basic and diluted earnings per share	188,712,470	151,155,180
	Number of shares	Number of shares
Weighted average number of ordinary shares for basic earnings per share computations*	520,487,829	483,090,922
Effects of dilution:		
- Warrants 2011/2016	16,999,391	-
Weighted average number of ordinary shares for diluted earnings per share computations*	537,487,220	483,090,922

* The weighted average number of ordinary shares in issue was derived at after taking into account the weighted average effect of changes in treasury shares transactions.

In previous financial year, the Warrants 2011/2016 were anti-dilutive and hence the calculation of diluted earnings per share for the financial year ended 31 December 2013 did not assume the exercise of warrants.

Notes to the Financial Statements

31 December 2014 (cont'd.)

13. Property, Plant and Equipment

Group	Leasehold land and buildings* RM	Slipway and shipyard infrastructure RM	Tugboats, barges, heavy machinery and equipment RM	Motor vehicles RM	Telecom-munication and office equipment, furniture, fittings and renovations RM	Construction work-in-progress RM	Total RM
Cost							
At 1 January 2013							
Additions	20,673,435	35,375,457	61,975,424	4,386,915	2,168,088	1,573,708	126,153,027
Disposal	-	-	11,186,478	-	730,970	348,055	12,265,503
Reclassifications	-	-	(17,452,030)	(8,000)	(2,962)	-	(17,462,992)
Written off	171,290	-	-	-	-	(171,290)	-
Exchange differences	-	-	(3,742)	-	-	-	(3,742)
	-	-	1,311,869	14,012	136,147	-	1,462,028
At 31 December 2013 and 1 January 2014	20,844,725	35,375,457	57,017,999	4,392,927	3,032,243	1,750,473	122,413,824
Additions	-	-	196,101	-	802,437	119,480,505	120,479,043
Disposal	-	-	(12,444,549)	-	(55,158)	-	(12,499,707)
Reclassifications	-	-	-	-	85,712	(85,712)	-
Exchange differences	-	-	(695,170)	549,335	292,385	9,695,187	9,841,737
	20,844,725	35,375,457	44,074,381	4,942,262	4,157,619	130,840,453	240,234,897
At 31 December 2014							
Accumulated depreciation							
At 1 January 2013	5,980,231	9,786,621	30,420,031	3,282,104	1,823,458	-	51,292,445
Depreciation charge for the year	717,893	1,946,297	4,126,846	416,520	206,661	-	7,414,217
Disposal	-	-	(6,055,079)	(7,333)	(458)	-	(6,062,870)
Written off	-	-	(624)	-	-	-	(624)
Exchange differences	-	-	447,145	7,275	6,050	-	460,470
	6,698,124	11,732,918	28,938,319	3,698,566	2,035,711	-	53,103,638
At 31 December 2013 and 1 January 2014	721,460	1,946,298	3,490,392	462,272	290,477	-	6,910,899
Depreciation charge for the year	-	-	(8,175,607)	-	(51,037)	-	(8,226,644)
Disposal	-	-	(69,032)	8,264	120,716	-	59,948
Exchange differences	-	-	-	-	-	-	-
	7,419,584	13,679,216	24,184,072	4,169,102	2,395,867	-	51,847,841
At 31 December 2014							
Net carrying amount							
At 31 December 2013	14,146,601	23,642,539	28,079,680	694,361	996,532	1,750,473	69,310,186
At 31 December 2014	13,425,141	21,696,241	19,890,309	773,160	1,761,752	130,840,453	188,387,056

Notes to the Financial Statements

31 December 2014 (cont'd.)

13. Property, Plant and Equipment (continued)

* Leasehold land and buildings comprise:

Group	Long Term Leasehold Land RM	Leasehold Buildings RM	Buildings and Workshops RM	Total RM
Cost				
At 1 January 2013	7,260,024	920,109	12,493,302	20,673,435
Reclassification	-	-	171,290	171,290
At 31 December 2013, 1 January 2014 and 31 December 2014	7,260,024	920,109	12,664,592	20,844,725
Accumulated depreciation				
At 1 January 2013	-	258,744	5,721,487	5,980,231
Depreciation charge for the year	-	18,402	699,491	717,893
At 31 December 2013 and 1 January 2014	-	277,146	6,420,978	6,698,124
Depreciation charge for the year	-	18,401	703,059	721,460
At 31 December 2014	-	295,547	7,124,037	7,419,584
Net carrying amount				
At 31 December 2013	7,260,024	642,963	6,243,614	14,146,601
At 31 December 2014	7,260,024	624,562	5,540,555	13,425,141

Company	Motor Vehicles RM	Furniture, Fittings and Office Equipment RM	Total RM
Cost			
At 1 January 2013	751,416	34,367	785,783
Additions	-	5,274	5,274
At 31 December 2013 and 1 January 2014	751,416	39,641	791,057
Additions	-	4,138	4,138
At 31 December 2014	751,416	43,779	795,195
Accumulated depreciation			
At 1 January 2013	439,359	11,327	450,686
Depreciation charge for the year	116,410	7,041	123,451
At 31 December 2013 and 1 January 2014	555,769	18,368	574,137
Depreciation charge for the year	115,151	7,443	122,594
At 31 December 2014	670,920	25,811	696,731
Net carrying amount			
At 31 December 2013	195,647	21,273	216,920
At 31 December 2014	80,496	17,968	98,464

Notes to the Financial Statements

31 December 2014 (cont'd.)

13. Property, Plant and Equipment (continued)

Assets held under finance lease

The carrying amounts of property, plant and equipment held under finance leases at the reporting date are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Heavy equipment	3,089,368	4,064,478	-	-
Motor vehicles	208,921	513,229	80,495	195,646
	<u>3,298,289</u>	<u>4,577,707</u>	<u>80,495</u>	<u>195,646</u>

Assets pledged as security

In addition to assets held under finance lease, the carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 21) are as follows:

	Group	
	2014 RM	2013 RM
Leasehold land	4,600,419	4,600,419
Slipway and shipyard infrastructure	17,833,033	19,231,707
Buildings and workshops	5,057,783	5,782,315
Tugboats, barges, heavy machinery and equipment	5,012,688	6,233,750
Motor vehicles	1	1
Telecommunication and office equipments, furniture, fittings and renovations	113,311	88,554
	<u>32,617,235</u>	<u>35,936,746</u>

14. Investments in Subsidiaries

	2014 RM	Company 2013 RM (Restated)
At 1 January		
- As previously reported	67,671,170	67,171,986
- Prior year adjustments (Note 34)	(10,300,000)	(10,300,000)
- As restated	57,371,170	56,871,986
Provision for financial guarantee	172,381	129,434
Incorporation of new subsidiaries	3,732,425	369,750
At 31 December	<u>61,275,976</u>	<u>57,371,170</u>

Notes to the Financial Statements

31 December 2014 (cont'd.)

14. Investments in Subsidiaries (continued)

Details of the subsidiaries held by the Company are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2014 %	2013 %
Bonafide Shipbuilders & Repairs Sdn. Bhd.	Malaysia	Provision of ship repairs and maintenance services and sub-contract services	100	100
Coastal Transport (Sandakan) Sdn. Bhd.	Malaysia	Provision of tugboat and barge transportation, and property letting	100	100
Coastway Transport Sdn. Bhd.	Malaysia	Provision of vessel chartering and related services	100	100
Seri Modalwan Sdn. Bhd.	Malaysia	Provision of ship repairs and maintenance services and sub-contract services	100	100
Pleasant Engineering Sdn. Bhd.	Malaysia	Fabrication and sale of offshore support and marine transportation vessels and provision of ship repairs and maintenance services	100	100
Coastal Marine Pte. Ltd. #	Singapore	Provision of vessels chartering & towing, marketing, ship delivery and other ancillary services	100	100
Coastal Offshore (Labuan) Pte. Ltd.	Malaysia	Sale of offshore support and marine transportation vessels, provision of bareboat chartering and leasing services to non-Malaysian residents	100	100
Asiapride Sdn. Bhd.	Malaysia	Dormant	100	100
Thaumas Marine Ltd #	British Virgin Islands	Sale of marine vessels and provision of shipping agency, vessel chartering and towing services	100	100
Ace Capital Pte. Ltd. #	Malaysia	Dormant	100	100

Notes to the Financial Statements

31 December 2014 (cont'd.)

14. Investments in Subsidiaries (continued)

Details of the subsidiaries held by the Company are as follows: (continued)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2014 %	2013 %
Coastal International Marine Inc. #	British Virgin Islands	Dormant	100	-
Coastal Offshore Venture Pte. Ltd. #	Malaysia	Dormant	100	-
Coastal Drilling Pte. Ltd. *	Singapore	Dormant	100	-
Coastal Energy Solutions Pte. Ltd. *	Singapore	Dormant	100	-

* No auditor appointed

Audited by firm other than Ernst & Young.

15. Investment Properties

	2014 RM	Group 2013 RM
Cost		
At 1 January and 31 December	4,101,213	4,101,213
Accumulated depreciation		
At 1 January	164,048	82,024
Depreciation charge for the year	82,024	82,024
At 31 December	246,072	164,048
Net carrying amount	3,855,141	3,937,165

Properties pledged as security

Investment properties are mortgaged to secure a subsidiary's bank loan (Note 21).

Fair value of investment properties

The fair value of investment properties as at the reporting date amounted to approximately RM5,000,000 (2013: RM4,950,000).

Fair value hierarchy disclosures for investment properties have been provided in Note 28.

Fair value is arrived at by reference to market evidence of transaction prices for similar properties.

Notes to the Financial Statements

31 December 2014 (cont'd.)

16. Intangible Asset

	2014 RM	Group 2013 RM (Restated)
Goodwill		
At 1 January		
- As previously reported	5,884,127	5,884,127
- Prior year adjustments (Note 34)	(5,641,469)	(5,641,469)
- As restated	242,658	242,658
Goodwill written off	(242,658)	-
At 31 December	-	242,658

Goodwill has been allocated to the Group's CGUs identified according to business segment of vessels chartering and equipment hire.

The recoverable amount of the vessels chartering and equipment hire segment was determined based on fair value less costs to sell.

17. Deferred Tax

Deferred income tax as at 31 December relates to the following:

	As at 1 January 2013 RM	Recognised in profit or loss (Note 11) RM	As at 31 December 2013 RM	Recognised in profit or loss (Note 11) RM	As at 31 December 2014 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	4,675,847	139,875	4,815,722	(1,205,950)	3,609,772
Others	37,250	(27,388)	9,862	13,541	23,403
	4,713,097	112,487	4,825,584	(1,192,409)	3,633,175
Deferred tax assets:					
Inventories	(199,945)	(41,181)	(241,126)	(5,950)	(247,076)
Receivables	(313,833)	199,885	(113,948)	17,899	(96,049)
Tax losses and unabsorbed capital allowances	(1,001,492)	(1,529,470)	(2,530,962)	592,510	(1,938,452)
Others	(10,259)	(7,041)	(17,300)	6,963	(10,337)
	(1,525,529)	(1,377,807)	(2,903,336)	611,422	(2,291,914)
	3,187,568	(1,265,320)	1,922,248	(580,987)	1,341,261

Notes to the Financial Statements

31 December 2014 (cont'd.)

17. Deferred Tax (continued)

Company	As at 1 January 2013 RM	Recognised in profit or loss (Note 11) RM	As at 31 December 2013 RM	Recognised in profit or loss (Note 11) RM	As at 31 December 2014 RM
Deferred tax liabilities:					
Property, plant and equipment	11,683	(2,710)	8,973	(3,071)	5,902
Others	-	260	260	202	462
	11,683	(2,450)	9,233	(2,869)	6,364
Deferred tax assets:					
Others	(142)	142	-	-	-
	11,541	(2,308)	9,233	(2,869)	6,364

Presented after appropriate offsetting as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax assets	(15,006)	(408,818)	-	-
Deferred tax liabilities	1,356,267	2,331,066	6,364	9,233
	1,341,261	1,922,248	6,364	9,233

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014 RM	2013 RM
Unutilised tax losses	1,078,809	40,152
Unabsorbed capital allowances	341,511	14,562
Deductible temporary differences	200,374	-
	1,620,694	54,714

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the said subsidiary, subject to no substantial change in shareholdings of this entity under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Notes to the Financial Statements

31 December 2014 (cont'd.)

18. Trade and Other Receivables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Trade receivables				
Third parties	31,623,815	22,886,370	-	-
Less: Allowance for impairment	(934,320)	(507,556)	-	-
Trade receivables, net	30,689,495	22,378,814	-	-
Other receivables				
Amounts due from subsidiaries	-	-	80,584,742	70,963,620
Deposits paid to suppliers and contractors	100,132,954	137,408,078	-	-
Deposits	643,503	783,541	3,400	3,400
Prepayments	225,971	201,243	10,041	12,435
Sundry receivables	4,565,864	4,027,222	301,861	1,794
Other assets	11,101,388	13,734,171	-	-
	116,669,680	156,154,255	80,900,044	70,981,249
Less: Allowance for impairment	(134,157)	(74,355)	-	-
	116,535,523	156,079,900	80,900,044	70,981,249
	147,225,018	178,458,714	80,900,044	70,981,249
Non-Current				
Trade receivables				
Third parties	8,093,698	10,101,609	-	-
Total trade and other receivables	155,318,716	188,560,323	80,900,044	70,981,249
Less: Prepayments	(225,971)	(201,243)	(10,041)	(12,435)
Less: Other assets	(11,101,388)	(13,734,171)	-	-
Less: Deposits paid to suppliers and contractors	(100,132,954)	(137,408,078)	-	-
Add: Cash and bank balances (Note 20)	469,690,560	319,001,640	208,500,954	13,466,024
Total loans and receivables	513,548,963	356,218,471	289,390,957	84,434,838

(a) Trade and other receivables

Trade receivables are non-interest bearing and are generally on 30 to 45 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to the Financial Statements

31 December 2014 (cont'd.)

18. Trade and Other Receivables (continued)

(a) Trade and other receivables (continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2014 RM	2013 RM
Neither past due nor impaired	31,555,184	25,618,205
1 to 30 days past due not impaired	710,106	514,122
31 to 120 days past due not impaired	1,798,386	4,453,414
More than 121 days past due not impaired	3,390,637	1,894,682
	<u>5,899,129</u>	<u>6,862,218</u>
Impaired	<u>2,263,200</u>	<u>507,556</u>
	<u>39,717,513</u>	<u>32,987,979</u>

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These receivables are mostly regular customers with no history of default in payment.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM5,899,129 (2013: RM6,862,218) that are past due at the reporting date but not impaired. These balances mainly relate to customers who have never defaulted on payments but are slow paymasters hence, periodically monitored. The receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade and other receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Trade		Other	
	2014 RM	2013 RM	2014 RM	2013 RM
Individually impaired:				
Receivables - nominal amounts	2,263,200	507,556	764,226	74,355
Less: Allowance for impairment	(934,320)	(507,556)	(134,157)	(74,355)
	<u>1,328,880</u>	<u>-</u>	<u>630,069</u>	<u>-</u>

Notes to the Financial Statements

31 December 2014 (cont'd.)

18. Trade and Other Receivables (continued)

(a) Trade and other receivables (continued)

Movement in allowance accounts:

	Trade		Other	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January	507,556	606,933	74,355	73,628
Reversal of impairment loss	(65,760)	(74,040)	-	-
Exchange differences	14,326	(25,337)	740	727
Charge for the year	478,198	-	59,062	-
At 31 December	934,320	507,556	134,157	74,355

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade and other receivables

These include outstanding proceeds from disposal of vessels amounting to RM13,708,693 (2013: RM14,678,910), and they are to be repayable by 24 - 60 monthly installments. The Group holds the title of the vessels as collateral for these amounts.

(b) Amounts due from subsidiaries

All the amounts are unsecured, non-interest bearing and are repayable on demand.

(c) Other assets

Represented prepaid brokerage commission in respect of vessel sales contracts.

19. Inventories

	2014 RM	Group 2013 RM
Cost		
Finished goods	388,154,031	391,269,875
Raw materials	11,639,581	10,147,926
Work-in-progress	871,074,177	559,998,124
Spare parts	8,313	8,313
	1,270,876,102	961,424,238
Less: Inventories written down	(438,346)	-
	1,270,437,756	961,424,238

During the financial year, the borrowing costs capitalised as cost of work-in-progress amounted to RM328,822 (2013: RM394,288).

Notes to the Financial Statements

31 December 2014 (cont'd.)

19. Inventories (continued)

There were no inventories stated at net realisable value as at 31 December 2014 and 2013.

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM433,151,333 (2013: RM353,565,941).

20. Cash and Short-Term Deposits

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
* Cash on hand and at banks	61,744,166	60,280,889	876,178	466,024
Short-term deposits with licensed banks	298,594,767	258,720,751	98,273,149	13,000,000
Short term deposit with wholesale money market fund	109,351,627	-	109,351,627	-
Cash and bank balances	469,690,560	319,001,640	208,500,954	13,466,024

Included in last year's short-term deposits with licensed banks of the Group was an amount of RM3,191,074 held under lien as security for documentary credit issued by the bank in favour of third party.

Short-term deposits of the Group are made for varying periods of between seven and thirty three days depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The interest rates as at 31 December 2014 for the Group and the Company were range from 0.35% to 3.70% p.a. (2013: 0.28% to 3.15% p.a.) and 3.50% to 3.70% p.a. (2013: 3.15% p.a.) respectively.

Short-term deposit with wholesale money market fund represents investment in an unit trust fund that invests in fixed deposits with tenures of less than one year with financial institutions and/or money market instruments.

* Included in cash on hand of the Group are amounts totalling RM1,502,772 (2013: RM1,307,218) held by the Directors of the Group for day-to-day miscellaneous spending requirement of the Group.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash on hand and at banks	61,744,166	60,280,889	876,178	466,024
Short-term deposits with licensed banks	298,594,767	258,720,751	98,273,149	13,000,000
Cash and cash equivalents	360,338,933	319,001,640	99,149,327	13,466,024

Notes to the Financial Statements

31 December 2014 (cont'd.)

21. Loans and Borrowings

			Group		Company
	Maturity on	2014	2013	2014	2013
	Borrowings	RM	RM	RM	RM
Current					
Secured:					
Obligations under finance leases (Note 27(c))	2015	539,788	1,773,490	42,443	106,421
Bank loans:					
- RM loan at COF	2015	351,110	336,572	-	-
- RM loan at BLR – 1.85% p.a.	2015	194,804	186,836	-	-
- RM loans at BLR + 1% p.a.	2015	-	600,189	-	-
		1,085,702	2,897,087	42,443	106,421
Unsecured:					
Revolving credits ("RC")					
- USD RC at COF + 1% p.a.	2015	94,405,500	8,520,231	-	-
		95,491,202	11,417,318	42,443	106,421
Non-Current					
Secured:					
Obligations under finance leases (Note 27(c))	2016 - 2017	67,420	613,913	44,644	89,967
Bank loans:					
- RM loan at COF	2019	1,317,825	1,668,935	-	-
- RM loan at BLR – 1.85% p.a.	2024	2,134,998	2,301,227	-	-
		3,520,243	4,584,075	44,644	89,967
Total loans and borrowings		99,011,445	16,001,393	87,087	196,388

The remaining maturities of the loans and borrowings are as follows:

		Group		Company
	2014	2013	2014	2013
	RM	RM	RM	RM
On demand or within one year	95,491,202	11,417,318	42,443	106,421
More than 1 year and less than 2 years	618,496	1,093,844	33,260	45,322
More than 2 years and less than 5 years	1,649,095	1,864,411	11,384	44,645
5 years or more	1,252,652	1,625,820	-	-
	99,011,445	16,001,393	87,087	196,388

Notes to the Financial Statements

31 December 2014 (cont'd.)

21. Loans and Borrowings (continued)

Obligations under finance leases

These obligations are secured by a charge over the lease assets (Note 13) and corporate guarantee provided by the Company. The discount rates implicit in the leases are range from 4.61% to 5.92% p.a. (2013: 4.61% to 5.92% p.a.). These obligations are denominated in RM.

Revolving credits

Revolving credits are secured by corporate guarantee provided by the Company.

RM loan at COF

This loan is fully repayable on 31 May 2019 and is secured by certain leasehold land of the Group and corporate guarantee provided by the Company.

RM loan at BLR – 1.85% p.a.

This loan is fully repayable on 30 June 2024 and is secured by investment properties and corporate guarantee provided by the Company.

22. Trade and Other Payables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Trade payables				
Third parties	48,912,508	21,556,774	-	-
Other payables				
Amounts due to subsidiaries	-	-	2,514,867	4,219,901
Accruals	11,699,014	9,039,907	94,150	301,410
Deposits received from				
vessel buyers	493,316,787	489,651,409	-	-
Other deposits	134,520	166,745	-	-
Financial guarantees	-	-	52,944	169,462
Sundry payables	5,273,569	1,974,741	48,432	38,353
	<u>510,423,890</u>	<u>500,832,802</u>	<u>2,710,393</u>	<u>4,729,126</u>
	<u>559,336,398</u>	<u>522,389,576</u>	<u>2,710,393</u>	<u>4,729,126</u>
Non-Current				
Other payables				
Financial guarantees	-	-	145,079	187,557
Total trade and other payables	559,336,398	522,389,576	2,855,472	4,916,683
Less: Deposits received from				
vessel buyers	(493,316,787)	(489,651,409)	-	-
Add: Loans and borrowings				
(Note 21)	99,011,445	16,001,393	87,087	196,388
Total financial liabilities				
carried at amortised cost	<u>165,031,056</u>	<u>48,739,560</u>	<u>2,942,559</u>	<u>5,113,071</u>

Notes to the Financial Statements

31 December 2014 (cont'd.)

22. Trade and Other Payables (continued)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 days to 90 days (2013: 30 days to 90 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of four months.

(c) Amounts due to subsidiaries

The amounts are unsecured, non-interest bearing and are repayable on demand.

(d) Financial guarantees

This amount relates to corporate guarantees provided by the Company to banks for banking facilities (Note 21) granted to wholly-owned subsidiaries.

23. Share Capital and Treasury Shares

	Group and Company					
	Number of Ordinary Shares of RM0.20 Each		Amount			
	Share Capital (Issued and Fully Paid)	Treasury Shares	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Total Share Capital and Share Premium RM	Treasury Shares RM
At 1 January 2013	483,269,333	(150,000)	96,653,867	-	96,653,867	(303,295)
Purchase of treasury shares	-	(50,000)	-	-	-	(123,446)
At 31 December 2013 and 1 January 2014	483,269,333	(200,000)	96,653,867	-	96,653,867	(426,741)
Issue of ordinary shares:						
- Private placement	48,306,933	-	9,661,386	198,058,425	207,719,811	-
- Conversion of warrants	23,165	-	4,633	78,722	83,355	-
Purchase of treasury shares	-	(200,000)	-	-	-	(824,076)
Shares issuance expense	-	-	-	(2,317,112)	(2,317,112)	-
At 31 December 2014	531,599,431	(400,000)	106,319,886	195,820,035	302,139,921	(1,250,817)

Notes to the Financial Statements

31 December 2014 (cont'd.)

23. Share Capital and Treasury Shares (continued)

	Number of Ordinary Shares of RM0.20 Each		Amount	
	2014 RM	2013 RM	2014 RM	2013 RM
Authorised				
At 1 January and 31 December	2,500,000,000	2,500,000,000	500,000,000	500,000,000

(a) Share Capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM96,653,867 to RM106,319,886 by way of:

- The issuance of 48,306,933 new ordinary shares of RM0.20 each through a private placement at an issue price of RM4.30 per ordinary share; and
- The issuance of 23,165 new ordinary shares of RM0.20 each arising from the exercise of Warrants 2011/2016 at the exercise price of RM3.18 per ordinary share in accordance with the Deed Poll dated 14 July 2011.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Treasury Shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

The Company acquired 200,000 (2013: 50,000) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM824,076 (2013: RM123,446) and this was presented as a component within shareholders' equity.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

Notes to the Financial Statements

31 December 2014 (cont'd.)

24. Other Reserves

Group	Warrants Reserve RM	Foreign Currency Translation Reserve RM	Fair Value Adjustment Reserve RM	Total RM
At 1 January 2013	25,268,945	(4,047,381)	28,599	21,250,163
Other comprehensive income/(loss):				
Foreign currency translation	-	49,933,504	-	49,933,504
Available-for-sale financial assets				
- Loss on fair value changes	-	-	(28,599)	(28,599)
At 31 December 2013 and 1 January 2014	25,268,945	45,886,123	-	71,155,068
Other comprehensive income/(loss):				
Foreign currency translation	-	65,585,053	-	65,585,053
Conversion of warrants	(9,690)	-	-	(9,690)
At 31 December 2014	25,259,255	111,471,176	-	136,730,431
Company				
At 1 January 2013 and 31 December 2013	25,268,945	-	-	25,268,945
Conversion of warrants	(9,690)	-	-	(9,690)
At 31 December 2014	25,259,255	-	-	25,259,255

(a) Warrants reserve

This represents the fair value of warrants issued. This amount was arrived at using the Black-Scholes option pricing model.

On 19 July 2011, the Company allotted 60,408,667 free Warrants 2011/2016 on the basis of one (1) Warrant for every eight (8) ordinary shares of RM0.20 each held in the Company after the bonus issue of new ordinary shares. The Warrants 2011/2016 were listed on Bursa Malaysia Securities Berhad on 25 July 2011.

The Warrants 2011/2016 are constituted by a Deed Poll dated 14 July 2011.

Each Warrant 2011/2016 entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or after 19 July 2011 to 18 July 2016 at an exercise price of RM3.18, subject to the adjustments in accordance with the provisions in the Deed Poll. Any Warrants 2011/2016 not exercise at the date of maturity will lapse and cease to be valid for any purpose.

The ordinary shares issued from the exercise of Warrants 2011/2016 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions or rights, the entitlement date of which is prior to the date of the allotment of the new shares arising from the exercise of Warrants 2011/2016.

During the financial year, 23,165 (2013: Nil) warrants were converted into new ordinary shares. As at 31 December 2014, the total number of Warrants 2011/2016 which remained unexercised amounted 60,385,502 (2013: 60,408,667) warrants.

Notes to the Financial Statements

31 December 2014 (cont'd.)

24. Other Reserves (continued)

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

25. Retained Earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 and 31 December 2013 under the single tier system.

26. Related Party Transactions

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2014 RM	2013 RM
Group		
Transactions with a company in which certain Directors of the Company are also directors:		
Top Pride Sdn. Bhd.*		
- Rent of premises	9,750	9,600
Transactions with a person connected with certain Directors of the Company:		
Ng Lai Whoon		
- Rent of premises	-	14,400
Transactions with a Director of the Company:		
Ng Chin Shin		
- Rent of premises	19,292	19,244
Remuneration for employment services provided by close members of the family of Directors:**		
Salaries, wages and bonuses	311,847	154,250
Contributions to defined contribution plan	11,568	18,740
Social security contributions	827	1,240
Estimated money value of benefits-in-kind	20,720	5,000
	344,962	179,230

Notes to the Financial Statements

31 December 2014 (cont'd.)

26. Related Party Transactions (continued)

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year: (continued)

Company	2014 RM	2013 RM
Transactions with subsidiaries:		
Bonafide Shipbuilders & Repairs Sdn. Bhd.		
- Dividend income	-	900,000
Coastal Transport (Sandakan) Sdn. Bhd.		
- Rent of premises	6,000	6,000
Coastal Offshore (Labuan) Pte. Ltd.		
- Dividend income	36,454,131	29,268,770
Remuneration for employment services provided by close members of the family of Directors:**		
Salaries, wages and bonuses	-	95,800
Contributions to defined contribution plan	-	11,252
Social security contributions	-	620
Estimated money value of benefits-in-kind	-	5,000
	-	112,672

* A company in which Ng Chin Heng, Pang Fong Thau, Ng Chin Keuan, Ng Chin Kok and Ng Chin Shin have financial interests.

** Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short-term employee benefits	8,315,050	5,649,419	96,346	83,700
Defined contribution plan	345,053	340,433	1,368	2,472
Estimated money value of benefits-in-kind	84,369	109,435	23,950	-
	8,744,472	6,099,287	121,664	86,172

Notes to the Financial Statements

31 December 2014 (cont'd.)

27. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	507,691,800	629,813,140	-	-
Approved but not contracted for:				
Property, plant and equipment	75,157,216	72,061,000	-	-
	<u>582,849,016</u>	<u>701,874,140</u>	<u>-</u>	<u>-</u>

(b) Operating lease commitments - Group as lessee

The Group has entered into commercial leases on properties. These non-cancellable leases have average tenure of between one and three years.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Not later than 1 year	959,682	878,418	-	-
Later than 1 year but not later than 5 years	395,289	1,154,880	-	-
	<u>1,354,971</u>	<u>2,033,298</u>	<u>-</u>	<u>-</u>

(c) Finance lease commitments

The Group has finance leases for certain items of heavy equipment and motor vehicles (Note 13). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payment are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Minimum lease payments:				
Not later than 1 year	548,194	1,823,820	45,283	113,353
Later than 1 year but not later than 2 years	49,589	553,312	34,548	48,162
Later than 2 years but not later than 5 years	20,149	69,738	11,487	46,035
	<u>617,932</u>	<u>2,446,870</u>	<u>91,318</u>	<u>207,550</u>
Total minimum lease payments	617,932	2,446,870	91,318	207,550
Less: Amounts representing finance charges	(10,724)	(59,467)	(4,231)	(11,162)
	<u>607,208</u>	<u>2,387,403</u>	<u>87,087</u>	<u>196,388</u>
Present value of minimum lease payments	607,208	2,387,403	87,087	196,388

Notes to the Financial Statements

31 December 2014 (cont'd.)

27. Commitments (continued)

(c) Finance lease commitments (continued)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Present value of payments:				
Not later than 1 year	539,788	1,773,490	42,443	106,421
Later than 1 year but not later than 2 years	47,609	546,492	33,260	45,322
Later than 2 years but not later than 5 years	19,811	67,421	11,384	44,645
Present value of minimum lease payments	607,208	2,387,403	87,087	196,388
Less: Amount due within 12 months (Note 21)	(539,788)	(1,773,490)	(42,443)	(106,421)
Amount due after 12 months (Note 21)	67,420	613,913	44,644	89,967

28. Fair Value Measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31 December 2014:

Group	Date of valuation	Total RM	Fair value measurement using		
			Quoted prices in active markets (level 1) RM	Significant observable inputs (level 2) RM	Significant unobservable inputs (level 3) RM
Assets for which fair values are disclosed:					
Investment properties (Note 15):					
Offices properties	31 December 2014	5,000,000	-	5,000,000	-
Trade receivables (non-current)	31 December 2014	7,693,595	-	-	7,693,595
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings:					
Obligations under finance leases (non-current)	31 December 2014	64,290	-	64,290	-
Company					
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings:					
Obligations under finance leases (non-current)	31 December 2014	42,655	-	42,655	-

Notes to the Financial Statements

31 December 2014 (cont'd.)

28. Fair Value Measurement (continued)

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31 December 2013:

Group	Date of valuation	Total RM	Fair value measurement using		
			Quoted prices in active markets (level 1) RM	Significant observable inputs (level 2) RM	Significant unobservable inputs (level 3) RM
Assets for which fair values are disclosed:					
Investment properties (Note 15):					
Offices properties	31 December 2013	4,950,000	-	4,950,000	-
Trade receivables (non-current)	31 December 2013	9,625,420	-	-	9,625,420
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings:					
Obligations under finance leases (non-current)	31 December 2013	585,360	-	585,360	-
Company					
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings:					
Obligations under finance leases (non-current)	31 December 2013	85,868	-	85,868	-

There have been no transfers between level 1 and level 2 during the period.

29. Fair Value of Financial Instruments

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

Group	Carrying amount		Fair value	
	2014 RM	2013 RM	2014 RM	2013 RM
Financial assets				
Trade receivables (non-current)	8,093,698	10,101,609	7,693,595	9,625,420
Financial liabilities				
Interest-bearing loans and borrowings:				
Obligations under finance leases (non-current)	67,420	613,913	64,290	585,360

Notes to the Financial Statements

31 December 2014 (cont'd.)

29. Fair Value of Financial Instruments (continued)

	Carrying amount		Fair value	
	2014 RM	2013 RM	2014 RM	2013 RM
Company				
Financial liabilities				
Interest-bearing loans and borrowings:				
Obligations under				
finance leases (non-current)	44,644	89,967	42,655	85,868
Financial guarantees	198,023	357,019	-*	-*
Total	242,667	446,986	42,655	85,868

* The fair value is Nil as the Company does not required to settle the present obligation at the reporting date.

The management assessed that cash and short-term deposits, loans and borrowings (current), loans and borrowings (non-current) at COF and BLR – 1.85% p.a., trade and other payables (current) except for deposits received from vessel buyers, current trade and other receivables except for deposits paid to suppliers and contractors, prepayments and other assets approximate their carrying amounts largely due to their short-term nature or that they are floating rate investments that are re-priced to market interest rates on or near the reporting date.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanges in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

Trade receivables and finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market interest rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

30. Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Notes to the Financial Statements

31 December 2014 (cont'd.)

30. Financial Risk Management Objectives and Policies (continued)

(a) Credit Risk (continued)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM263,385,466 (2013: RM258,339,466) relating to corporate guarantees provided by the Company to banks on certain subsidiaries' bank borrowings.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 18(a).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group		Group	
	RM	2014 % of total	RM	2013 % of total
By country:				
Indonesia	14,412,783	37%	15,623,138	48%
Malaysia	3,043,758	8%	2,989,505	9%
Mexico	5,298,718	14%	-	-
British Virgin Islands	-	-	3,275,500	10%
Singapore	15,306,235	39%	-	-
Samoa	-	-	10,154,050	31%
United States	711,289	2%	-	-
Others	10,410	-	438,230	2%
	38,783,193	100%	32,480,423	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Notes to the Financial Statements

31 December 2014 (cont'd.)

30. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity Risk (continued)

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 96% (2013: 71%) of the Group's and approximately 48% (2013: 54%) of the Company's loans and borrowings (Note 21) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's assets and liabilities at the reporting date based on contractual undiscounted amounts.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
2014				
Financial assets:				
Trade and other receivables	36,430,022	8,653,838	-	45,083,860
Cash and bank balances	469,690,560	-	-	469,690,560
Total undiscounted financial assets	506,120,582	8,653,838	-	514,774,420
Financial liabilities:				
Trade and other payables	66,019,611	-	-	66,019,611
Loans and borrowings	95,673,851	2,707,988	1,402,217	99,784,056
Total undiscounted financial liabilities	161,693,462	2,707,988	1,402,217	165,803,667
Total net undiscounted financial assets/(liabilities)	344,427,120	5,945,850	(1,402,217)	348,970,753
2013				
Financial assets:				
Trade and other receivables	27,661,792	11,054,813	-	38,716,605
Cash and bank balances	319,001,640	-	-	319,001,640
Total undiscounted financial assets	346,663,432	11,054,813	-	357,718,245
Financial liabilities:				
Trade and other payables	32,738,167	-	-	32,738,167
Loans and borrowings	11,680,677	3,503,680	1,834,296	17,018,653
Total undiscounted financial liabilities	44,418,844	3,503,680	1,834,296	49,756,820
Total net undiscounted financial assets/(liabilities)	302,244,588	7,551,133	(1,834,296)	307,961,425

Notes to the Financial Statements

31 December 2014 (cont'd.)

30. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity Risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's and the Company's assets and liabilities at the reporting date based on contractual undiscounted amounts. (continued)

Company	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2014				
Financial assets:				
Trade and other receivables	80,890,003	-	-	80,890,003
Cash and bank balances	208,500,954	-	-	208,500,954
Total undiscounted financial assets	289,390,957	-	-	289,390,957
Financial liabilities:				
Trade and other payables excluding financial guarantees*	2,657,449	-	-	2,657,449
Loans and borrowings	45,283	46,035	-	91,318
Total undiscounted financial liabilities	2,702,732	46,035	-	2,748,767
Total net undiscounted financial assets/(liabilities)	286,688,225	(46,035)	-	286,642,190
2013				
Financial assets:				
Trade and other receivables	70,968,814	-	-	70,968,814
Cash and bank balances	13,466,024	-	-	13,466,024
Total undiscounted financial assets	84,434,838	-	-	84,434,838
Financial liabilities:				
Trade and other payables excluding financial guarantees*	4,559,664	-	-	4,559,664
Loans and borrowings	113,353	94,197	-	207,550
Total undiscounted financial liabilities	4,673,017	94,197	-	4,767,214
Total net undiscounted financial assets/(liabilities)	79,761,821	(94,197)	-	79,667,624

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

Notes to the Financial Statements

31 December 2014 (cont'd.)

30. Financial Risk Management Objectives and Policies (continued)

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2013: less than 6 months) from the reporting date.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit net of tax through the impact on interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

	2014		2013	
	Interest rate	Effect on profit net of tax RM	Interest rate	Effect on profit net of tax RM
Ringgit Malaysia	+ 0.25%	(7,498)	+ 0.25%	(9,551)
Ringgit Malaysia	- 0.25%	7,498	- 0.25%	9,551
United States Dollars	+ 0.10%	(88,360)	+ 0.10%	(8,196)
United States Dollars	- 0.10%	88,360	- 0.10%	8,196

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or expenses that are denominated in a currency other than the respective functional currencies of the Group entities, primarily RM, United States Dollars ("USD") and Singapore Dollar ("SGD"). The foreign currencies in which these transactions are denominated are RM, USD, SGD, Euro, British Pound ("GBP"), Renminbi ("RMB") and Indonesia Rupiah ("IDR").

Approximately 5% (2013: 1%) of the Group's sales are denominated in foreign currencies whilst almost 92% (2013: 97%) of costs are denominated in the respective functional currencies of the Group entities. The Group's foreign currency exposures arising from receivable and payable balances at the reporting date are as follows:

	2014 RM	2013 RM
Trade receivables	16,431,405	726,342
Other receivables	7,692,603	13,110,972
Trade payables	857,436	4,162,959
Other payables	198,479	1,128,675

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM41,745,459 (2013: RM39,998,756) for the Group.

Notes to the Financial Statements

31 December 2014 (cont'd.)

30. Financial Risk Management Objectives and Policies (continued)

(d) Foreign Currency Risk (continued)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including British Virgin Islands and Singapore. These investments are not hedged as currency positions in USD and SGD are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, RM, IDR, GBP, RMB and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(Decrease) in Profit Net of Tax			
	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
USD/RM				
- strengthened 3% (2013: 2%)	(1,306,634)	(303,914)	(676)	(293)
- weakened 3% (2013: 2%)	1,306,634	303,914	676	293
IDR/RM				
- strengthened 8% (2013: 6%)	(94,961)	(67,576)	-	-
- weakened 8% (2013: 6%)	94,961	67,576	-	-
SGD/RM				
- strengthened 2% (2013: 2%)	(30,151)	(48,383)	5,294	-
- weakened 2% (2013: 2%)	30,151	48,383	(5,294)	-
RMB/USD				
- strengthened 2% (2013: 3%)	(832)	(263,144)	-	-
- weakened 2% (2013: 3%)	832	263,144	-	-
SGD/USD				
- strengthened 1% (2013: 1%)	(106,792)	(93,074)	-	-
- weakened 1% (2013: 1%)	106,792	93,074	-	-
RM/USD				
- strengthened 3% (2013: 2%)	60,162	100,908	-	-
- weakened 3% (2013: 2%)	(60,162)	(100,908)	-	-
GBP/USD				
- strengthened 3% (2013: Nil)	(51,177)	-	-	-
- weakened 3% (2013: Nil)	51,177	-	-	-
USD/SGD				
- strengthened 1% (2013: 1%)	(123,643)	(57,526)	-	-
- weakened 1% (2013: 1%)	123,643	57,526	-	-
RM/SGD				
- strengthened 2% (2013: 2%)	42,971	42,138	-	-
- weakened 2% (2013: 2%)	(42,971)	(42,138)	-	-

Notes to the Financial Statements

31 December 2014 (cont'd.)

31. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is total loans and borrowings divided by equity attributable to equity owners of the parent. The Group's policy is to maintain the gearing ratio at manageable level.

The calculations of the Group's and Company's gearing ratios are as follows:

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Loans and borrowings	21	99,011,445	16,001,393	87,087	196,388
Equity attributable to owners of the Company		1,427,185,291	1,002,726,371	347,961,497	137,677,531
Gearing ratio		6.94%	1.60%	0.02%	0.14%

32. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- (a) Vessels manufacturing and repairing services - Fabrication and sale of offshore support and marine transportation vessels, and provision of ship repairs and maintenance services.
- (b) Vessels chartering and equipment hire - Provision of vessels transportation and equipment hiring services.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respect as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

Notes to the Financial Statements

31 December 2014 (cont'd.)

32. Segment Information (continued)

	Vessels manufacturing and repairing services RM	Vessels chartering and equipment hire RM	Adjustments and elimination RM	Notes	Per consolidated financial statements RM
2014					
Revenue:					
External customers	872,107,403	5,103,164	-		877,210,567
Inter-segment	173,237	25,000	(198,237)	A	-
Total revenue	872,280,640	5,128,164	(198,237)		877,210,567
Results:					
Interest income	1,585,018	114,812	4,112,490		5,812,320
Depreciation	4,577,218	2,293,111	122,594		6,992,923
Other non-cash expenses	1,145,067	595,663	-	B	1,740,730
Segment profit	186,420,344	349,613	4,108,734	C	190,878,691
Assets:					
Additions to non-current assets	119,912,148	562,757	4,138	D	120,479,043
Segment assets	2,042,533,751	27,879,231	17,614,162	E	2,088,027,144
Segment liabilities	558,449,546	702,036	101,690,271	F	660,841,853
2013					
Revenue:					
External customers	745,233,375	17,293,419	-		762,526,794
Inter-segment	14,722,544	7,888,136	(22,610,680)	A	-
Total revenue	759,955,919	25,181,555	(22,610,680)		762,526,794
Results:					
Interest income	969,250	227,932	83,874		1,281,056
Depreciation	4,237,197	3,135,593	123,451		7,496,241
Other non-cash expenses	83,538	187,733	-	B	271,271
Segment profit/(loss)	147,422,749	4,169,624	(1,252,262)	C	150,340,111
Assets:					
Additions to non-current assets	292,726	11,967,503	5,274	D	12,265,503
Segment assets	1,470,705,933	58,068,124	15,078,833	E	1,543,852,890
Segment liabilities	519,663,343	2,383,157	19,080,019	F	541,126,519

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

Notes to the Financial Statements

31 December 2014 (cont'd.)

32. Segment Information (continued)

	Note	2014 RM	2013 RM
Deposits written off	8	1,876	-
Loss on disposal of available-for-sale investment securities	8	-	112,620
Impairment loss on receivables	8	537,260	-
Plant and equipment written off	8	-	3,154
Unrealised loss on foreign exchange	8	520,590	83,538
Impairment loss on available-for-sale investment securities	8	-	71,496
Loss on disposal of plant and equipment	8	-	463
Goodwill written off	8	242,658	-
Inventories written down	8	438,346	-
		<u>1,740,730</u>	<u>271,271</u>

C The following items are added/(deducted) from segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss:

	2014 RM	2013 RM
Finance costs	(119,107)	(127,231)
Unallocated corporate income/(expenses)	<u>4,227,841</u>	<u>(1,125,031)</u>
	<u>4,108,734</u>	<u>(1,252,262)</u>

D Additions to non-current assets consist of:

Property, plant and equipment	<u>120,479,043</u>	<u>12,265,503</u>
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E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2014 RM	2013 RM
Deferred tax assets	15,006	408,818
Tax recoverable	322,909	967,862
Unallocated corporate assets	<u>17,276,247</u>	<u>13,702,153</u>
	<u>17,614,162</u>	<u>15,078,833</u>

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2014 RM	2013 RM
Deferred tax liabilities	1,356,267	2,331,066
Income tax payable	1,137,743	404,484
Loans and borrowings	99,011,445	16,001,393
Unallocated corporate liabilities	<u>184,816</u>	<u>343,076</u>
	<u>101,690,271</u>	<u>19,080,019</u>

Notes to the Financial Statements

31 December 2014 (cont'd.)

32. Segment Information (continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysia	5,109,164	119,945,614	62,142,328	72,455,283
China	-	-	128,728,361	18,604
Egypt	163,957,260	-	-	-
British Virgin Islands	160,357,400	-	-	-
Italy	88,851,090	-	-	-
Singapore	102,277,322	185,680,544	1,366,295	1,006,962
Indonesia	26,830,256	279,422,887	5,213	9,160
Saudi Arabia	-	146,507,550	-	-
Nigeria	258,761,209	-	-	-
Others	71,066,866	30,970,199	-	-
	877,210,567	762,526,794	192,242,197	73,490,009

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2014 RM	2013 RM
Property, plant and equipment	188,387,056	69,310,186
Intangible assets	-	242,658
Investment properties	3,855,141	3,937,165
	192,242,197	73,490,009

Information about major customers

Revenue from five (2013: four) major customers amount to RM671,926,959 (2013: RM527,578,414), arising mainly from sales by the vessels manufacturing and repairing services segment.

33. Dividends

	Group and Company	
	2014 RM	2013 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Second interim tax exempt dividend for 2012: 2.80 sen per share	-	13,526,779
- First interim tax exempt dividend for 2013: 3.00 sen per share	-	14,492,080
- Second interim tax exempt dividend for 2013: 3.40 sen per share	16,424,691	-
- First interim single-tier dividend for 2014: 3.40 sen per share	18,066,200	-
	34,490,891	28,018,859

Notes to the Financial Statements

31 December 2014 (cont'd.)

33. Dividends (continued)

The second interim single-tier dividend in respect of the financial year ended 31 December 2014 amounting to RM20,183,676 (3.80 sen per ordinary share) has not been reflected in the current year financial statements. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

The Directors do not recommend any final dividend to be paid in respect of the current financial year.

34. Prior Year Adjustments

The adjustments are due to the overstatements in prior years of the carrying values of:

- (a) investment in subsidiary in the financial statements of the Company; and
- (b) the related goodwill in the financial statements of the Group.

The effects of this adjustment to the financial statements of the Group and the Company for the prior periods are as follows:

	Previously stated RM	Adjustments RM	Restated RM
Group			
At 31 December 2013			
Non-current assets			
Intangible asset	5,884,127	(5,641,469)	242,658
Equity			
Retained earnings	840,985,646	(5,641,469)	835,344,177
At 1 January 2013			
Non-current assets			
Intangible asset	5,884,127	(5,641,469)	242,658
Equity			
Retained earnings	717,849,325	(5,641,469)	712,207,856
Company			
At 31 December 2013			
Non-current assets			
Investments in subsidiaries	67,671,170	(10,300,000)	57,371,170
Equity			
Retained earnings	26,481,460	(10,300,000)	16,181,460
At 1 January 2013			
Non-current assets			
Investments in subsidiaries	67,171,986	(10,300,000)	56,871,986
Equity			
Retained earnings	25,318,851	(10,300,000)	15,018,851

Notes to the Financial Statements

31 December 2014 (cont'd.)

35. Significant Event

On 24 September 2013, a wholly-owned subsidiary, Seri Modalwan Sdn. Bhd. ("SM"), had received a Writ of Summons and Statement of Claim 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 the SM 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 2013 and other relevant costs, interest, cost and such other relief as may be appropriate or just. However, SM had via its solicitors filed a Statement of Defence on 16 November 2013 in response to the Statement of Claim served by the Plaintiffs. Subsequently on 30 November 2013, the Plaintiffs served a Statement of Reply against SM.

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. On 10 April 2015, SM received a correspondence from its solicitors informing that the hearing of appeal is fixed on 4 August 2015 in the Court of Appeal at Kota Kinabalu. The Directors are in the opinion that the Court of Appeal will rule in favor of the Company and hence no provision is made.

36. Event Occurring after the Reporting Date

On 20 January 2015, CoastOil S.A. de C.V. ("COSA") was incorporated in Mexico. The issued and paid-up capital of COSA is Pesos \$50,000.00 of which the Company's wholly-owned subsidiaries, Coastal Marine Pte. Ltd. ("CTM") and Coastal Drilling Pte. Ltd. ("CD") have contributed Pesos \$47,500.00 and Pesos \$2,500.00 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.

37. Authorisation of Financial Statements for Issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 30 April 2015.

Notes to the Financial Statements

31 December 2014 (cont'd.)

38. Supplementary Information - Breakdown of Retained Earnings into Realised and Unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	1,048,847,689	895,342,720	21,817,686	16,190,725
- Unrealised	(599,336)	(271,221)	(4,548)	(9,265)
	<u>1,048,248,353</u>	<u>895,071,499</u>	<u>21,813,138</u>	<u>16,181,460</u>
Less: Consolidation adjustments	(58,682,597)	(59,727,322)	-	-
	<u>989,565,756</u>	<u>835,344,177</u>	<u>21,813,138</u>	<u>16,181,460</u>
Retained earnings as per financial statements				
	<u>989,565,756</u>	<u>835,344,177</u>	<u>21,813,138</u>	<u>16,181,460</u>

List of Properties in the Group

Property/ Location address	Age of buildings	Tenure/ Expiry date	Description/ existing use	Land Area/ Built-up area	Date of purchase	Valuation date	Net book value (31.12.2014) (RM)
CL 075512168 Off Mile 9, Sungai Seguntor, Labuk Road, Sandakan, Sabah	10 to 27 years	Leasehold / 31.12.2073	Shipbuilding & Repairs Facility	17.66 acres/ 76,348.43 sq ft	24.04.1990	11.05.2001	3,977,173
1/50 undivided share of TL077508886 Lot 4A, 4th Floor, Wisma Wemin, Mile 1 1/2, Leila Road, Sandakan, Sabah	28 years since 1987	Leasehold / 15.12.2910	1 unit residential flat	1.027 acres / 900 sq ft	14.12.1995	11.05.2001	18,446
1/2 undivided share of TL077534313 Lot 3A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah	31 years since 1984	Leasehold / 05.02.2888	1 unit double storey terrace workshop cum office	1,685 sq ft / 1,104.5 sq ft	06.08.1997	11.05.2001	159,820
1/2 undivided share of TL077534313 Lot 3B, Block G, Bandar Leila, Jalan Leila Sandakan, Sabah	31 years since 1984	Leasehold / 05.02.2888	1 unit double storey terrace workshop cum office	1,685 sq ft / 1,104.5 sq ft	06.08.1988	11.05.2001	76,013
1/2 undivided share of TL077534304 Lot 4A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah	31 years since 1984	Leasehold / 05.02.2888	1 unit double storey terrace workshop cum office	1,685 sq ft / 1,104.5 sq ft	20.04.1991	11.05.2001	79,547
CL 075360673 CL 075360664 CL 075360655 CL 075366022 CL 075366013 CL 075366004 CL 075448930 CL 075448921 Mile 8, Jalan Datuk Tay, Off Jalan Lintas Sibuga, Sandakan, Sabah.	5 to 8 years ↓	Leasehold / 31.12.2073 31.12.2073 31.12.2073 31.12.2073 31.12.2078 31.12.2078 31.12.2088 31.12.2088 ↓	Shipbuilding & Repairs Facility ↓	2.07 acres 1.80 acres 1.99 acres 6.30 acres 12.83 acres 11.38 acres 8.00 acres 8.00 acres ↓	24.07.2004 ↓	22.03.2006 ↓	24,256,348
CL 075360397 CL 075360404 Mile 8, Jalan Datuk Tay, Off Jalan Lintas Sibuga, Sandakan, Sabah.	N/A ↓	Leasehold / 31.12.2071 31.12.2071	Vacant Land	2.23 acres 2.17 acres	01.04.2007 ↓	N/A ↓	101,342

List of Properties in the Group (cont'd.)

Property/ Location address	Age of buildings	Tenure/ Expiry date	Description/ existing use	Land Area/ Built-up area	Date of purchase	Valuation date	Net book value (31.12.2014) (RM)
CL 075350855 CL 075350864 CL 075350882 CL 075359652 Mile 10, Church Road, Off Jalan Labuk, Jalan Seguntur, Sandakan, Sabah	6 years ↓	Leasehold / 31.12.2073 31.12.2073 31.12.2073 31.12.2078	Shipbuilding & Repairs Facility ↓	2.36 acres 2.83 acres 10.65 acres 6.20 acres	22.12.2008 ↓	N/A ↓	3,324,962
CL 075366031 Sungai Seguntor Sandakan, Sabah	4 years	Leasehold / 31.12.2077	Shipbuilding & Repairs Facility	6.31 acres	18.05.2010	N/A	1,505,649
1/2 undivided share of TL077534322 Lot 2B, Block G Bandar Leila, Jalan Leila, Sandakan, Sabah	31 years since 1984	Leasehold / 05.02.2888	1 unit double storey terrace workshop cum office	1,685 sq ft / 1,104.5 sq ft	06.06.2011	N/A	176,383
7/206 undivided share of CL075495340 Lot SO197 - SO203, Block A, One Avenue, Phase 8, Bandar Utama, Mile 6, Jalan Utara, Sandakan, Sabah.	3 years	Leasehold / 31.12.2081	7 units double storey shop office	1,475.60 sq m	17.12.2007	N/A	3,885,140

Analysis of Shareholdings

as at 29 April 2015

Statistics on Ordinary Shareholdings as at 29 April 2015

Authorised Share Capital	RM500,000,000
Issued and Paid-up Share Capital	RM106,319,886.20
Type of Shares	Ordinary Shares of RM0.20 each
Voting Rights	One vote per Ordinary Shares
No. of Treasury Shares Held	450,000 Ordinary Shares of RM0.20 each

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	245	10,685	0.00
100 to 1,000	1,046	628,671	0.12
1,001 to 10,000	2,597	11,250,751	2.12
10,001 to 100,000	844	26,287,689	4.95
100,001 to less than 5% of issued shares	207	308,891,643	58.16
5% and above of issued shares	3	184,079,992	34.66
Total	4,942	531,149,431	100.00

List of Thirty Largest Securities Accounts Holders

No.	Name	No. of Shares	%
1.	IVORY ASIA SDN. BHD.	84,746,660	15.96
2.	IVORY ASIA SDN. BHD.	66,666,666	12.55
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG FONG THAU (KKINABALU-CL)	32,666,666	6.15
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN KOK (B TINGGI-CL)	24,138,254	4.54
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN SHIN (KKINABALU-CL)	23,851,320	4.49
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN KEUAN (KKINABALU-CL)	23,691,587	4.46
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	20,883,800	3.93
8.	PANG FONG THAU	20,000,000	3.77
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN HENG (KKINABALU-CL)	13,707,700	2.58
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN BHD	12,500,000	2.35
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	10,883,500	2.05
12.	ONG SENG HENG	10,244,600	1.93
13.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 12)	9,991,700	1.88

Analysis of Shareholdings (cont'd.)

as at 29 April 2015

List of Thirty Largest Securities Accounts Holders (Continued)

No.	Name	No. of Shares	%
14.	PANG FONG THAU	8,849,509	1.67
15.	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	5,843,900	1.10
16.	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR LEGG MASON WESTERN ASSET SOUTHEAST ASIA SPECIAL SITUATIONS TRUST (201061)	5,731,200	1.08
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR RICKOH CORPORATION SDN BHD (MY0507)	5,333,333	1.00
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (I-VCAP)	4,574,600	0.86
19.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	3,756,400	0.71
20.	NG CHIN HENG	3,733,333	0.70
21.	NG CHIN HENG	3,666,666	0.69
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	3,378,300	0.64
23.	NG CHIN HENG	3,335,201	0.63
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	3,200,000	0.60
25.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	2,987,500	0.56
26.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,951,100	0.56
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	2,400,000	0.45
28.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND	2,346,000	0.44
29.	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	2,300,000	0.43
30.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD OF EASTSPRING INVESTMENTS SMALL-CAP FUND	2,231,900	0.42

Substantial Shareholders

No.	Name	No. of Shares held		% of Issued Share Capital	
		Direct	Indirect	Direct	Indirect
1.	IVORY ASIA SDN BHD	151,413,326	-	28.51	-
2.	PANG FONG THAU	61,516,175	^a 175,856,226	11.58	33.11
3.	EMPLOYEES PROVIDENT FUND BOARD	27,791,600	-	5.23	-
4.	NG CHIN HENG	24,442,900	^b 212,929,501	4.60	40.09

Directors' Shareholdings

No.	Name	No. of Shares held		% of Issued Share Capital	
		Direct	Indirect	Direct	Indirect
1.	NG CHIN HENG	24,442,900	^c 213,216,500	4.60	40.14
2.	NG CHIN SHIN	23,851,320	-	4.49	-
3.	NG CHIN KEUAN	23,691,587	-	4.46	-
4.	LOH THIAN SANG @ LO THIAN SIANG	-	-	-	-
5.	INTIZAM BIN AYUB	-	-	-	-
6.	JACOB O PANG SU YIN	-	-	-	-

^a Deemed interests by virtue of shareholdings of husband, Mr. Ng Chin Heng and Ivory Asia Sdn Bhd in the Company.

^b Deemed interests by virtue of shareholdings of wife, Madam Pang Fong Thau and Ivory Asia Sdn Bhd in the Company.

^c Deemed interests by virtue of shareholdings of wife, Madam Pang Fong Thau, shareholdings of son, Mr. Ng San Chen, shareholdings of daughters, Madam Ng San Yin and Madam Alice Ng and Ivory Asia Sdn Bhd in the Company.

Analysis of Warrant Holdings

as at 29 April 2015

Statistics on Warrant Holdings as at 29 April 2015

No. of Warrants in issued	: 60,408,667
Less: Total Warrants exercised	: 23,165
Balance Warrants unexercised	: 60,385,502
Exercise Price of Warrants	: RM3.18
Expire Date of Warrants	: 18 July 2016
Voting Rights at Meetings & Warrant Holders	: One vote per warrant held

Analysis of Warrant Holdings

Size of Warrant Holdings	No. of Warrant Holders	No. of Warrants Held	% of Warrants Holdings
Less than 100	589	18,069	0.03
100 to 1,000	722	335,951	0.56
1,001 to 10,000	605	2,947,981	4.88
10,001 to 100,000	299	9,227,567	15.28
100,001 to less than 5% of issued holdings	35	24,845,937	41.15
5% and above of issued holdings	3	23,009,997	38.11
Total	2,253	60,385,502	100.00

List of Thirty Largest Warrant Holders

No.	Name	No. of Warrants	%
1.	IVORY ASIA SDN. BHD.	10,593,332	17.54
2.	IVORY ASIA SDN. BHD.	8,333,333	13.80
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG FONG THAU (KKINABALU-CL)	4,083,332	6.76
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN KOK (B TINGGI-CL)	3,017,282	5.00
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN SHIN (KKINABALU-CL)	2,981,415	4.94
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN KEUAN (KKINABALU-CL)	2,961,448	4.90
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN BHD	2,500,000	4.14
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN HENG (KKINABALU-CL)	1,714,492	2.84
9.	PANG FONG THAU	1,666,666	2.76
10.	PANG FONG THAU	1,489,522	2.47
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (8118995)	1,106,600	1.83
12.	ONG SENG HENG	1,033,700	1.71
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN HONG (BTINGGI-CL)	681,000	1.13
14.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR RICKOH CORPORATION SDN BHD (MY0507)	666,666	1.10

Analysis of Warrant Holdings (cont'd.)

as at 29 April 2015

List of Thirty Largest Warrant Holders (Continued)

No.	Name	No. of Warrants	%
15.	NG CHIN HENG	466,666	0.77
16.	NG CHIN HENG	458,333	0.76
17.	NG CHIN HENG	416,899	0.69
18.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR IAM TRADITIONAL ASIAN GROWTH FUND	297,500	0.49
19.	PANG MING KUI	283,600	0.47
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD VISITOR CHRISTIAN BROTHERS' SCHOOLS MALAYSIA (009)	236,900	0.39
21.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR CYL INVESTMENTS LIMITED	207,800	0.34
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOU AI CHOO	203,000	0.34
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (8059095)	199,266	0.33
24.	CHAN SUN CHEONG	180,000	0.30
25.	LAW ENG KEONG	175,783	0.29
26.	OON SOO SEE	175,000	0.29
27.	TING SIEW PIN	175,000	0.29
28.	LIM KIN SEONG	174,000	0.29
29.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD INTER-PACIFIC ASSET MANAGEMENT SDN BHD FOR LEE PENG LEONG	169,766	0.28
30.	LIM & PAJ SDN BHD	163,000	0.27

Directors' Warrant Holdings

No.	Name	No. of Warrants		% of Issued Warrants	
		Direct	Indirect	Direct	Indirect
1.	NG CHIN HENG	3,056,390	^a 26,166,284	5.06	43.32
2.	NG CHIN SHIN	2,981,415	-	4.94	-
3.	NG CHIN KEUAN	2,961,448	-	4.90	-
4.	LOH THIAN SANG @ LO THIAN SIANG	-	-	-	-
5.	INTIZAM BIN AYUB	-	-	-	-
6.	JACOB O PANG SU YIN	-	-	-	-

^a Deemed interests by virtue of warrant holdings of wife, Madam Pang Fong Thau, warrant holdings of son, Mr. Ng San Chen, warrant holdings of daughter, Madam Alice Ng and Ivory Asia Sdn Bhd in the Company.

APPENDIX A

Notice of Nomination of Auditors

IVORY ASIA SDN. BHD.

(Company No. 595286-H)
Block G, Lot 3B, Bandar Leila,
W.D.T. NO. 259, 90009 Sandakan, Sabah, Malaysia.
Tel: 089-616263, Fax: 089-616654

21 May 2015

The Board of Directors
Coastal Contracts Bhd.
Block G, Lot 3B
Bandar Leila
90000 Sandakan, Sabah

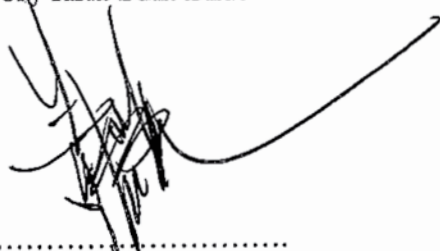
Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

We, being a shareholder of Coastal Contracts Bhd ("the Company") holding 28.51% of the total voting shares of the Company hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of our intention to nominate Messrs Crowe Horwath as new Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young and to propose the following resolution as an ordinary resolution at the forthcoming Annual General Meeting of the Company:

"THAT Messrs Crowe Horwath be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors. "

Yours faithfully
Ivory Asia Sdn. Bhd.



.....
Ng Chin Heng
Director

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COASTAL CONTRACTS BHD

(Company No. 517649-A)
(Incorporated in Malaysia)

No. of ordinary shares held

FORM OF PROXY

I/We,
being a Member/Members of COASTAL CONTRACTS BHD, hereby appoint.....
of.....
or failing him
of.....

as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on 23 June 2015 at 11.00 am or at any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees for the financial year ended 31 December 2014.		
2.	To re-elect Mr Ng Chin Keuan as Director.		
3.	To re-elect Mr Ng Chin Heng as Director.		
4.	To re-elect Ir. Hj. Intizam Bin Ayub as Director.		
5.	To appoint Messrs Crowe Horwath as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young.		
6.	Authority to issue shares under Section 132D of the Companies Act, 1965.		
7.	Proposed renewal of authority for the Company to purchase its own shares of up to 10% of its issued and paid-up share capital.		
8.	Proposed retention of Independent Non-Executives Director.		

(Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Dated this day of 2015

.....
Signature/common seal of Member(s)

Notes:

- A member entitled to attend and vote at the meeting is entitled to appoint:
 - at least one (1) proxy but not more than two (2) proxies to attend and vote instead of him; or
 - multiple proxies where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account").

A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.
- Where a member appoints two (2) proxies to attend and vote at the same meeting, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, he may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

FOLD THIS FLAP FOR SEALING

FOLD HERE



Coastal Contracts Bhd
(Company No. 517649-A)

Block G, Lot 3B, Bandar Leila
W.D.T. 259, 90009 Sandakan, Sabah

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