Coastal Contracts Bhd.

Registration No. 200001015043 (517649-A)

Annual Report 2021

"Sail Forth, Grow Beyond"

Contents

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of the Company will be held at the Registered Office, Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Thursday, 16 December 2021 at 10:00 am to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of fees and benefits to Non-Executive Directors, of up to but not exceeding the amount of RM150,000 for the period from 17 December 2021 until the next Annual General Meeting of the Company. **Resolution 1**

3. To re-elect the following Directors:

   3.1 Tuan Hj. Ir. Intizam Bin Ayub retiring pursuant to Clause No. 100 of the Company's Constitution and being eligible, offers himself for re-election. **Resolution 2**

   3.2 Mr Ng Chin Shin retiring pursuant to Clause No. 100 of the Company's Constitution and being eligible, offers himself for re-election. **Resolution 3**

4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution with or without modification:

   ORDINARY RESOLUTION

   Proposed Retention of Independent Non-Executive Director **Resolution 5**

   " 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 twelve (12) years, to be retained and to continue to act as an Independent Non-Executive Director of the Company until the next Annual General Meeting. "

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

   ORDINARY RESOLUTION

   Authority to issue shares pursuant to the Companies Act 2016 **Resolution 6**

   " THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being.

   AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

   AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company. "

Notice of Annual General Meeting (cont'd.)

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

ORDINARY RESOLUTION

Proposed Renewal of Share Buy-Back Authority **Resolution 7**

" THAT subject to the provisions of the Companies Act 2016 ("the Act"), the Constitution 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 number of ordinary shares ("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 number of issued shares in the ordinary 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 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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. "

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

By Order of the Board

Dorothy Luk Wei Kam (SSM PC No. 202008001484)(MAICSA 7000414)
Ho Ling Ling (SSM PC No. 202008000066)(MAICSA 7012567)
Company Secretaries

Kota Kinabalu, Sabah
Dated: 29 October 2021

Notice of Annual General Meeting (cont'd.)

Notes:

(a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote instead of him and that a proxy need not be a member of the Company.

(b) For the purpose of determining member's eligibility to attend this Meeting, only member whose name appears in the Record of Depositors as at 10 December 2021 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and/or vote on his behalf.

(c) A member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint not more than 2 proxies to attend and vote in his stead at the Meeting. There shall be no restriction as to the qualification of the proxy. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(d) 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"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney or if the appointor is a corporation under the seal, and the person so appointed may attend and vote at this meeting at which the appointor is entitled to vote.

(f) The instrument appointing a proxy shall be left at the Registered Office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah, or received at the electronic address at ir@coastalcontracts.com, at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which it is to be used, and in default shall not be treated as valid.

(g) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

(h) The Board wishes to highlight this Annual General Meeting may be re-scheduled and/or postponed and/or change the arrangement at short notice in view of the COVID-19 Outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes. You are therefore requested to check and refer the website of the Bursa Malaysia Securities Berhad or the Company at http://www.coastalcontracts.com for the latest updates on the status of the said Meeting.

Explanatory Notes

(a) Audited Financial Statements for the financial year ended 30 June 2021

Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 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 – Proposed Retention of Independent Non-Executive Director

In relation to the proposed Resolution 5, 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 twelve (12) 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 Resolution No. 5, 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.

The Company would seek shareholders' approval for retention of an independent director who has served the Company for a cumulative term of more than 12 years as independent director via a two-tier voting process in accordance with the Malaysian Code on Corporate Governance.

Notice of Annual General Meeting (cont'd.)

Explanatory Notes (Cont'd)

(c) Ordinary Resolution - Authority to issue shares pursuant to the Companies Act 2016

The proposed 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 total number of issued shares in the ordinary 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 was not utilised since its approval of renewal by the shareholders on 18 March 2021. 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.

(d) Ordinary Resolution - Proposed Renewal of Share Buy-Back Authority

The proposed 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 the total number of issued shares in the ordinary share capital of the Company 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 Share Buy-Back Statement dated 29 October 2021 for more information.

Administrative Guide for the 21st AGM:

The health and safety of our Members and Proxies ("Attendees") who will attend the 21st AGM are the top priority of the Company. Hence, the following precautionary measures shall be implemented during the conduct of the 21st AGM:

a. With Sabah having moved into Phase 3 of the National Recovery Plan on 18th October 2021, the updated Standard Operating Procedures issued by the National Security Council ("NSC") allows for physical meetings with 50% capacity of the meeting room or not more than 50 Attendees (whichever is lower), attended only by fully vaccinated individuals. Due to the limitations imposed, Attendees attending the AGM shall only be allowed entry to the 21st AGM on first come, first served basis.

b. Attendees are required to show their fully vaccinated status through their MySejahtera application and would need to go through temperature screening at the entrance of the meeting room. All Attendees are required to sanitise their hands prior to entering the meeting room and must adhere to the social distancing rules of at least one (1) metre between each Attendees. Face mask must be worn at all times.

c. Attendees are encouraged to abide by the regulations in place and enforced by the Ministry of Health and the Government of Malaysia at the time deciding on whether to attend or not to attend the 21st AGM.

d. Members are encouraged to appoint the Chairman of the meeting (or any other person) to act as proxy to attend and vote at the 21st AGM on their behalf by submitting the proxy form with predetermined voting instruction.

e. In the interest of the public health including the well-being of the Attendees, Attendees must adhere to the precautionary measures put in place by the Company should they wish to attend the 21st AGM in person.

f. No lunch shall be provided to the Attendees.

g. The above guidelines shall be subject to further changes, if applicable.

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 138 to 139 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

Tuan Hj. Ir Intizam Bin Ayub
Independent Non-Executive Director

AUDIT COMMITTEE

Jacob O Pang Su Yin
Chairman

Loh Thian Sang @ Lo Thian Siang
Member

Tuan Hj. Ir Intizam Bin Ayub
Member

NOMINATION COMMITTEE

Jacob O Pang Su Yin
Chairman

Loh Thian Sang @ Lo Thian Siang
Member

Tuan Hj. Ir Intizam Bin Ayub
Member

REMUNERATION COMMITTEE

Jacob O Pang Su Yin
Chairman

Loh Thian Sang @ Lo Thian Siang
Member

Ng Chin Heng
Member

COMPANY SECRETARIES

Dorothy Luk Wei Kam
SSM PC No. 202008001484
MAICSA 7000414
Ho Ling Ling
SSM PC No. 202008000066
MAICSA 7012567

REGISTERED OFFICE

Block G, Lot 3B, Bandar Leila
W.D.T. 259, 90009 Sandakan, Sabah
Tel : +60 89 616263
Fax : +60 89 616654, 611130
Website : http://www.coastalcontracts.com

REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan
Tel : +60 3 7890 4700
Fax : +60 3 7890 4670

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
DBS Bank Ltd.
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
The Hongkong and Shanghai Banking Corporation Ltd.
United Overseas Bank Limited
United Overseas Bank (Malaysia) Bhd.

AUDITORS

Crowe Malaysia PLT
Firm No. 201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16, Tower C, Megan Avenue 2
12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur, Malaysia
Tel : +60 3 2788 9999
Fax : +60 3 2788 9998

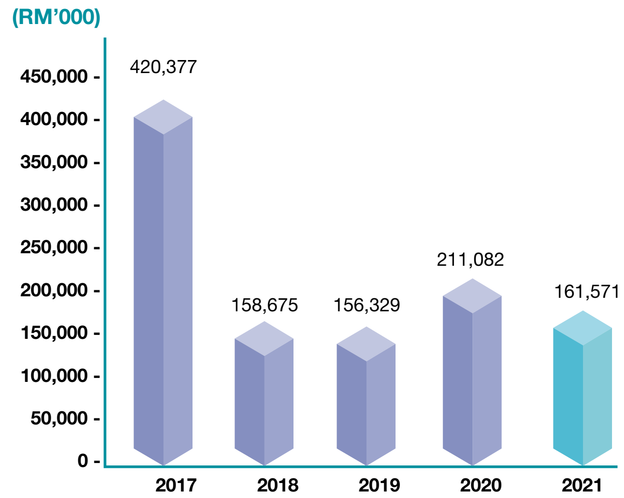
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : COASTAL
Stock Code : 5071

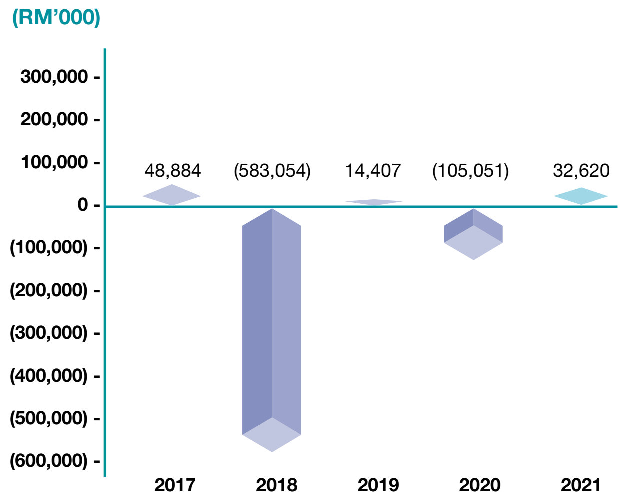
5-Years' Group Financial Summary

	2021	2020	2019	2018	2017
Financial Results (RM'000)					
Revenue	161,571	211,082	156,329	158,675	420,377
Profit/(Loss) before tax	51,904	(87,722)	29,838	(568,124)	69,410
Profit/(Loss) net of tax	32,620	(105,051)	14,407	(583,054)	48,884
Statement of Financial Position (RM'000)					
Total assets	1,396,182	1,553,993	1,645,714	1,715,785	2,470,893
Total borrowings	92,282	276,799	293,938	348,233	435,537
Shareholders' equity	1,103,734	1,085,939	1,176,862	1,162,744	1,816,245
Financial Indicators					
Return on equity	2.98%	(9.29%)	1.23%	(39.14%)	2.80%
Earnings/(Loss) per share (sen)	6.17	(19.88)	2.73	(110.56)	9.24
Net asset per share (sen)	211	206	223	220	344

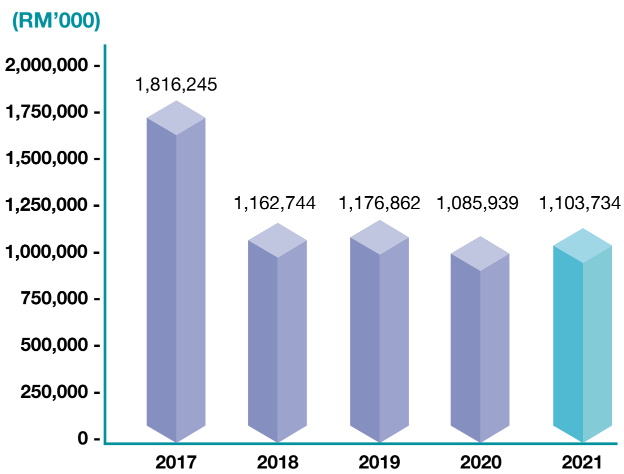
REVENUE



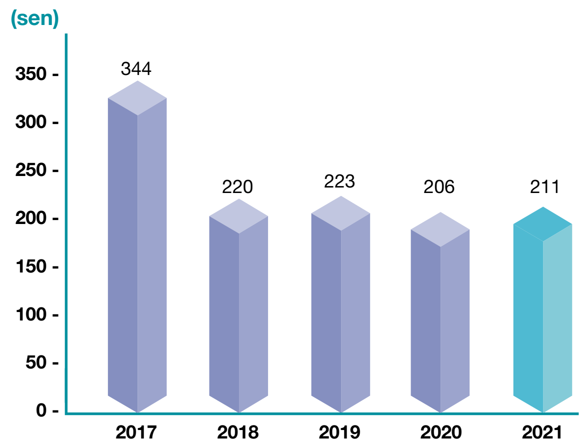
PROFIT/(LOSS) NET OF TAX



SHAREHOLDERS' EQUITY



NET ASSET PER SHARE



Corporate Structure

Coastal Contracts Bhd.
Registration No. 200001015043 (517649-A)

- 100% **PLEASANT ENGINEERING SDN. BHD.**
  Registration No. 200401003237 (641740-K)
- 100% **BONAFILE SHIPBUILDERS & REPAIRS SDN. BHD.**
  Registration No. 198901006975 (184278-W)
- 100% **COASTAL TRANSPORT (SANDAKAN) SDN. BHD.**
  Registration No. 197601002820 (28778-D)
- 100% **COASTWAY TRANSPORT SDN. BHD.**
  Registration No. 198201014817 (94581-W)
- 100% **SERI MODALWAN SDN. BHD.**
  Registration No. 198301015821 (111213-M)
- 100% **COASTAL OFFSHORE (LABUAN) PTE. LTD.**
  (LL02556)
- 100% **ACE CAPITAL PTE. LTD.**
  (LL07022)
- 100% **COASTAL OFFSHORE VENTURE PTE. LTD.**
  (LL10566)
- 100% **THAUMAS MARINE LTD.**
  (BC NO. 1397697)
- 100% **COASTAL INTERNATIONAL MARINE INC.**
  (BC NO. 1816692)
- 100% **COASTAL ENERGY SOLUTIONS PTE. LTD.**
  (201438176M)
- 50% **COASTOIL DYNAMIC, S.A. DE C.V.**
  (27340)
  - 50% held by COASTAL MARINE PTE. LTD.
- 100% **COASTAL MARINE PTE. LTD.**
  (200608933M)
  - 95% **COASTOIL, S.A. DE C.V.**
    (66218)
- 100% **COASTAL DRILLING PTE. LTD.**
  (201437197M)
  - 5% **COASTOIL, S.A. DE C.V.**
  - 50% **CN ENERGY HOLDINGS PTE. LTD.**
    (201631213K)
    - 96% **CN ENERGY SERVICIOS, S.A. DE C.V.**
      (20225)
  - 2% **CN ENERGY SERVICIOS, S.A. DE C.V.**
  - 80% **ELITE POINT PTE. LTD.**
    (202034649E)
- 100% **COASTAL DYNAMIC PTE. LTD.**
  (201831904W)
- 100% **COASTAL SUPREME 1 PTE. LTD.**
  (201937260K)
- 100% **COASTAL C I PTE. LTD.**
  (201942522C)

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, Male, Aged 72, 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 30 June 2021.

As at 24 September 2021, Mr Ng Chin Heng has direct interests of 5.52% and indirect interests of 41.49% 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 113 and 114 of the Annual Report on related party transactions, he has no conflict of interest with the Company.

NG CHIN SHIN, Male, Aged 62, Malaysian *Executive Director*

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

He is one of the co-founders of Coastal Group. 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 34 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 30 June 2021.

As at 24 September 2021, Mr Ng Chin Shin has direct interests of 4.56% 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 113 and 114 of the Annual Report on related party transactions, he has no conflict of interest with the Company.

Directors' Profiles (cont'd.)

NG CHIN KEUAN, Male, Aged 62, Malaysian *Executive Director*

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

He is one of the co-founders of Coastal Group. 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 five Board meetings held during the financial year ended 30 June 2021.

As at 24 September 2021, Mr Ng Chin Keuan has direct interests of 4.53% and a slight indirect interests by virtue of his wife's shareholdings 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 113 and 114 of the Annual Report on related party transactions, he has no conflict of interest with the Company.

JACOB O PANG SU YIN, Male, Aged 54, 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. He is a Principal at a firm providing audit, tax and consulting services for public and private companies. He is a Fellow of CPA Australia, and member of the Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia.

Mr Jacob O Pang Su Yin attended all five Board meetings held during the financial year ended 30 June 2021.

As at 24 September 2021, Mr Jacob O Pang Su Yin does not have any direct or indirect interest in shares in Coastal Contracts Bhd.

LOH THIAN SANG @ LO THIAN SIANG, Male, Aged 76, 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 five Board meetings held during the financial year ended 30 June 2021.

As at 24 September 2021, Mr Loh Thian Sang @ Lo Thian Siang does not have any direct or indirect interest in shares in Coastal Contracts Bhd.

Directors' Profiles (cont'd.)

TUAN HJ. IR INTIZAM BIN AYUB, Male, Aged 68, Malaysian *Independent Non-Executive Director*

Tuan Hj. Ir 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 new built FSO Puteri Dulang (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 Ruby 'B' Field 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.

Tuan Hj. Ir Intizam Bin Ayub attended all five Board meetings held during the financial year ended 30 June 2021.

As at 24 September 2021, Tuan Hj. Ir Intizam Bin Ayub does not have any direct or indirect interest in shares of Coastal Contracts Bhd.

Save as disclosed, none of the Directors have:

1. *any directorship in public companies and listed issuers;*
2. *any family relationship with any Directors and/or major shareholders of the Company, unless disclosed;*
3. *any conflict of interest with the Company;*
4. *any conviction for offences within the past 5 years other than traffic offences (if any); and*
5. *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Key Senior Management

PANG FONG THAU
Aged 61, Malaysian, Female

She was first appointed as Director of a subsidiary of the Company on 1 December 1982 and is one of the co-founders of Coastal Group. Currently, she also sits on the board of several subsidiaries of Coastal Group. She holds a Lower Certificate of Education. Currently, she is the Head of Treasury, Administration and Human Resource division of the Group. Since the early formative years, she has been involved in the managerial level of Coastal Group, handling the accounting, administrative and organisation aspects of the business operations.

She is the wife of Mr Ng Chin Heng and the sister-in-law of Mr Ng Chin Shin and Mr Ng Chin Keuan who are members of the Board of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company.

LIOW MING YEW
Aged 39, Malaysian, Male

He was first appointed as Director of a subsidiary of the Company on 29 September 2012. Currently, he also sits on the board of several subsidiaries of Coastal Group. He graduated with a Bachelor of Commerce – major in Accounting from University of Western Australia, Perth in 2004. He joined Coastal in 2005 as Operations cum Safety Supervisor. Currently, he is the Head of Marketing and Commercial division of the Group. He has gained extensive experience in marketing of the Group's vessels throughout his years in Coastal.

ALICE NG
Aged 38, Malaysian, Female

She was first appointed as Director of a subsidiary of the Company on 29 September 2012. Currently, she also sits on the board of several subsidiaries of Coastal Group. She graduated with a Bachelor of Commerce - double major from Curtin University, Perth in 2005 and is a member of the Certified Practising Accountants, Australia and the Malaysian Institute of Accountants. She joined Coastal as Accounts & Finance Executive in 2006. Currently, she is the Head of Commercial and Legal division of the Group. Her working experience includes the field of finance, auditing and tax.

She is the daughter of Mr Ng Chin Heng and the niece of Mr Ng Chin Shin and Mr Ng Chin Keuan who are members of the Board of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company. She is also the daughter of Madam Pang Fong Thau, a substantial shareholder of the Company.

KONG WEI KET
Aged 45, Malaysian, Male

He had joined the Company as Chief Financial Officer cum Group Accountant on 1 April 2012. He started his career as an Audit Assistant with KPMG Sandakan on 16 July 1996. Prior to joining the Company, he was heading KPMG Tawau Audit & Assurance Department. He has over 15 years of experience in audit and assurance services with KPMG. He is a Fellow member of the Association of Chartered Certified Accountants and also a member of the Malaysian Institute of Accountants. Currently, he is overseeing the financial management function and financial reporting function of the Group.

NG CHIN KOK
Aged 64, Malaysian, Male

He was first appointed as Director of a subsidiary of the Company on 1 December 1982 and is one of the co-founders of Coastal Group. Currently, he also sits on the board of several subsidiaries of Coastal Group. He has a Higher School Certificate. Currently, he is involved in the business development of the Group. Since the formation of Coastal Group, he has been influential in expanding the Group's fleet chartering and transportation operations. His vast hands-on operational experience includes maritime regulations, procedures and requirements.

He is the brother of Mr Ng Chin Heng, Mr Ng Chin Shin and Mr Ng Chin Keuan who are members of the Board of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company.

Key Senior Management (cont'd.)

NG SAN CHEN
Aged 39, Malaysian, Male

He was appointed as Director of a subsidiary of the Company on 20 April 2007. Upon graduating from Australia with a Diploma in Business Management, he joined Coastal as Shipbuilding Trainee on 21 May 2003 and has since been actively involved in the shipbuilding's technical aspects and quality inspection. With over eighteen (18) years of hands-on experience, he is one of the key person in the Shipbuilding division of the Group.

He is the son of Mr Ng Chin Heng and the nephew of Mr Ng Chin Shin and Mr Ng Chin Keuan who are members of the Board of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company. He is also the son of Madam Pang Fong Thau, a substantial shareholder of the Company.

LAU JOO TING
Aged 45, Malaysian, Male

He was first appointed as Director of a subsidiary of the Company on 20 January 2015. Currently, he also sits on the board of several subsidiaries of Coastal Group. He graduated with a Bachelor of Civil Engineering from University of Canterbury, New Zealand in 2000. He joined Coastal in 2006 as a Civil Engineer. He is also a key person in Marketing division of the Group. His working experience includes the field of civil engineering and also marketing of vessels.

He is the son-in-law of Mr Ng Chin Heng who is a member of the Board of the Company and a substantial shareholder of the Company and also the son-in-law of Madam Pang Fong Thau, a substantial shareholder of the Company.

Save as disclosed, none of the Key Senior Management have:

1. *any directorship in public companies and listed issuers;*
2. *any family relationship with any Directors and/or major shareholders of the Company, unless disclosed;*
3. *any conflict of interest with the Company;*
4. *any conviction for offences within the past 5 years other than traffic offences (if any); and*
5. *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Chairman's Statement

Dear Shareholders,

The global economy and oil and gas ("O & G") markets are on the pathway to recovery since the onset of the coronavirus ("Covid-19") pandemic. In spite of the gradual recovery in global oil price, through the commitment of Organisation of the Petroleum Exporting Countries and its allies (OPEC+) to the O & G market stability, the market outlook remains uncertain due to the effect of new Covid-19 variants amid vaccination rollout programmes.

2021 marked a new milestone for Coastal Contracts Bhd. and its subsidiaries ("Coastal Group"). Notwithstanding the world being in a pandemic mode, Coastal Group has managed to venture into liftboat chartering business and onshore gas sweetening plant project. This achievement has enabled the Group to be well-positioned to expand its businesses and diversify its earnings base, with headroom to facilitate future growth.

Ng Chin Heng
Executive Chairman

The Covid-19 pandemic crisis added a new dimension to the Coastal Group's safety management. The Group has implemented effective standard operating procedures at its business premises in compliance with the Ministry of Health and World Health Organization guidelines to safeguard the health and safety of all employees. In line with the government's strong emphasis on the culture of "New Normal", the Group has committed to be resilient in maintaining business continuity, with the implementation of remote working through work-from-home arrangement and virtual meetings to ensure the continuous employee engagement and developing business associates arrangement.

In spite of facing pandemic-induced challenges to the global economic, Coastal Group has managed to secure new business deals during FY2021, namely liftboat chartering business and onshore gas sweetening business, thanks to our prudent financial management policy to preserve cash which enabling the Group in a well position to pursue these new businesses.

Apart from that, our Jack-up Gas Compression Service Unit ("JUGCSU") has continued to provide the Group with improved recurring profit and free cash flow.

In this regard, I am pleased to present the Annual Report and Audited Financial Statements of Coastal Group for the financial year ended 30 June 2021 ("FY2021").

OPERATION HIGHTLIGHTS

Shipbuilding and Ship Repair Division

The Shipbuilding and Ship Repair Division has run into stiff headwinds with the after-effects of Covid-19 pandemic since the 2nd half of FY2020. The sharp decline in the division's revenue mainly due to there was no delivery of vessels in FY2021.

In order to deal with the unfavourable effects of the prolonged market downturn on the Shipbuilding and Ship Repair Division, Coastal Group leaned towards the vessel chartering business thus transforming itself gradually from a shipbuilder to vessel owner.

Vessel Chartering Division

The long-term charter of JUGCSU, namely AGOSTO 12 is now in its fifth year since achieving its first gas in August 2016. JUGCSU has been producing and supplying compressed gas smoothly to PEMEX since then.

Despite the lingering pandemic spill over impact on the Offshore Support Vessel ("OSV") market, the Group successfully acquired and ventured into liftboat chartering business in the 2nd half of FY2021. Our liftboat chartering business commenced its contribution in the 4th quarter of FY2021. We foresee the liftboat chartering business will be one of the key contributors to the Group's topline and bottom line moving forward.

REVIEW OF FINANCIAL PERFORMANCE

Revenue and Profitability

On the whole, the Group revenue recorded at RM161.6 million in FY2021, with a decrease of RM49.5 million, as compared to RM211.1 million reported in FY2020.

Chairman's Statement (cont'd.)

REVIEW OF FINANCIAL PERFORMANCE (Cont'd)

Revenue and Profitability (Cont'd)

The Shipbuilding and Ship Repair Division contributed RM3 million to the total Group revenue in FY2021, which was declined sharply by RM25.1 million, from RM28.1 million reported in FY2020. The division's revenue was solely generated from ship repairing contract works in FY2021.

In the meantime, revenue generated from the Vessel Chartering Division for FY2021 decreased by RM24.4 million to RM158.6 million from RM183 million in FY2020. The decrease in revenue was mainly attributed to the lower utilisation for our OSV fleet as a result of expiration of several charter contracts. This is in spite of the commencement of revenue contribution from the acquired liftboat chartering business in the 4th quarter of FY2021.

In contrast to the net loss of RM105.1 million attributable to shareholders registered in FY2020, in FY2021, the Group registered a net profit attributable to shareholders amounting to RM32.4 million. The substantial increase of RM137.5 million was mainly due to the one-off pandemic-induced provisions recognised in FY2020.

Correspondingly, basic earnings per share for FY2021 stood at 6.17 sen compared to loss per share of 19.88 sen in FY2020.

Financial Position

Coastal Group maintains a healthy financial position with shareholders' equity at RM1.1 billion in FY2021 which was comparable with FY2020.

In FY2021, total borrowings declined substantially by RM184.5 million to RM92.3 million from RM276.8 million in FY2020 mainly due to recurring repayments of term loan for JUGCSU were made. With the substantial reduction of term loan balance, free cash flows generated from JUGCSU will improve significantly.

On the other hand, liquidity reserve of the Group for FY2021 decreased to RM274.7 million from RM523.8 million in FY2020, as we have deployed part of our reserve for new business deals and repayments of term loan. The Group's liquidity reserve for FY2021 comprises of short-term investments of RM111 million and cash and bank balances of RM163.7 million.

Overall, our financial position remains healthy with a low gearing ratio of 0.08 times and 0.25 times for FY2021 and FY2020 respectively. The low gearing ratio allows us ample room to pursue growth opportunities and weather current challenges in the near future.

PROSPECTS AND GROWTH STRATEGIES

Although the shipping market remains active and resilient since the emergence of Covid-19, many OSVs have been impacted, leading to a number of vessels lying idle. Likewise, the OSV market is also suffering from severe oversupply during the prolonged industry downturn and subsequently high reactivation costs may be incurred on the laid-up vessels. The International Maritime Organization (IMO) 2020 Regulation, aimed at cleaning up shipping emissions with the setting of a new limit on the sulphur content in ship's fuel oil, was recently implemented. As such the older or less efficient vessels in the market shall either undergo a retrofit exercise or may even be scrapped altogether. Such a scenario may reduce the supply overhang and provide a good opportunity for our shipbuilding division post pandemic.

Upon the successful acquisition of our first liftboat during FY2021, Coastal Group has embarked into liftboat chartering business, which will allow us to pursue business expansion in the O & G upstream sector as well as to venture into the offshore wind renewable energy sector. The offshore wind is one of the world's fastest growing renewable energy technologies with its wide array of advantages. In view of good future prospects in the global offshore wind market, our liftboat chartering business would have many growth opportunities as liftboat is one of the most preferred and cost effective options for offshore wind farm maintenance works.

In the meantime, Coastal Group has ventured into onshore gas sweetening business with its Mexican business partner through a joint venture company during FY2021. With this joint venture, the Group shall be able to gain a new track record in O & G industry and further enhance its capabilities in terms of technical know-how in the midstream sector of the supply chain. As climate change becomes a more recognised global issue, natural gas is becoming increasingly important, which is viewed as environmentally friendly, the cleanest burning and fastest growing fossil fuel in the world. In the light of natural gas demand trend is increasing in Mexico, the Management believes that there are more future opportunities in the Mexico midstream sector.

Despite the lingering impacts from the pandemic, Coastal Group has made good progress during FY2021. In line with our business direction and growth strategies, we will continue to explore new business opportunities such as Mobile Offshore Production Unit (MOPU), Floating Production Storage and Offloading (FPSO), Floating Production Unit (FPU), Floating Storage and Offloading (FSO), Floating Storage and Regassification Unit (FSRU) and other similar O & G projects.

APPRECIATION TO STAKEHOLDERS

I would like to take this opportunity to thank my fellow Board members, management, and all employees for their invaluable dedication, commitment and unwavering support in FY2021.

On behalf of the Board of Directors, I wish to express my sincere appreciation to our business partners, bankers, customers and suppliers for their steadfast support.

Finally, as the Coastal team continues to reinvent itself at this time of crisis in pursuit of growth opportunities, I am ever grateful to our shareholders for your continued confidence and support.

Management Discussion and Analysis

BUSINESS OVERVIEW

Coastal Group is regarded as one of the more prestigious oil and gas companies. Its revenues are primarily derived from shipbuilding, ship repair, vessel chartering and trading of marine support vessels. Coastal Group serves a diverse clientele worldwide - the offshore oil & gas industry, mining sector and commodities sectors, marine traders, The Royal Malaysian Navy and many more.

The Group operates in two main business divisions:

- Shipbuilding and Ship Repair; and
- Vessel Chartering

Shipbuilding and Ship Repair Division is made up of two key operations, one being the fabrication and sale of Offshore Support Vessels ("OSVs") and marine transportation vessels, ranging from subsea support vessels, subsea maintenance vessels, platform support vessels, utility support vessels, anchor handling tug supply vessels and accommodation work barges, to oil barges, dumb barges, harbour tugs, landing crafts and tug boats. The other area of operation is in Maintenance, Repair and Overhaul services such as steel hull maintenance, electrical works, engines and generators overhaul, and modification works of various scales.

Through its Vessel Chartering Division, the Group offers a wide range of solutions to its customers. Its Jack-Up Gas Compression Service Unit ("JUGCSU") is the key contributor under the Vessel Chartering Division. In the first quarter of 2014, the Group successfully secured a USD372 million contract for the fabrication and 12-year charter of the JUGCSU to the national oil company of Mexico. The JUGCSU has the ability to compress sour gas, for injection into the reservoir the high content of associated gas to oil, in order to maintain reservoir pressure and maximise the exploitation of hydrocarbons. The JUGCSU named AGOSTO 12 has marked its fifth year anniversary since Commercial Operation Date was achieved in August 2016.

During the financial year ended 30 June 2021 ("FY2021"), the Group successfully acquired a jack-up liftboat, Teras Conquest 7 with its Singaporean strategic business partner. With the acquisition, the new liftboat chartering business shall be another key revenue and profit contributor to the Group under the Vessel Chartering Division. The liftboat chartering business commenced its contribution at the beginning of 4th quarter of FY2021.

Apart from the above, the Group also ventured into an onshore gas sweetening plant project in Mexico with its Mexican business partner through a joint venture arrangement during FY2021. The scope of work for the joint venture company comprises of engineering, procurement, construction, operation and maintenance for the plant. The gas sweetening plant is in the progress of construction since 3rd quarter of FY2021. The construction was completed within schedule and first gas was achieved in 1st quarter of FY2022.

FINANCIAL HIGHLIGHTS

Shipbuilding and Ship Repair Division – Overall Financial Performance:

For FY2021, revenue for Shipbuilding and Ship Repair Division decreased by RM25.1 million to RM3 million from RM28.1 million in the previous financial year ("FY2020"). The division's revenue was mainly generated from ship repairing contract works. This division recorded a loss before tax of RM40.3 million for FY2021, a decrease of 77.4% as compared to loss before tax of RM178.5 million recorded in FY2020. The substantial improvement in loss before tax for FY2021 is mainly because of the significant impairment loss and written down of deposits and vessel milestone progress payments for OSV work-in-progress recognised in FY2020.

Vessel Chartering Division– Overall Financial Performance:

The Vessel Chartering Division's revenue dropped by 13.3%, from RM183 million in FY2020 to RM158.6 million in FY2021. The decrease in revenue was mainly attributable to the lower utilisation of OSV fleet as a result of expiration of certain short-term charter contracts. This is in spite of the revenue contribution from the newly acquired liftboat chartering business which commenced at the 4th quarter of FY2021. In terms of profitability, this division's profit before tax for FY2021 was slightly increased to RM92.2 million as compared to RM90.8 million reported in FY2020, mainly driven by strong profitability for the liftboat chartering businesss.

Management Discussion and Analysis (cont'd.)

FINANCIAL HIGHLIGHTS (Cont'd)

Overview of Key Performance Indicators for the Group:

Key Performance Indicators	FYE 30.06.2021	FYE 30.06.2020
Gross profit margin	30.96%	36.40%
Net profit / (loss) margin	20.19%	(49.77%)
Gearing ratio	0.08	0.25
Current ratio	2.48 times	1.94 times
Quick ratio	1.98 times	1.62 times
Inventories turnover	424 days	531 days
Debtors turnover	335 days	186 days
Creditors turnover	442 days	361 days

Gross profit margin and net profit/ (loss) margin

The Group recorded a gross profit margin and net profit margin of 30.96% and 20.19% respectively in FY2021 as compared to gross profit margin and net loss margin of 36.40% and 49.77% respectively in FY2020. The marginal reduction in gross profit margin is primarily due to lower profit contribution from both the Shipbuilding and Ship Repair Division and Vessel Chartering Division during the year. In terms of net margin, major turnaround from the net loss in FY2020 to a net profit in FY2021 because there was no significant impairment and write-off recognised on receivables and vessel inventories for FY2021.

Gearing ratio

As at end of FY2021, the Group maintained a lower gearing ratio of 0.08 as compared to 0.25 in FY2020. This was mostly due to the repayment of borrowings made for the Vessel Chartering Division during FY2021. The Group's gearing ratio remains healthy and at a manageable level enabling the Group to have room for more borrowings to fund its capital commitment of current project, as well as new projects in future.

Current ratio and quick ratio

The Group's current ratio increased to 2.48 times in FY2021 from 1.94 times recorded in FY2020. Meanwhile, the Group recorded a higher quick ratio of 1.98 times in FY2021, which has risen from 1.62 times reported in FY2020. The improvement in the liquidity position is mainly due to the term loan for Vessel Chartering Division being refinanced in September 2020.

Inventories turnover

In FY2021, the inventories turnover declined from 531 days in FY2020 to 424 days mainly due to reclassification of certain inventory to property, plant and equipment because a completed vessel was deployed in chartering business during the year.

Debtors turnover

The debtors turnover increased from 186 days in FY2020 to 335 days in FY2021 primarily due to slower collections from customers during FY2021. Nevertheless, the Management has no major concerns on debt recoverability.

Creditors turnover

The creditors turnover increased from 361 days in FY2020 to 442 days in FY2021 mainly due to delay in payments made to suppliers during the financial year.

Management Discussion and Analysis (cont'd.)

FINANCIAL HIGHLIGHTS (Cont'd)

Capital Expenditure Requirement:

	FYE 30.06.2021	FYE 30.06.2020
Capital commitment	RM38,857,870	RM Nil

The capital commitment as of end of FY2021 was mainly for the construction of an onshore gas sweetening plant in Mexico through a joint venture arrangement with its Mexican business partner.

Given the uncertainties on global economic growth affected by the spread of the Covid-19 Delta variant, Coastal Group would be more cautious in committing and spending its capital expenditure budget.

Known Trends and Events in the Oil and Gas Sector

Since the 1st half of FY2021, the oil and gas market has been gradually recovering after the time of great upheaval in the beginning of year 2020. The fresh outbreak fuelled by the Delta variant of Covid-19 swept across the globe, which led to further threaten the outlook of the industry and the global economic growth. Global oil price has been volatile during this period as the oil demand fluctuated in the wake of intermittent lockdowns across the countries imposed to curb the Delta variant.

Nevertheless, the global oil demand has been on the pace of recovery in the 2nd half of FY2021. The rising global oil price has been supported by a gradual strengthening of oil demand as the Covid-19 vaccination rollout and the concerted effort of OPEC+ members in the stabilisation of the global oil market. In spite of the oil demand gradually recovering, it has remained lower than pre-pandemic trajectory with reeling from the impacts of the pandemic during FY2021.

On the whole, there is a positive outlook for global oil and gas market in the last quarter of year 2021. In view of the recovery in global oil demand from the impacts of Delta variant is faster than anticipated, and it is likely to catch up with its pre-pandemic levels in year 2022, industry experts expect the global oil price to reach USD90 per barrel by the end of the year 2021.

REVIEW OF OPERATING ACTIVITIES

In FY2021, our Shipbuilding and Ship Repair Division has underperformed with lower revenue contribution contributed by lesser ship repairing contract works. In addition, there was no delivery of vessels in FY2021. On the contrary, the Shipbuilding and Ship Repair Division achieved a higher revenue due to successful delivery of several low end vessels in FY2020.

The spread of the Delta variant has accelerated the Covid-19 infection rate, and has further disrupted most of the economic activities across the world. With the intermittent lockdowns and movement restrictions imposed in numerous nations worldwide, it has weakened the demand of OSV chartering in FY2021. In view of the above situation, our Vessel Chartering Division recorded lower utilisation rate and generated a lower revenue contribution for FY2021.

Notwithstanding the lingering effects from the pandemic, our JUGCSU has been operating smoothly during the FY2021. This year has marked its fifth year anniversary since achieving its first gas in August 2016. The unit has contributed substantially the earnings of the Vessel Chartering Division for FY2021. Even though Mexico is seen as the epicentre of Covid-19 in Central America, our operations team has managed to maintain smooth operation of JUGCSU while strictly following the Covid-19 standard operating procedures imposed by local authorities during this challenging time.

With regards to the Group's newly acquired liftboat, known as Teras Conquest 7, it commenced its operations in the Middle East immediately upon the completion of its acquisition. Hence, the liftboat chartering business has contributed to the Group revenue under Vessel Chartering Division commencing 4th quarter of FY2021.

In addition, the Group has managed to venture into an onshore gas sweetening plant project in Mexico with its Mexican strategic partner through a joint venture arrangement. The construction of the plant is still under work in progress as at end of FY2021. The construction was completed and first gas was achieved in 1st quarter of FY2022.

Management Discussion and Analysis (cont'd.)

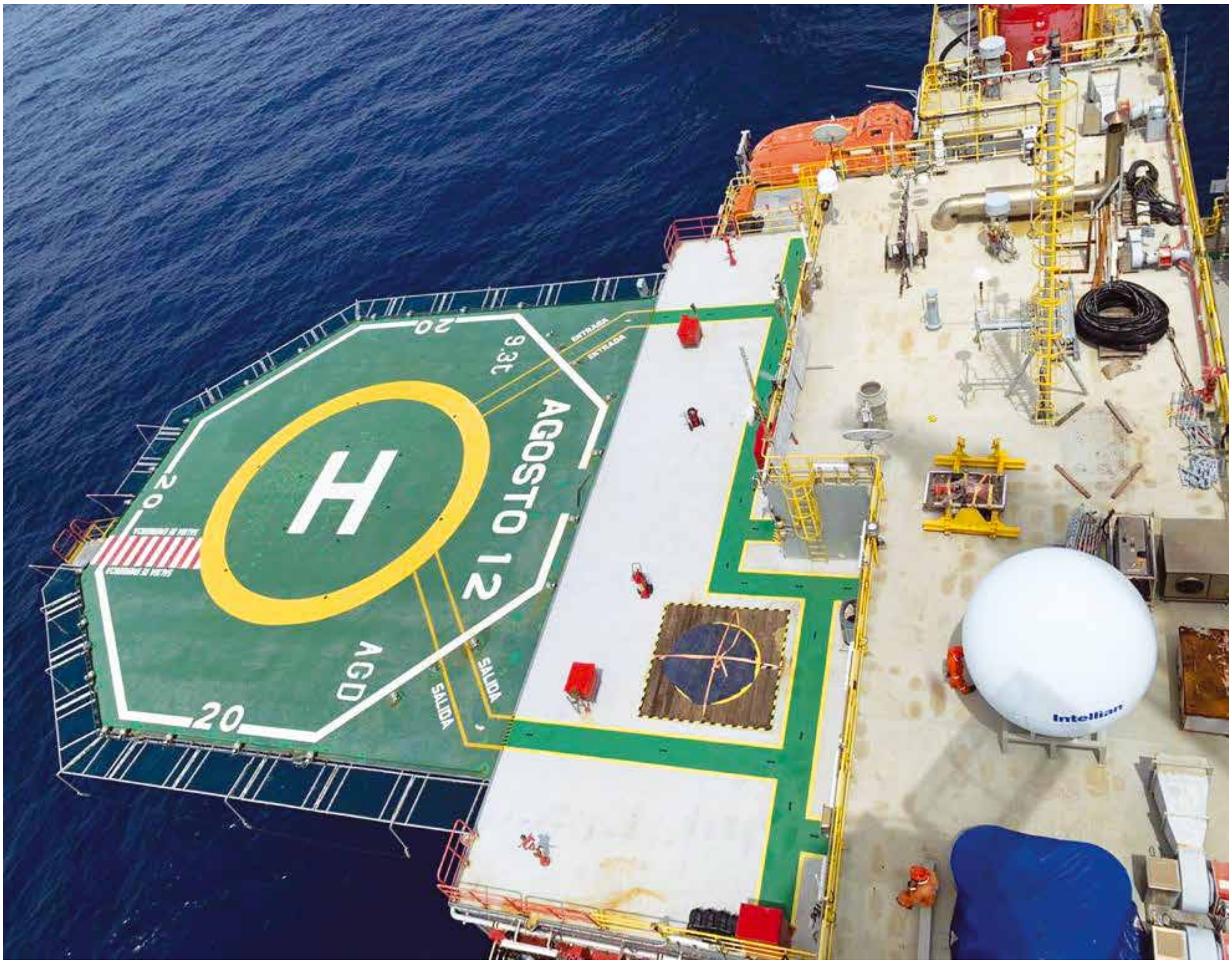
SIGNIFICANT BUSINESS RISK

Management has viewed that our significant business risk is the market risk. As the rollout of vaccination programmes accelerates globally, there has been a gradual reopening and revival of economic activities worldwide, the oil and gas market is on the pathway to recovery from the Covid-19 pandemic. Despite of the positive outlook of the global economy and the industry driven by the vaccination programmes, the speed of recovery will vary for countries across the globe, due to difference in severity of pandemic, extent of containment measures and uneven Covid-19 vaccination rate. The anticipated economic recovery is still exposed to the risks of low vaccination rate in lesser developed countries and the spread of new Covid-19 variants. Such downside scenario could significantly affect the global oil price and the industry.

In order to mitigate this significant risk, Management will continue with its prudent cash management strategy to implement appropriate cost-cutting measures on existing operations as well as to enhance cost efficiency. Furthermore, Coastal Group will maintain its prudent business strategy to pursue business expansion opportunities and growth objectives by selecting good projects with long term earnings visibility.

PROSPECTS

While many companies have struggled with the prolonged industry downturn and the outbreak of Covid-19 pandemic, Coastal Group remain cautious in the medium term. With its history of having successfully navigated through many challenges and economic crisis in the past decades, the Group is well poised to weather the current storm and volatility. Moving forward, the Group will continue to explore business opportunities for growth within the oil and gas sector as well as diversification to other business areas in order to enhance its sustainability and profitability.



Sustainability Statement

Coastal Contracts Bhd. ("Coastal") is pleased to present its Sustainability Statement which covers its corporate office, shipyards and business operations. This report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The contents of this statement and the identified material economic, environmental and social risks were identified by referring to the Sustainability Reporting Guide issued by Bursa Malaysia.

GOVERNANCE STRUCTURE

The Board of Directors oversees the development of the sustainability performance of the organisation. The senior management and Heads of divisions will give recommendations and convey the material matters identified to the Board. The Board is kept informed and regularly updated on the progress of sustainability matters and any issues arising therefrom.

KEY SUSTAINABILITY MATTERS

The materiality assessment was conducted by taking into consideration the view and responses from the Group's stakeholders on significant economic, environment and social risks and opportunities which are crucial for the success and continued growth of the Group. The key sustainability matters identified are discussed below.

ECONOMIC

Procurement

As a key consideration to conducting a sustainable business, a proper management of the Group's procurement practice is required. In order to support domestic economy, the Group's local Purchasing team sources significant portion of products and services for its business from the local domestic suppliers. Should the local domestic suppliers be unable to provide such products or services, the team shall then source from international suppliers.

The Group's local shipyards maintain an appropriate Procurement Policy to ensure that the procured products and services are fit for purpose and represent value for money. The Procurement Policy ensures a standard of ethical conducts with fair assessment of quotations or proposals submitted by vendors.

Whistleblowing Policies and Procedures

Coastal maintains a Whistleblowing Policies and Procedures which provide a platform for all employees to disclose any improper conduct which affect the Group. Any Director, officer or employee of the Group can report any improper conduct by writing to the Audit Committee Chairman, Mr. Jacob O Pang Su Yin at jacob.pang@coastalcontracts.com.

Anti-Bribery and Corruption Policy

Coastal has established an Anti-Bribery and Corruption Policy ("ABC Policy") to set out the Group's zero-tolerance approach against all forms of corruption and bribery. The Group is committed to conducting its business activities in an ethical and transparent manner, as well as to acting professionally and integrity in all business dealings and relationships.

Any Director, officer or employee of the Group who has concern about suspected contravention of the ABC Policy, is encouraged to report the violations via the procedure as provided under the Group's Whistleblowing Policies and Procedures.

Code of Conduct

The Group maintains a Code of Conduct for all its employees intended to preserve business integrity and accountability. The Code of Conduct lists out the Group's expectations of its employees, outlining acceptable behavior throughout the organisation during the tenure of their employment. To ensure that the entire workforce is aware of this code, all new employees are presented with the Employees Handbook on joining the Group.

Sustainability Statement (cont'd.)

ENVIRONMENTAL

Environmental Compliance

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

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 do not use asbestos as this is known to cause very serious, often life-threatening illnesses such as mesothelioma and lung cancer.

Energy Efficient Practices

Coastal recognises that reducing environmental impact will not only lessen our unnecessary costs, but will also decrease additional carbon in the environment. Our employees are reminded to switch off all printers and lights when not in use. The same policy extends to the pantry, reception area and meeting rooms. Employees also encouraged to print documents only when necessary to not only reduce paper wastage but also reduce energy costs and increase the lifespan of printers. All emails from the Company contain the footnote, "Please consider the environment before printing this email".

SOCIAL

Employee Benefits and Retention

In order to mitigate high employee turnover, the Group provides a competitive compensation and benefits packages to its employees, which are aligned with industry practices. The Group also provides training, personal development and a healthy workplace environment.

Diversity and Equal Employment Opportunities

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. It is the policy of the Group to provide equal employment opportunities for all qualified persons regardless of race, religion, sex, age, nationality, veteran status, and disability. This policy applies to recruitment, placement, promotion, training, transfer, retention, salary rate and other terms and conditions of employment.

For the current financial year, we have 194 employees with a male to female ratio of 73 : 27 compared to 203 employees (72 : 28) in the previous financial year. Our employees are made up of diverse nationalities for both its domestic and international operations.

Safety Measures to the Covid-19 Pandemic

To mitigate the impact of Covid-19 pandemic in the workplace environment, Coastal Group has implemented a set of standard operating procedures which aligned to the government guidelines. The Group is committed to encourage the practice of good personal hygiene and maintain the social distancing, which in line with the new normal concept of 3W (wash, wear and warn) and 3C (crowded places, confined space and close conversation) in order to promote health awareness among employees upon their return to the workplace.

The Group strives to maintain a safe and health working environment with implementing various preventive measures such as body temperature scanning, distribution of personal protective equipment including face masks, face shields and hand gloves, availability of hand sanitizers placed at strategic locations, printable posters regarding Covid-19 adhered at bulletin boards, routine disinfection and cleaning activities within the office premises.

In addition, the Group is committed to safeguard the health of all employees with a mandatory requirement of self-quarantining for employees return from overseas, and restriction of non-essential overseas travel is introduced as well.

Sustainability Statement (cont'd.)

SOCIAL (Cont'd)

Local 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 and youth development.

During the financial year, Coastal Group made monetary donations to:

i) Hospis Sandakan
ii) Taiwan Buddhist Tzu-Chi Foundation Malaysia for its COVID-19 Fund

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

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 while playing a meaningful role in the economic, environment and social risks and opportunities.

Audit Committee Report
For The Financial Year Ended 30 June 2021

The Audit Committee was established on 2 December 2002.

The Board aims to ensure that the quarterly reports, annual financial statements, the annual review of operations in the annual report are presented in a manner which provides a balanced and comprehensive assessment of the Group's performance. The Audit Committee has been delegated with the responsibility to review the quarterly reports of the Group, focusing particularly on compliance with accounting standards and other legal requirements.

In the course of audit of the Group's financial statements, the external auditors would highlight to the Audit Committee and the Board, matters that require the Board's attention. Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and for presenting their comments on the audited financial statements. At least once a year, these meetings are held without the presence of the management of the Company to ensure that the external auditors can freely discuss and express their opinion on any matter to the Audit Committee. In addition, the external auditors are invited to attend the AGM of the Company and are required to be available to answer shareholders' questions on the conduct of the statutory audit and contents of their audit report.

To assess the independence of External Auditors, the Audit Committee will seek assurance from the External Auditors, confirming that they are, and have been independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. In this regard, the Audit Committee having assessed the independence of Messrs. Crowe Malaysia PLT as External Auditors of the Company and reviewed the level of non-audit services rendered by Crowe Malaysia PLT to the Company for the financial year under review, is satisfied with the competency and audit independence of Crowe Malaysia PLT and recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the next Annual General Meeting.

The Audit Committee comprises of 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
Tuan Hj. Ir Intizam Bin Ayub	Member	Independent Non-Executive Director

TERMS OF REFERENCE

The term of reference of the Audit Committee are available for reference at www.coastalcontracts.com.

AUDIT COMMITTEE MEETING

The Audit Committee held five (5) meetings during the financial year from 1 July 2020 to 30 June 2021. These meetings were held via Zoom on 27 August 2020, 6 October 2020, 25 November 2020, 25 February 2021 and 27 May 2021. 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%
Tuan Hj. Ir Intizam Bin Ayub	5/5	100%

Audit Committee Report
For The Financial Year Ended 30 June 2021 (cont'd.)

SUMMARY OF WORK OF THE AUDIT COMMITTEE

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

i) Reviewed the external auditors' scope of work and their audit plan.
ii) Reviewed with the external auditors the results of their audit, the audit report and recommendations in respect of improvements in internal control procedures noted in the course of their audit.
iii) Reviewed and approved the internal audit plan presented by the internal auditors.
iv) Reviewed with the internal auditors the internal audit report.
v) Reviewed the Annual Report for the year 2021 and the audited financial statements of the Company and the Group for the financial year ended 30 June 2021 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 2016 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
vi) Reviewed the Company's compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
vii) Reviewed the quarterly unaudited financial statements and the explanatory notes thereon and recommend to the Board for approval.
viii) Reviewed the related party transactions entered into by the Group.
ix) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance 2017 for the purpose of preparing the Corporate Governance Statement pursuant to the Listing Requirements.
x) Reviewed the Risk Management Framework and risk register of the Group, including corruption risks (i.e. investigation of whistleblowing reports).

SUMMARY OF WORK OF THE 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 audit function was performed by an independent professional firm to identify and assess the system of internal controls of the Group. Areas for improvement and recommendations for Management on the weaknesses in internal control were highlighted. 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.

A summary of the activities of the internal audit function for the financial year ended 30 June 2021 is as follows:

i) Performed audit work in accordance with the pre-approved internal audit plan.
ii) Carried out assessment and test of the internal controls within the Group.
iii) Reviewed and reported on the effectiveness and adequacy of the existing internal control policies and procedures.
iv) Provided recommendations for the improvement of the internal control policies and procedures.

STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME

The Company has established an Employees' Share Option Scheme ("ESOS") for a period of five (5) years effective from 2 February 2016. The ESOS was approved by shareholders on 2 December 2015 and will be governed by the ESOS By-Laws. The Company had on 16 February 2016 and 4 March 2019 granted 47,618,000 and 9,376,800 respectively shares options pursuant to the Employees' Share Option Scheme ("ESOS") to the eligible employees and Directors. ESOS has expired on 1 February 2021.

The ESOS Committee which has been formed to administer the ESOS, comprises of three (3) members that consists of two (2) Executive Directors and the Head of Human Resource Department. The ESOS Committee is primarily responsible for recommending to the Board, the criteria and allocation of any ESOS options to be granted to eligible employees and directors of the Company and its subsidiaries and ensuring that all exercises of ESOS options are in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the ESOS By-Laws and Company's Constitution. The ESOS Committee shall meet whenever necessary to fulfil its functions.

Audit Committee Report
For The Financial Year Ended 30 June 2021 (cont'd.)

STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME (Cont'd)

The option prices and the details in the movement of the options granted are as follows:

		Number of Options Over Unissued Ordinary Shares			
Date of Offer	**Exercise Price**	**1.7.2020**	**Forfeited**	**Expired**	**30.6.2021**
16 February 2016	RM1.40	42,552,000	(668,000)	(41,884,000)	-
04 March 2019	RM0.96	5,290,400	(145,600)	(5,144,800)	-

The options which were forfeited during the financial year were due to resignations of employees.

The details of the options, held by the Directors pursuant to the Company's ESOS in respect of the financial year ended 30 June 2021 are as follows:

	Number of Options Over Unissued Ordinary Shares			
Name of Directors	**Balance as of 1.7.2020**	**Granted**	**Expired**	**Balance as of 30.6.2021**
Ng Chin Heng	4,120,000	-	(4,120,000)	-
Ng Chin Shin	2,664,000	-	(2,664,000)	-
Ng Chin Keuan	2,664,000	-	(2,664,000)	-
Jacob O Pang Su Yin	140,000	-	(140,000)	-
Loh Thian Sang @ Lo Thian Siang	140,000	-	(140,000)	-
Tuan Hj. Ir Intizam Bin Ayub	140,000	-	(140,000)	-

The details of the options, held by the key senior management of the Group pursuant to the Company's ESOS in respect of the financial year ended 30 June 2021 are as follows:

	Number of Options Over Unissued Ordinary Shares			
Name of Key Senior Management	**Balance as of 1.7.2020**	**Granted**	**Expired**	**Balance as of 30.6.2021**
Liow Ming Yew	2,920,000	-	(2,920,000)	-
Alice Ng	2,920,000	-	(2,920,000)	-
Pang Fong Thau	2,520,000	-	(2,520,000)	-
Ng Chin Kok	2,520,000	-	(2,520,000)	-
Ng San Chen	2,520,000	-	(2,520,000)	-
Lau Joo Ting	2,520,000	-	(2,520,000)	-
Kong Wei Ket	762,000	-	(762,000)	-

In accordance with the By-Laws of the Company's ESOS, not more than seventy (70) percent of the new Company's shares available under the scheme shall be allocated in aggregate to the Directors and senior management. During the financial year and since commencement of the scheme, the actual percentage granted to them is approximately forty seven (47) percent.

Corporate Governance Overview Statement

The Board of Directors considers corporate governance as a fundamental part of its responsibilities in managing the business and affairs of the Group and is fully committed to maintaining high standards at all times. 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") 2017.

The Board of Directors plays a primary role in corporate governance by setting out the strategic direction of the Group, establishing goals and monitoring the achievement of the said goals. A Strategic Plan has been adopted as one of the key policies 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 37 to 38 of this Annual Report.

The Executive Directors take the primary responsibility of managing the Group's business and resources. The intimate knowledge of the Executive Directors and their hands-on management practices have enabled the Group to become a leader in the industry.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Practice 1.1 Roles and Responsibilities of the Board

In order to ensure effectiveness and discharge of its fiduciary and leadership duties, the Board:

- Retains full and effective control of the affairs of the Group;
- Formulates policies and strategies;
- Actively oversees and monitors management's performance;
- Reviews and adopts strategic corporate plans;
- Approves the Group's annual budget, including major capital commitments;
- Conducts periodic review of the achievements against business targets;
- Identifies principal risks and ensures the implementation of appropriate internal control systems and mitigation strategies;
- Oversees and evaluates the conduct of the Group's business;
- Ensures effective communication amongst the shareholders;
- Considers emerging issues which may be material to the business affairs of the Group;
- Ensures that the Group has a proper succession plan for its senior management and Board members;
- Any other matters which require the Board's approval pursuant to the applicable rules, laws and regulations;
- Identify, assess and monitor all corruption and bribery risks and perform corruption and bribery risk assessment on an ongoing basis; and
- Oversees the implementation and administration of whistleblowing policy and procedures.

Apart from its statutory duties and responsibilities stated above, the Board oversees the management and affairs of the Group. Certain matters are specifically reserved for the Board's decision, including overall strategic direction, operational plan, capital expenditure, mergers and acquisitions, capital projects, Group's operating and financial performance and review of risks affecting the Group. The Board also delegates the formulation of business strategies and policies, and day-to-day management to the Executive Directors 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.

Overall, the Board's key responsibilities reflect the recommendations prescribed by MCCG 2017.

Practice 1.2 Roles of Chairman

Mr. Ng Chin Heng serves as Executive Chairman. He provides top-level leadership and manages the overall direction of the Group. He also ensures that the views of shareholders are communicated to the Board as a whole in order to identify issues and concerns. He is responsible for executing the strategy as agreed by the Board and developing objectives by leading the senior executive team. In addition, he ensures that the Group's risks are adequately addressed and appropriate internal controls are in place. Scheduling regular and effective evaluations of the Board's performance is also one of the Executive Chairman's responsibilities.

Corporate Governance Overview Statement
(cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

Practice 1.3 Separation of roles of Chairman and Chief Executive Officer ("CEO")

Although the position of Chairman of the Board is to be held by a Non-Independent Executive Director, Mr. Ng Chin Heng, it however does not imply 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 demonstrate 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, takes the views that the current composition and mix of Executive Directors and Independent Non-Executive Directors for the Board is appropriate.

Practice 1.4 Company Secretaries

The Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities, provide clear and sound advice on requirements and procedures to be formulated and adopted by the Group arising from new statues and guidelines implemented by regulatory authorities. The Board is also briefed on proposed contents and timing of material announcements to be made to Bursa Malaysia. In ensuring that Board meetings are properly convened, the Company Secretaries fulfil their attendance in Board meetings. Not only that, the Company Secretaries also work collaboratively with the Management in assuring timely and appropriate information flows within the Group.

Practice 1.5 Information and Support of Directors

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors within sufficient time to enable the Directors to review, seek additional information or clarification on the matters to be deliberated at Board meetings unless in unavoidable circumstances. The Senior Management and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are supplied with information and reports on financial, operational, corporate, regulatory, business development and audit matters by way of board reports or upon specific request to enable them to discharge their duties and responsibilities.

Meetings and Time Commitments

Board meetings are held 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 proceedings of the Board meetings are conducted in line with a planned agenda in order to facilitate constructive and profound deliberations. The agenda is furnished to the Directors at least 7 days prior to the Board meeting, together with proposal papers and reports to allow sufficient time for the Directors to review the Board papers and to provide insightful comments during the Board meeting. The Board had held five (5) meetings during the financial year from 1 July 2020 to 30 June 2021 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.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. Shown below are the number of meetings attended by each Director for the financial year from 1 July 2020 to 30 June 2021, which were held via Zoom on 27 August 2020, 6 October 2020, 25 November 2020, 25 February 2021 and 27 May 2021.

Corporate Governance Overview Statement
(cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

Meetings and Time Commitments (Cont'd)

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%
Jacob O Pang Su Yin	Independent Non-Executive Director	5/5	100%
Tuan Hj. Ir Intizam Bin Ayub	Independent Non-Executive Director	5/5	100%

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. Pursuant to paragraph 15.06(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, any Board member shall not hold more than five (5) directorships in public listed companies at any one time.

Practice 2.1 Board Charter

A Board Charter has 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 last review was done on 8 October 2021.

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

Practice 3.1 Code of Conduct and Ethics

A Directors' Code of Conduct has 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.

The Group is committed to ensuring that its business and operations are conducted in an ethical, moral and legal manner.

An Anti-Bribery and Corruption Policy ("ABC Policy") was established to provide information and guidance to those working for Coastal Group on how to recognise and deal with bribery and corruption issues, as well as understand their responsibilities. In addition, the implementation of ABC Policy is aimed at ensuring that the Group has adequate procedures to prevent and detect bribery and corruption.

The Board will monitor compliance and review regularly with the ABC Policy in order to ensure that the ABC Policy continues to remain relevant and appropriate. Besides that, any Director, officer or employee of the Group suspects contravention of the ABC Policy are required to promptly report the violations in accordance with the Group's Whistleblowing Policies and Procedures.

Corporate Governance Overview Statement
(cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

Practice 3.2 Whistleblowing Policies and Procedures

Whistleblowing Policies and Procedures provide an avenue for all employees to disclose any improper conduct occurring in the course of dealing with Coastal and its businesses and operations. Under the policy, confidentiality of the matter raised and the identity of the whistle blower is protected. Any Director, officer or employee of the Group can report any improper conduct by writing to the Audit Committee Chairman, Mr. Jacob O Pang Su Yin at jacob.pang@coastalcontracts.com.

II. BOARD COMPOSITION

Practice 4.1 Board Composition and Independence Board Composition

The Board currently comprises of six (6) members of whom three (3) are Executive Directors and three (3) are Independent Non-Executive Directors. The presence of the Independent Non-Executive Directors provides effective check and balance to the functioning of the Board. The three (3) Independent Non-Executive Directors are not employees and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgement. They bring an external perspective and help develop strategic plans, as well as scrutinising the Management's performance in attaining its goals.

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 with proper mix of skills, character, integrity, competence and time commitment, 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.

Annual Assessment of Independence

The Nomination Committee shall assess the independence of each Independent Director in accordance with the definition of Independent Director as listed on paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Nomination Committee believes that the independence of the Board will not be impaired by its current board composition.

Practice 4.2 and 4.3 Tenure of Independent Director

The Board is fully aware of one of the recommendations of MCCG 2017 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 subject to shareholders' approval with justification of his retention.

In the event that the Board continues to retain the Independent Director after the twelfth (12th) year, annual shareholders approval must be sought through a two-tier voting process to retain the said Director as an Independent Director.

Practice 4.4 and 4.5 Board Diversity

The Group practices non-discrimination in the age, gender, ethnicity or religion towards the organisation, which includes the selection of Board members. It is important to have a Board that is composed of best-qualified individuals who possess the requisite knowledge, experience, independence and good judgement so as to ensure that the Board functions effectively and able to discharge its duties in the best interests of the Group and the Company's shareholders.

Although no female member has been appointed to the Board of Directors, it does not imply that the Board is not in favour of having a female Board member. The Board has always believed in providing equal opportunities to all genders based on merit and selecting the best candidate to attain the Company's strategic objectives and goals.

Corporate Governance Overview Statement
(cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

Practice 4.6 Sourcing of Directors

The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and also appointments are made on merits. The process for the appointment of a new director is summarised in the sequence as follows:

i) The candidate is identified upon the recommendation by the existing Directors and/or Senior Management;

ii) In evaluating the suitability of candidates to the Board, the Nomination Committee considers the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;

iii) Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and

iv) Decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.

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

Practice 4.7 Nomination Committee

The Nomination Committee comprises of 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
Tuan Hj. Ir Intizam Bin Ayub	Member	Independent Non-Executive Director

The Nomination Committee held two (2) meetings during the financial year from 1 July 2020 to 30 June 2021. These meetings were held via Zoom on 6 October 2020 and 27 May 2021. 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%
Tuan Hj. Ir Intizam Bin Ayub	2/2	100%

A summary of the activities of the Nomination Committee during the year is 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;
- Provide recommendations on candidates for directorship, re-appointment and re-election of Board members and the Board members to sit on Board Committees;
- Discussed and reviewed the Board's succession plans; and
- Support Directors' induction programs and continuing development.

Corporate Governance Overview Statement
(cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

Practice 5.1 Evaluation of Board, Board Committees and Individual Directors

Annual Assessment of Existing Directors and Board Committees

The Nomination Committee assesses the performance of all the Directors due for re-election and makes recommendations to the Board for their re-election to be tabled for shareholders' approval at the forthcoming AGMs. The process of assessing the Directors is an on-going responsibility of the entire Board, made possible by a formal evaluation process to annually assess the effectiveness of the Board Committees, as well as the contribution and performance of each individual Director. The criteria used includes an assessment of their roles, duties, responsibilities, competency, expertise and contribution whereas for the Board and Board Committees, the criteria used include composition, structure, accountability, responsibilities, adequacy of information and processes.

The Nomination Committee also assesses the independence of each Independent Director in accordance with the definition of Independent Director as listed on paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Nomination Committee believes that the independence of the Board will not be impaired by its current board composition.

Directors' Training

The Board sees Directors' training as an on-going practice and regularly assesses their training needs so as to develop and appraise their knowledge and skills required to fulfil their responsibilities.

All the Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad within four (4) months of their appointments. During the financial year from 1 July 2020 to 30 June 2021, the details of seminars attended by the Directors are as follows:

Name of Director	Seminar
Ng Chin Heng	• Energising Board Stewardship and Governance Compliance
Ng Chin Shin	• Energising Board Stewardship and Governance Compliance
Ng Chin Keuan	• Energising Board Stewardship and Governance Compliance
Jacob O Pang Su Yin	• Corporate Governance Audit
Loh Thian Sang @ Lo Thian Siang	• Corporate Governance Audit
Tuan Hj. Ir Intizam Bin Ayub	• Corporate Governance Audit

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.

III. REMUNERATION

Practice 6.1 Remuneration Policy and Procedures for Directors and Senior Management

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.

Corporate Governance Overview Statement
(cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. REMUNERATION (Cont'd)

Practice 6.1 Remuneration Policy and Procedures for Directors and Senior Management (Cont'd)

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 Clause No. 123 of the Company's Constitution.

Practice 6.2 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 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 in making recommendations to the Board.

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

The Terms of Reference of Remuneration Committee is available for reference at the Company's website at www.coastalcontracts.com.

Corporate Governance Overview Statement
(cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. REMUNERATION (Cont'd)

Practice 7.1 and 7.2 Disclosure of Remuneration of Directors and Senior Management

The details of Directors' remuneration of the Company comprising remuneration paid/payable from the Company and its subsidiaries for the financial year from 1 July 2020 to 30 June 2021 are as follows:

From the Company

Directors	Fees & Allowances RM'000	Salaries & Bonuses RM'000	Statutory Contribution RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors					
Ng Chin Keuan	-	-	-	13	13
Independent Non-Executive Directors					
Jacob O Pang Su Yin	54	-	-	-	54
Loh Thian Sang @ Lo Thian Siang	24	-	1	-	25
Tuan Hj. Ir Intizam Bin Ayub	24	-	-	-	24
Total	**102**	**-**	**1**	**13**	**116**

From the Group

Directors	Fees & Allowances RM'000	Salaries & Bonuses RM'000	Statutory Contribution RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors					
Ng Chin Heng	-	851	12	10	873
Ng Chin Shin	-	347	14	13	374
Ng Chin Keuan	-	308	12	-	320
Total	**-**	**1,506**	**38**	**23**	**1,567**

The remuneration of the top five senior management is not disclosed as it is deemed be detrimental to its business interests, given the competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, where poaching has become common place.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Practice 8.1 Audit and Risk Management Committee Composition and Chairman
Practice 8.4 (Step Up) Independence of Audit and Risk Management Committee

The Audit Committee is made up exclusively of Independent Directors based on the Step-Up recommendation of the Code and also meets the Listing Requirements of which states the Audit Committee is to comprise no fewer than three (3) members and that all members must be Non-Executive Directors with a majority being Independent Directors. The Chairman of the Audit Committee is an Independent Director. The role and responsibilities of the Audit Committee as well as their rights are set out in the Terms of Reference contained on the corporate website. Details of the activities carried out by the Audit Committee in financial year ended 2021 are set out on pages 24 to 26.

There is no separate committee to govern risk management, that task being undertaken by the Audit Committee.

Corporate Governance Overview Statement
(cont'd.)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Practice 8.2 and 8.3 Oversight and Assessment of the Suitability and Independence of External Auditors

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 Audit Committee also reviews and assesses the appointment and re-appointment of the external auditors via an assessment checklist in accordance with the assessment criteria covering regulatory requirements. Terms of engagement for services provided by the external auditors are also reviewed by the Audit Committee prior to submission to the Board for approval. The Board, upon concurrence with the outcome of the assessment approved the re-appointment of external auditor based on the Audit Committee's recommendation subject to shareholder's approval at the annual general meeting.

It is the policy of the Audit Committee to meet with the external auditors at least two (2) times a year to discuss the audit plan, audit findings and views in respect of the integrity of the Group's financial statements. The external auditors are also invited to attend the annual general meeting.

Practice 8.5 Financial Literacy of the Audit Committee

The Audit Committee possesses the right mix of skills to discharge its duties effectively.

All members of the Audit Committee play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. Majority of the members of the Audit Committee have the necessary financial, technical and commercial expertise required to meet their responsibilities and provide an effective level of challenge to management.

Practice 9.1 and 9.2 Risk Management and Internal Control Framework

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 reviews risk exposures, evaluates risk and approves risk management policies to ensure effective risk management profile is in place.

The Board's statement on risk management and internal control is set out on pages 37 to 38 of this Annual Report.

Practice 10.1 and 10.2 Internal Audit Function

The Group's internal audit function was outsourced to an independent professional firm 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. The internal audit function is prescribed in more detail in the Audit Committee Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Financial Reporting

The Board aims to provide and present a balanced and comprehensive assessment of the Group's financial 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 while providing transparent and up-to-date disclosures of the Group's performance. The Audit Committee also reviews the annual and interim financial results released by the Group including the appropriateness of accounting policies and compliance with approved accounting standards and regulatory requirements. When significant accounting and auditing issues arise, the Audit Committee will hold discussion on their observations with the external auditors. The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 46 of this Annual Report.

Corporate Governance Overview Statement
(cont'd.)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Corporate Disclosures Policies and Procedures

Practice 11.1 Communication with Stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders and the general public. The Board reviews and implements corporate communication policies with the shareholders, other key stakeholders and the 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.

Practice 11.2 Integrated Reporting

The Group has yet to adopt integrated reporting.

Practice 12.1 Notice of Annual General Meeting

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.

Practice 12.2 Directors to attend the General Meeting

All the Directors shall endeavour to attend the General Meetings to allow the shareholders to raise questions and clarify any issues they may have relating to each resolution tabled for approval.

Practice 12.3 Electronic Voting

The Board has taken note of paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which states that any resolution set out in the notice of any general meeting or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting is voted by poll. The Board shall ensure compliance with this requirement. The votes cast at general meetings shall be validated by an independent scrutineer.

The appointed scrutineer must not be an officer of the Company or any of its subsidiary companies and shall be an independent person undertaking the polling process. In the event the scrutineer is interested in any resolutions to be passed, the Board will ensure that the scrutineer concerned must refrain from acting as the scrutineer for that resolution.

In line with Practice 12.3 of the MCCG in promoting electronic voting, the Board had assessed and of the opinion that the electronic voting is not necessary. However, the Board shall consider adopting such recommendation when there are large number of shareholders or meetings held in remote locations.

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE

This statement is prepared in compliance with Paragraph 15.25 of the Bursa Malaysia Main Market Listing Requirements and it is to be read together with the Corporate Governance Report 2021 of the Company which is available in the Company's website at www.coastalcontracts.com.

The Board is satisfied that the Company has complied with the Code during the financial year with regard to the recommendations supporting the Principles except as otherwise stated.

This statement was presented and approved at the Board of Directors' Meeting held on 8 October 2021.

Statement On Risk Management And Internal Control

The Board of Directors ("Board") is pleased to present the Group's Statement on Risk Management and Internal Control for the financial year ended 30 June 2021. This statement has been prepared in accordance with Bursa Malaysia Main Market Listing Requirements, Paragraph 15.26(b), and in compliance with Malaysian Code on Corporate Governance 2017.

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.

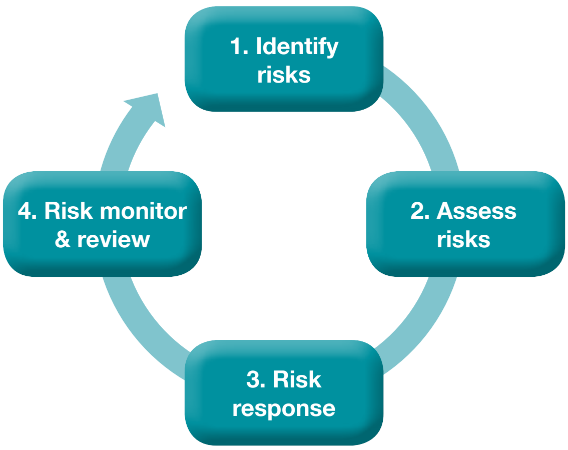
The Board confirms that there is an ongoing process for identifying, assessing and managing the principal risks faced by the Group, which is in accordance with the guidance as contained in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers". This process 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.

The review of the risk management and internal control reports is delegated by the Board to the Audit Committee.

RISK MANAGEMENT FRAMEWORK

Risk management has been firmly embedded in the Group's management system. It is a process of understanding and managing the risks that the Group is inevitably subject to in attempting to achieve its business objectives. The Board primary objective and direction in managing the Group's risks are focused on sustaining the achievement of the Group's business objectives with the lowest possible chance of failure. The Board and the Management are responsible to ensure there is an appropriate risk management process for identifying, assessing, responding, monitoring and reviewing significant risks faced by the Group in all aspects. The Management and Head of Departments are responsible for managing the risks of their respective departments on an ongoing basis.



The diagram above sets out the Group Risk Management framework. At least once a year, a Group-wide risk assessment shall be performed to identify the nature and extent of such risks and determine respective mitigating steps. The Group has formalised the Risk Register, which identifies the risks and associated mitigating control activities and future actions.

Risks are identified by assessing the probability and impact of their occurrence and are evaluated as Low, Medium or High. The level of residual risk is determined after identifying and evaluating the effectiveness of existing controls or mitigating measures.

The Group's identified risks are categorised into external risks, business risks, financial risks and operational risks. Based on the Risk Register, the Board and the Management, after further analysis and discussion, shall annually review the previously identified risks, update their likelihood of occurrence and potential impact. Should there be new risks emerging as a result of the changing environment, the Board and the Management will update the Risk Register immediately and ensure appropriate action plans be taken in response to the new risks.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Ad hoc and scheduled meetings at operation sites are 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 has 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 has 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 ended 30 June 2021 was RM38,000.

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 ended 30 June 2021. 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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the Annual Report 2021. Their reviews were performed in accordance with Audit and Assurance Practice Guide 3 ("APPG3") issued by the Malaysian Institute of Accountants.

Based on their review, the External Auditors reported to the Board that nothing has come to their attention which has caused them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually incorrect.

This statement was presented and approved at the Board of Directors' Meeting held on 8 October 2021.

Additional Compliance Information

- **Utilisation of Proceeds**

  There were no proceeds raised from any corporate proposal during the financial year.

- **Audit and Non-Audit Fees**

  Audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 30 June 2021 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follows:

Category	Audit Fees (RM)	Non-Audit Fees (RM)
Company	42,500	69,642
Subsidiaries	275,818	40,875
	318,318	110,517

- **Material Contract**

  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 page 113 and 114.

Statement Of Directors' Responsibility For Preparing The Financial Statements

The Directors are required by the Companies Act 2016 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 the 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 2016.

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 8 October 2021.

Financial Statements

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 17 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/(Loss) net of tax	32,620,435	(66,108,466)
Attributable to:		
Owners of the Company	32,375,524	(66,108,466)

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.

Dividend

There was no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend to be paid in respect of the current financial year.

Directors

The names of the Directors of the Company who served during the financial year and up to the date of this report are as follows:

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

The names of Directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those Directors mentioned above, are as follows:

Pang Fong Thau
Ng Chin Kok
Ng San Chen
Alice Ng
Liow Ming Yew
Lau Joo Ting
Bali Bin Wutung

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 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 remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which Director has a substantial financial interest, except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a company in which certain Directors have substantial financial interests as disclosed in Note 33 to the financial statements.

Directors' Remuneration

The details of the Directors' remuneration paid or payable to the Directors of the Group and of the Company during the financial year are disclosed in Note 11 to the financial statements.

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company during the financial year amounted to RM13,790.

Directors' Interests

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

	Number of Ordinary Shares			
The Company	**1.7.2020**	**Acquired**	**Sold**	**30.6.2021**
Direct Interests:				
Ng Chin Heng	28,657,100	200,000	-	28,857,100
Ng Chin Shin	23,851,320	-	-	23,851,320
Ng Chin Keuan	23,691,587	-	-	23,691,587
Indirect Interests:				
Ng Chin Heng (#)	216,839,900	-	-	216,839,900
Ng Chin Keuan (^)	20,000	-	-	20,000

\# *Interest by virtue of shares held by spouse, children and by Ivory Asia Sdn. Bhd.*
^ *Interest by virtue of shares held by spouse.*

	Number of Options Over Unissued Ordinary Shares			
The Company	**1.7.2020**	**Granted**	**Expired**	**30.6.2021**
Ng Chin Heng	4,120,000	-	(4,120,000)	-
Ng Chin Shin	2,664,000	-	(2,664,000)	-
Ng Chin Keuan	2,664,000	-	(2,664,000)	-
Jacob O Pang Su Yin	140,000	-	(140,000)	-
Loh Thian Sang @ Lo Thian Siang	140,000	-	(140,000)	-
Intizam Bin Ayub	140,000	-	(140,000)	-

Directors' Report (cont'd.)

Directors' Interests (Cont'd)

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, in accordance with Section 8 of the Companies Act 2016.

The other Directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

Issue of Shares and Debentures

During the financial year:

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

Treasury Shares

During the financial year, the Company repurchased 3,506,100 of its issued ordinary shares from the open market at an average price of approximately RM0.65 per share. The total consideration paid for the repurchase including transaction costs was RM2,301,061. The shares repurchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 30 June 2021, the Company held as treasury shares a total of 11,972,500 of its 535,350,031 issued and fully paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM12,700,520 and further relevant details are disclosed in Note 30 to the financial statements.

Options Granted Over Unissued Shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employees' Share Option Scheme below.

Employees' Share Option Scheme

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 2 December 2015. The ESOS is to be in force for a period of 5 years effective from 2 February 2016. The ESOS has expired on 1 February 2021.

The details of the ESOS are disclosed in Note 30(c) 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 allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; 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.

Directors' Report (cont'd.)

Other Statutory Information (Cont'd)

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for impairment losses on receivables 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 the 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.

(f) In the opinion of the Directors:

(i) no contingent or other liability of the Group and of the Company 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.

Subsidiaries

The details of the Group's subsidiaries are disclosed in Note 17 to the financial statements.

Significant Events During The Financial Year

The significant events of the Group and of the Company during the financial year are disclosed in Note 40 to the financial statements.

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 9 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against any claims by third parties arising from the audit. No payment has been made to indemnify the auditors neither during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 October 2021.

Ng Chin Shin

Ng Chin Keuan

Statement by Directors/ Statutory Declaration

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Ng Chin Shin 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 51 to 135 give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 October 2021.

Ng Chin Shin

Ng Chin Keuan

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Kong Wei Ket, MIA Membership Number: CA34621, 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 51 to 135 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovementioned Kong Wei Ket
at Sandakan in the State of Sabah
on this 26 October 2021.

Kong Wei Ket

Before me

Independent Auditors' Report
to the members of COASTAL CONTRACTS BHD.
(Incorporated in Malaysia)
Registration No : 200001015043 (517649-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Coastal Contracts Bhd., which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 135.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Trade Receivables Refer to Note 21 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
Trade receivables are a major component of the financial position of the Group. Given the unfavourable macro-economic factors from prolonged weakness in the crude oil prices, the recoverability of trade receivables may be uncertain and the risk of trade receivables becoming insolvent may be high. There is significant degree of Management judgement involved in the assessment of recoverability of trade receivables, particularly regarding estimation of future cash collection and in calculating allowance for impairment losses.	Our procedures included, amongst others: ▪ Performing the subsequent collections on the significant trade receivables balances and trade receivables aged more than one (1) year. ▪ Reviewing the ageing of trade receivables. ▪ Reviewing the recoverability of trade receivables and enquiring the Management of the adequacy of allowance for impairment losses on trade receivables.

Independent Auditors' Report
to the members of COASTAL CONTRACTS BHD. (cont'd.)
(Incorporated in Malaysia)
Registration No : 200001015043 (517649-A)

Net Realisable Value of Inventories Refer to Note 20 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
Inventories are a major component of the financial position of the Group. The unfavourable macro-economic factors from prolonged weakness in the crude oil prices has resulted in the drop in demand for offshore support vessels which might lead to slow moving inventories. The significant decline in sales of offshore support vessels has led Management to assess the net realisable values of the Group's unsold vessels, both completed and under construction, which were included in inventories as at 30 June 2021 with reference to the valuation report prepared by an independent valuer. The net realisable values of the unsold offshore support vessels were assessed on the basis of their respective completed state and after taking into consideration of the prevailing market conditions for the supply and demand for such vessels. There is a significant degree of Management judgement involved and assumptions of future events that are inherently uncertain. Possible changes in judgements and related estimates of the offshore support vessels' net realisable value could result in material adjustments to the inventory carrying amounts.	Our procedures included, amongst others: ▪ Evaluating the qualifications, objectivity and competency of the independent external valuer engaged in the valuation of the unsold vessels. ▪ Assessing the methodologies and reasonableness of the assumptions used in arriving at the vessel valuation. ▪ Checking the accuracy and relevance of the input data provided by Management to the independent external valuer. ▪ Assessing the adequacy for inventory writedown.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report
to the members of COASTAL CONTRACTS BHD. (cont'd.)
(Incorporated in Malaysia)
Registration No : 200001015043 (517649-A)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report
to the members of COASTAL CONTRACTS BHD. (cont'd.)
(Incorporated in Malaysia)
Registration No : 200001015043 (517649-A)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Chan Kuan Chee
02271/10/2021 J
Chartered Accountant

Kuala Lumpur

26 October 2021

Statements of Profit or Loss
For the Financial Year Ended 30 June 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	4	161,571,425	211,082,452	56,235,200	41,217,000
Cost of sales		(111,542,265)	(134,245,949)	-	-
Gross profit		50,029,160	76,836,503	56,235,200	41,217,000
Other items of income					
Interest income	5	3,181,817	2,718,515	512,083	1,166,544
Other income	6	40,039,630	49,136,201	4,331,320	24,545,940
Other items of expenses					
Marketing and distribution		(113,306)	(2,443,249)	-	-
Administrative expenses		(17,333,303)	(18,006,817)	(1,312,925)	(1,659,110)
Finance costs	7	(6,586,563)	(12,581,134)	(235)	(199)
Other expenses		(16,758,207)	(48,837,082)	(40,100,356)	(32,426,311)
Net impairment loss on receivables	8	(555,318)	(134,545,391)	(85,734,813)	(47,515,756)
Profit/(Loss) before tax	9	51,903,910	(87,722,454)	(66,069,726)	(14,671,892)
Income tax expense	12	(19,283,475)	(17,328,910)	(38,740)	(16,038)
Profit/(Loss) net of tax		32,620,435	(105,051,364)	(66,108,466)	(14,687,930)
Profit/(Loss) attributable to:					
Owners of the Company		32,375,524	(105,051,364)	(66,108,466)	(14,687,930)
Non-controlling interests		244,911	-	-	-
		32,620,435	(105,051,364)	(66,108,466)	(14,687,930)
Earnings/(Loss) per share attributable to owners of the Company (sen):					
Basic	13	6.17	(19.88)		
Diluted	13	6.17	(19.88)		

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

Statements of Comprehensive Income
For the Financial Year Ended 30 June 2021

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) net of tax	32,620,435	(105,051,364)	(66,108,466)	(14,687,930)
Other comprehensive (loss)/income:				
Other comprehensive (loss)/income will be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(12,114,381)	14,785,892	-	-
Cash flow hedges	(141,727)	(1,270,269)	-	-
Net other comprehensive (loss)/ income will be reclassified to profit or loss in subsequent periods	(12,256,108)	13,515,623	-	-
Total comprehensive income/(loss) for the year	20,364,327	(91,535,741)	(66,108,466)	(14,687,930)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	20,095,573	(91,535,741)	(66,108,466)	(14,687,930)
Non-controlling interests	268,754	-	-	-
	20,364,327	(91,535,741)	(66,108,466)	(14,687,930)

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

Consolidated Statement of Financial Position
As at 30 June 2021

	Note	2021 RM	2020 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	774,349,711	701,040,886
Right-of-use assets	16	8,867,949	7,322,444
Investment properties	18	3,321,983	3,404,008
Investment securities	19	12,124,337	1,937,912
		798,663,980	713,705,250
CURRENT ASSETS			
Inventories	20	120,310,703	138,666,896
Trade and other receivables	21	200,996,163	177,818,065
Contract assets	22	1,232,557	-
Short-term investments	23	111,038,412	259,954,929
Tax recoverable		237,095	54,618
Cash and bank balances	24	163,702,961	263,792,750
		597,517,891	840,287,258
TOTAL ASSETS		1,396,181,871	1,553,992,508
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Loans and borrowings	25	43,419,317	242,200,723
Lease liabilities	26	1,012,450	178,306
Trade and other payables	27	192,793,154	188,068,114
Income tax payable		3,977,955	1,890,645
Derivative liabilities	28	26,074	493,887
		241,228,950	432,831,675
NET CURRENT ASSETS		356,288,941	407,455,583

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

Consolidated Statement of Financial Position
As at 30 June 2021 (cont'd.)

	Note	2021 RM	2020 RM
NON-CURRENT LIABILITIES			
Loans and borrowings	25	48,862,404	34,598,369
Lease liabilities	26	712,037	11,398
Deferred tax liabilities	29	589,246	611,733
		50,163,687	35,221,500
TOTAL LIABILITIES		291,392,637	468,053,175
NET ASSETS		1,104,789,234	1,085,939,333
EQUITY			
Share capital	30	307,049,826	307,049,826
Treasury shares	30	(12,700,520)	(10,399,459)
Other reserves	31	266,143,178	305,962,906
Retained earnings		543,241,361	483,326,060
Equity attributable to owners of the Company		1,103,733,845	1,085,939,333
Non-controlling interests		1,055,389	-
TOTAL EQUITY		1,104,789,234	1,085,939,333
TOTAL EQUITY AND LIABILITIES		1,396,181,871	1,553,992,508

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

Statement of Financial Position
As at 30 June 2021

	Note	2021 RM	2020 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	38,073	54,168
Right-of-use assets	16	2,883	8,650
Investments in subsidiaries	17	465,535,685	492,619,621
Investment securities	19	7,812,120	-
		473,388,761	492,682,439
CURRENT ASSETS			
Other receivables	21	357,505,380	195,338,265
Short-term investments	23	97,405,700	248,218,825
Tax recoverable		23,076	26,711
Cash and bank balances	24	44,557,850	105,285,215
		499,492,006	548,869,016
TOTAL ASSETS		972,880,767	1,041,551,455
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Lease liabilities	26	2,967	5,765
Other payables	27	173,538	419,547
		176,505	425,312
NET CURRENT ASSETS		499,315,501	548,443,704
NON-CURRENT LIABILITIES			
Lease liabilities	26	-	2,967
Other payables	27	7,449	16,206
Deferred tax liabilities	29	6,038	6,668
		13,487	25,841
TOTAL LIABILITIES		189,992	451,153
NET ASSETS		972,690,775	1,041,100,302
EQUITY			
Share capital	30	307,049,826	307,049,826
Treasury shares	30	(12,700,520)	(10,399,459)
Other reserves	31	-	27,539,777
Retained earnings	32	678,341,469	716,910,158
TOTAL EQUITY		972,690,775	1,041,100,302
TOTAL EQUITY AND LIABILITIES		972,880,767	1,041,551,455

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 30 June 2021

	Note	Attributable to Owners of the Company					Non-Controlling Interests	Equity, Total
		Share Capital RM	Treasury Shares RM	Other Reserves RM	Retained Earnings RM	Total RM	RM	RM
Group								
2021								
Opening balance at 1 July 2020		307,049,826	(10,399,459)	305,962,906	483,326,060	1,085,939,333	-	1,085,939,333
Foreign currency translation differences for foreign operations		-	-	(12,138,224)	-	(12,138,224)	23,843	(12,114,381)
Cash flow hedges		-	-	(141,727)	-	(141,727)	-	(141,727)
Total other comprehensive (loss)/ income		-	-	(12,279,951)	-	(12,279,951)	23,843	(12,256,108)
Profit for the year		-	-	-	32,375,524	32,375,524	244,911	32,620,435
Total comprehensive (loss)/income		-	-	(12,279,951)	32,375,524	20,095,573	268,754	20,364,327
Transactions with owners:								
Acquisition of a subsidiary		-	-	-	-	-	786,635	786,635
Purchase of treasury shares	30	-	(2,301,061)	-	-	(2,301,061)	-	(2,301,061)
Share options:								
- value of options forfeited	31	-	-	(454,168)	454,168	-	-	-
- value of options expired	31	-	-	(27,085,609)	27,085,609	-	-	-
Total transactions with owners		-	(2,301,061)	(27,539,777)	27,539,777	(2,301,061)	786,635	(1,514,426)
Closing balance at 30 June 2021		307,049,826	(12,700,520)	266,143,178	543,241,361	1,103,733,845	1,055,389	1,104,789,234

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 30 June 2021 (cont'd.)

	Note	Share Capital RM	Treasury Shares RM	Other Reserves RM	Retained Earnings RM	Equity, Total RM
		Attributable to Owners of the Company				
Group						
2020						
Opening balance at 1 July 2019		302,518,900	(7,045,347)	293,243,826	588,144,284	1,176,861,663
Foreign currency translation differences for foreign operations		-	-	14,785,892	-	14,785,892
Cash flow hedges		-	-	(1,270,269)	-	(1,270,269)
Total other comprehensive income		-	-	13,515,623	-	13,515,623
Loss for the year		-	-	-	(105,051,364)	(105,051,364)
Total comprehensive income/(loss)		-	-	13,515,623	(105,051,364)	(91,535,741)
Transactions with owners:						
Purchase of treasury shares	30	-	(3,354,112)	-	-	(3,354,112)
Share options:						
- share-based payment expenses	31	-	-	644,867	-	644,867
- share options exercised		4,530,926	-	(1,208,270)	-	3,322,656
- value of options forfeited	31	-	-	(233,140)	233,140	-
Total transactions with owners		4,530,926	(3,354,112)	(796,543)	233,140	613,411
Closing balance at 30 June 2020		307,049,826	(10,399,459)	305,962,906	483,326,060	1,085,939,333

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 30 June 2021 (cont'd.)

	Note	Share Capital RM	Treasury Shares RM	Share Option Reserve RM	Retained Earnings RM	Equity, Total RM
Company						
2021						
Opening balance at 1 July 2020		307,049,826	(10,399,459)	27,539,777	716,910,158	1,041,100,302
Loss for the year		-	-	-	(66,108,466)	(66,108,466)
Transactions with owners:						
Purchase of treasury shares	30	-	(2,301,061)	-	-	(2,301,061)
Share options:						
- value of options forfeited	31	-	-	(454,168)	454,168	-
- value of options expired	31	-	-	(27,085,609)	27,085,609	-
Total transactions with owners		-	(2,301,061)	(27,539,777)	27,539,777	(2,301,061)
Closing balance at 30 June 2021		307,049,826	(12,700,520)	-	678,341,469	972,690,775
2020						
Opening balance at 1 July 2019		302,518,900	(7,045,347)	28,336,320	731,364,948	1,055,174,821
Loss for the year		-	-	-	(14,687,930)	(14,687,930)
Transactions with owners:						
Purchase of treasury shares	30	-	(3,354,112)	-	-	(3,354,112)
Share options:						
- share-based payment expenses	31	-	-	644,867	-	644,867
- share options exercised		4,530,926	-	(1,208,270)	-	3,322,656
- value of options forfeited	31	-	-	(233,140)	233,140	-
Total transactions with owners		4,530,926	(3,354,112)	(796,543)	233,140	613,411
Closing balance at 30 June 2020		307,049,826	(10,399,459)	27,539,777	716,910,158	1,041,100,302

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

Statements of Cash Flows
For the Financial Year Ended 30 June 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Operating Activities					
Profit/(Loss) before tax		51,903,910	(87,722,454)	(66,069,726)	(14,671,892)
Adjustments for:					
Dividend income	4	-	-	(56,235,200)	(41,217,000)
Interest income	5	(3,181,817)	(2,718,515)	(512,083)	(1,166,544)
Fair value gain on short-term investments	6	(1,098,185)	(71,343)	(1,035,369)	-
Fair value gain on investment securities	6	(121,372)	-	-	-
Gain on disposal of investment securities	6	(772,883)	-	(753,683)	-
Gain on disposal of plant and equipment	6	(54,275)	(1,341,610)	-	-
Gain on lease modification	6	(1,079)	-	-	-
Income from investments	6	(2,865,925)	(7,537,062)	(2,495,792)	(6,970,119)
Premium income arising from guarantee contracts issued	6	-	-	(11,892)	(14,876)
Reversal of inventories written down	6	(1,643)	(7,484)	-	-
Interest expense	7	6,586,563	12,581,134	235	199
Net impairment loss on receivables	8	555,318	134,545,391	85,734,813	47,515,756
Depreciation of investment properties	9	82,025	82,025	-	-
Depreciation of property, plant and equipment	9	82,980,627	78,525,206	19,575	18,361
Depreciation of right-of-use assets	9	1,194,182	1,501,895	5,767	2,883
Deposits written off	9	-	210,415	-	-
Fair value loss on investment securities	9	716,290	497,483	716,290	-
Fair value loss on short-term investments	9	-	316,458	-	316,458
Impairment loss on investment in subsidiaries	9	-	-	27,232,798	32,109,853
Impairment loss on plant and equipment	9	-	5,554,813	-	-
Inventories written off	9	599	-	-	-
Inventories written down	9	-	41,248,363	-	-
Plant and equipment written off	9	313,920	18,663	-	-
Prepayment written off	9	412,540	-	-	-
Share-based payment expenses		-	644,867	-	20,979
Net unrealised loss/(gain) on foreign exchange		5,052,254	(18,655,497)	5,232,265	(16,498,277)
Total adjustments		89,797,139	245,395,202	57,897,724	14,117,673
Operating cash flows before changes in working capital		141,701,049	157,672,748	(8,172,002)	(554,219)
Changes in working capital					
Net change in accounts with subsidiaries		-	-	(259,778,075)	(70,176,885)
Decrease in inventories		14,777,347	10,822,361	-	-
(Increase)/Decrease in receivables		(25,158,128)	(126,649,975)	5,977,212	395,983
(Increase)/Decrease in contract assets		(1,232,557)	559,363	-	-
Increase/(Decrease) in payables		6,754,856	7,933,511	1,017	(26,272)
Decrease in contract liabilities		-	(120,746)	-	-
Total changes in working capital		(4,858,482)	(107,455,486)	(253,799,846)	(69,807,174)
Cash flows from/(used in) operations		136,842,567	50,217,262	(261,971,848)	(70,361,393)
Interest paid	24(b)	(4,909,756)	(12,170,098)	(235)	(199)
Income tax (paid)/refund		(17,352,309)	(15,394,162)	(35,735)	154,888
Net cash flows from/(used in) operating activities		114,580,502	22,653,002	(262,007,818)	(70,206,704)

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

Statements of Cash Flows
For the Financial Year Ended 30 June 2021 (cont'd.)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Investing Activities					
Addition to right-of-use assets		(160,813)	-	-	-
Income received from investments		2,865,925	7,537,062	2,495,792	6,970,119
Interest received		4,907,544	6,619,285	939,352	2,519,776
Net dividend received		-	-	56,235,200	41,217,000
Net proceeds from disposal of short-term investments		149,753,004	33,531,973	151,586,796	26,049,527
Net purchase of investment securities		(9,916,986)	(1,511,800)	(7,683,253)	-
Proceeds from disposal of plant and equipment		54,388	3,293,934	-	-
Purchase of property, plant and equipment	15	(177,025,738)	(673,602)	(3,480)	(10,495)
Subscription of shares in subsidiaries		-	-	(148,862)	(6,131)
Net cash flows (used in)/from investing activities		(29,522,676)	48,796,852	203,421,545	76,739,796
Financing Activities					
Purchase of treasury shares		(2,301,061)	(3,354,112)	(2,301,061)	(3,354,112)
Proceeds from issuance of shares to non-controlling interests		809,260	-	-	-
Proceeds from exercise of ESOS		-	3,322,656	-	3,322,656
Proceeds from drawdown of loans	24(b)	3,286,771	37,874,700	-	-
Repayment of loans	24(b)	(180,034,495)	(64,670,490)	-	-
Repayment of lease liabilities	24(b)	(1,041,469)	(1,368,928)	(5,765)	(2,801)
Net cash flows used in financing activities		(179,280,994)	(28,196,174)	(2,306,826)	(34,257)
Net (decrease)/increase in cash and cash equivalents		(94,223,168)	43,253,680	(60,893,099)	6,498,835
Effect of foreign exchange rate changes		(5,866,621)	11,524,433	165,734	4,375,866
Cash and cash equivalents at beginning of year		263,792,750	209,014,637	105,285,215	94,410,514
Cash and cash equivalents at end of year	24(a)	163,702,961	263,792,750	44,557,850	105,285,215

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

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021

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 place of business is located at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah. The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are stated in Note 17 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 (MFRSs), International Financial Reporting Standards and the requirements of the Companies Act 2016 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 July 2020, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 July 2020.

Description

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 16: Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above amended MFRSs did not have any material impact on the Group's and the Company's financial statements except as follows:

Amendments to MFRS 3: Definition of a Business

The Amendments to MFRS 3 'Definition of a Business' requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. As a result, the acquisitions of Elite Point Pte. Ltd. during the current financial year have been accounted for as asset acquisitions as disclosed in Note 17 to the financial statements.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.2 Changes in Accounting Policies (Cont'd)

The adoption of the above amended MFRSs did not have any material impact on the Group's and the Company's financial statements except as follows: (Cont'd)

Amendments to MFRS 16: Covid-19-Related-Rent Concessions beyond 30 June 2021

The Group has early adopted Amendments to MFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021' which allows lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification when conditions are met. The Group has applied such practice expedient to all of its COVID-19-related rent concessions and the financial impacts are disclosed in Note 6 to the 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**
MFRSs and/or IC Interpretations (Including The Consequential Amendments)	
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Disclosure of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020 Cycles	1 January 2022

The adoption of the above standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.4 Basis of Consolidation (Cont'd)

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. No gain or loss is recognised on the change.

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.

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 9 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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.4 Basis of Consolidation (Cont'd)

Business combinations (Cont'd)

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. 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. The cost of the investments includes transaction costs. 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.

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 amount 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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.6 Foreign Currencies (Cont'd)

(b) Foreign operations

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 and accumulated in equity; attributed to the owners of the Company and non-controlling interest, as appropriate. On the disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income. The cumulated foreign currency differences are not reclassified to profit or loss on the disposal of the net investment.

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. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to recognition, all property, plant and equipment are measured at cost less accumulated depreciation and any 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 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:

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
Vessels and offshore assets	8 - 15 years

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 lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate. Any changes are accounted for as a change in accounting estimate.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.8 Investment Properties

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or both. Investment properties which are owned are initially measured at cost, including transaction costs. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets. Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and 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 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.

2.10 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15: Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.10 Financial Instruments (Cont'd)

(a) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt instruments

Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

Fair value through other comprehensive income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

Fair value through profit or loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.10 Financial Instruments (Cont'd)

(b) Financial liabilities

Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained earnings.

(d) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.10 Financial Instruments (Cont'd)

(d) Derivative financial instruments (Cont'd)

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

(g) Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to interest rate risks, including interest rate swap.

Hedge accounting

The Group designates the derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.10 Financial Instruments (Cont'd)

(g) Derivative financial instruments and hedge accounting (Cont'd)

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity under the cash flow hedge reserve, limited to the lower of cumulative gain or loss on the hedging instrument and cumulative change in fair value of the hedged item, from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability directly. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or when a hedge no longer meets the criteria for hedge accounting. Any gain or loss accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

2.11 Contract Costs

(a) Incremental costs of obtaining a contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to fulfil a contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2.12 Contract Asset and Contract Liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9: Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.13 Cash and Cash Equivalents

Cash and cash equivalents in the statements 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 statements 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.

At each reporting date, the Group assesses whether any inventories are impaired by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised in profit or loss immediately.

2.15 Impairment

(a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade and other receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) 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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.15 Impairment (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

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.

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.

2.16 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.

2.17 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 are incurred by using the effective interest method. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.18 Employee Benefits

(a) 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.

(b) 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.

(c) Share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the share option reserve is transferred to retained earnings.

When the share options are exercised, the share option reserve is transferred to share capital if new ordinary shares are issued, or to treasury shares if the share options are satisfied by the reissuance of treasury shares.

2.19 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group has elected not to separate non-lease components from lease components. Instead, the Group has accounted for the lease component and the associated non-lease components as a single lease arrangement.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets that do not meet the definition of investment property and the associated lease liabilities are presented as a separate line item in the statements of financial position.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.19 Leases (Cont'd)

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

2.20 Fair Value Measurements

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.20 Fair Value Measurements (Cont'd)

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.

2.21 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed todate.

(a) Construction of vessels

The Group builds vessels under long-term construction contracts on both build-to-order and build-to-stock basis. For build-to-order vessels, it typically commences the construction process only upon securing a firm order from a customer. For build-to-stock vessels, however, it commences the construction of the vessels in anticipation of future or potential orders and seeks to sell the vessels to customers at a later stage when the selling prices are favourable.

Revenue from construction contract for built-to-order vessel is recognised over time in the period in which the services are rendered using the output method by reference to the construction progress based on the physical proportion of construction work. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group has assessed and determined that the performance obligations for built-to-stock vessels are satisfied at a point in time as none of the criteria for satisfaction of performance obligations over time is met. The Group performance does not create an asset with alternative use to the Group and the Group does not have an enforceable right to payment for work completed to date.

(b) Vessel chartering

The service element of the Group's vessel charter contracts is recognised over time in the period when the services are rendered, since the performance obligation is satisfied over time. When the customer simultaneously receives and consumes the benefits provided by the Group's performance (such as revenues from reimbursements, bunkers and other goods and services provided to customers), related revenues are recognised in the period in which such goods or services are transferred to the customers.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.21 Revenue from Contracts with Customers (Cont'd)

(c) Ship repair and maintenance services

Revenue from providing ship repair and maintenance are recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. For variable-price contracts, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Past experience is used to estimate and provide for the variable consideration.

2.22 Revenue from Other Sources and Other Operating Income

(a) Rental income

Rental income from investment property is recognised in profit or loss as it accrues over the term of the lease.

(b) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(c) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2.23 Income Taxes

(a) Current tax

Current 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 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 amount 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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.23 Income Taxes (Cont'd)

(b) Deferred tax (Cont'd)

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.

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.

2.24 Operating Segment

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.

2.25 Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares of share options granted to employees.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

2. Summary of Significant Accounting Policies (Cont'd)

2.26 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2.27 Joint Arrangement

Joint arrangement is arrangement of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investment in joint arrangement is classified as either joint operations or joint venture depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be joint venture.

Joint Venture

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to the reporting date. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained earnings and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (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.

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

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 amount of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, 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 property, plant and equipment at the reporting date is disclosed in Note 15 to the financial statements.

(b) Impairment of receivables and contract assets

The loss allowances for receivables and contract assets are based on assumptions about risk of default and expected loss rates. The contract assets are grouped with receivables for impairment assessment because they have substantially the same risk characteristics as the receivables for the same types of contracts. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information incorporating the impact of COVID-19 pandemic. The carrying amounts of receivables as at the reporting date are disclosed in Note 21 to the financial statements.

(c) Impairment of non-financial assets

The Group determines whether an item of its non-financial assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

3. Significant Accounting Judgements and Estimates (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

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 amount of assets and liabilities within the next financial year are discussed below. (Cont'd)

(d) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at reporting date is disclosed in Note 20 to the financial statements.

(e) Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss related to the ineffective portion is recognised immediately in profit or loss.

Subsequent, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is transferred from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below.

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(b) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(c) Contingent liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

4. Revenue

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Revenue recognised at a point in time:				
- Sale of offshore support and marine transportation vessels	-	20,837,325	-	-
- Dividend income	-	-	56,235,200	41,217,000
Revenue recognised over time:				
- Contract fee income	-	30,124	-	-
- Vessel repairs and service income	2,947,232	7,208,726	-	-
- Vessel chartering income	158,624,193	183,006,277	-	-
	161,571,425	211,082,452	56,235,200	41,217,000

The information on the disaggregation of revenue is disclosed in Note 39 to the financial statements.

5. Interest Income

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Interest income from:				
- Short-term deposits	188,871	2,161,520	55,097	1,166,544
- Loans and receivables	2,992,946	556,995	456,986	-
	3,181,817	2,718,515	512,083	1,166,544

6. Other Income

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Commission income	11,184	12,036	11,184	12,036
COVID-19-related rent concessions	529	-	-	-
Fair value gain on short-term investments	1,098,185	71,343	1,035,369	-
Fair value gain on investment securities	121,372	-	-	-
Forfeiture of deposits	1,027,225	-	-	-
Gain on disposal of investment securities	772,883	-	753,683	-
Gain on disposal of plant and equipment	54,275	1,341,610	-	-
Gain on foreign exchange:				
- realised	379,309	1,621,332	-	1,043,432
- unrealised	1,162,057	18,720,100	-	16,498,277
Gain on lease modification	1,079	-	-	-
Income from investments	2,865,925	7,537,062	2,495,792	6,970,119
Insurance claim receipt	-	326,547	-	-
Late payment penalty and administrative charges	30,122,948	16,430,291	-	-
Premium income arising from guarantee contracts issued	-	-	11,892	14,876
Rental income from investment properties	216,429	263,471	-	-
Rental income from right-of-use asset	4,360	4,320	-	-
Reversal of inventories written down	1,643	7,484	-	-
Sundry income	2,200,227	2,800,605	23,400	7,200
	40,039,630	49,136,201	4,331,320	24,545,940

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

7. Finance Costs

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Interest expense on:				
Bank loans	6,539,686	12,549,355	-	-
Lease liabilities	46,877	31,779	235	199
	6,586,563	12,581,134	235	199

8. Net Impairment Loss on Receivables

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Impairment loss during the financial year	4,420,270	145,115,735	87,516,253	47,810,676
Reversal of impairment loss	(3,864,952)	(10,570,344)	(1,781,440)	(294,920)
	555,318	134,545,391	85,734,813	47,515,756

9. Profit/(Loss) before Tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Employee benefits expenses (Note 10)	11,687,455	12,950,057	684,639	647,832
Auditors' remuneration:				
- statutory audits				
- current year	318,318	305,311	42,500	42,500
- underprovision in prior years	3,870	1,140	-	-
- other services	110,517	113,543	69,642	69,642
Depreciation:				
- property, plant and equipment (Note 15)	82,980,627	78,525,206	19,575	18,361
- right-of-use assets (Note 16)	1,194,182	1,501,895	5,767	2,883
- investment properties (Note 18)	82,025	82,025	-	-
Deposits written off	-	210,415	-	-
Direct operating expenses on investment properties	19,458	15,257	-	-
Directors' remuneration: (Note 11)				
- Directors of the Company	1,646,953	1,858,687	102,960	112,213
- Directors of subsidiaries	3,506,918	4,010,772	-	-
Equipment hire	46,865	124,498	-	-
Fair value loss:				
- investment securities	716,290	497,483	716,290	-
- short-term investments	-	316,458	-	316,458
Impairment loss:				
- plant and equipment	-	5,554,813	-	-
- investment in subsidiaries	-	-	27,232,798	32,109,853
Inventories written off	599	-	-	-
Inventories written down	-	41,248,363	-	-
Loss on foreign exchange:				
- realised	8,998,257	926,285	6,919,003	-
- unrealised	6,214,311	64,603	5,232,265	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

9. Profit/(Loss) before Tax (Cont'd)

The following items have been included in arriving at profit/(loss) before tax: (Cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Plant and equipment written off	313,920	18,663	-	-
Prepayment written off	412,540	-	-	-
Rental expenses	2,075	3,200	-	3,000

10. Employee Benefits Expenses

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages and bonuses	10,652,252	11,559,086	604,608	559,508
Contributions to defined contribution plan	961,355	1,022,722	74,185	68,360
Contributions to employment insurance system	5,846	6,141	570	444
Social security contributions	68,002	69,146	5,276	4,194
Share-based payment expenses	-	292,962	-	15,326
	11,687,455	12,950,057	684,639	647,832

11. Directors' Remuneration

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,543,993	1,608,287	-	-
Share-based payment expenses	-	138,187	-	-
	1,543,993	1,746,474	-	-
Non-Executive:				
Fees and allowances	102,960	106,560	102,960	106,560
Share-based payment expenses	-	5,653	-	5,653
	102,960	112,213	102,960	112,213
	1,646,953	1,858,687	102,960	112,213
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	3,506,918	3,802,707	-	-
Share-based payment expenses	-	208,065	-	-
	3,506,918	4,010,772	-	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

11. Directors' Remuneration (Cont'd)

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the Directors of the Company were RM36,550 and RM13,325 (2020: RM44,050 and RM13,325) respectively.

The estimated monetary value of benefits-in-kind provided by the Group to the Directors of the subsidiaries were RM40,997 (2020: RM115,959).

12. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the year ended 30 June 2021 and 30 June 2020 are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Statements of profit or loss:				
Current tax:				
- Malaysian tax	17,417	79,172	17,417	17,441
- Labuan offshore business activity	-	1,254	-	-
- Foreign tax	18,259,934	17,054,267	20,159	-
	18,277,351	17,134,693	37,576	17,441
Under/(Over)provision in prior years:				
- Malaysian tax	10,878	11,580	1,794	(1,555)
- Foreign tax	1,017,733	93,622	-	-
	1,028,611	105,202	1,794	(1,555)
	19,305,962	17,239,895	39,370	15,886
Deferred income tax (Note 29):				
- Origination and reversal of temporary differences	(22,753)	89,015	(896)	152
- Underprovision in prior years	266	-	266	-
	(22,487)	89,015	(630)	152
Income tax expense recognised in profit or loss	19,283,475	17,328,910	38,740	16,038

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

12. Income Tax Expense (Cont'd)

Reconciliation between tax expense and profit/(loss) before tax

The reconciliation between tax expense and the product of profit/(loss) before tax multiplied by the applicable corporate tax rate for the year ended 30 June 2021 and 30 June 2020 are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before tax	51,903,910	(87,722,454)	(66,069,726)	(14,671,892)
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	12,456,938	(21,053,389)	(15,856,734)	(3,521,254)
Adjustments:				
Non-deductible expenses	3,525,836	424,743	30,966,727	19,654,930
Income not subject to taxation	(1,714,094)	(6,420,765)	(15,073,313)	(16,116,083)
Effect of different tax rates in Labuan	4,288,341	28,033,585	-	-
Effect of different tax rates in other jurisdictions	(2,198,961)	14,715,115	-	-
Deferred tax assets not recognised	1,896,538	1,524,419	-	-
Under/(Over)provision in prior years:				
- current tax	1,028,611	105,202	1,794	(1,555)
- deferred tax	266	-	266	-
Income tax expense recognised in profit or loss	19,283,475	17,328,910	38,740	16,038

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

13. Earnings/(Loss) Per Share

Basic earnings/(loss) per share are calculated by dividing profit/(loss) for the financial 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 are calculated by dividing the profit/(loss) 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.

The following reflect the profit/(loss) and share data used in the computation of basic and diluted earnings per share for the financial year ended 30 June 2021 and 30 June 2020:

	Group	
	2021 RM	2020 RM
Profit/(Loss) net of tax attributable to owners of the Company used in the computation of basic and diluted earnings per share	32,375,524	(105,051,364)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

13. Earnings/(Loss) Per Share (Cont'd)

The following reflect the profit/(loss) and share data used in the computation of basic and diluted earnings per share for the financial year ended 30 June 2021 and 30 June 2020: (Cont'd)

	2021 Number of shares	2020 Number of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computations*	524,550,980	528,392,346
Basic earnings/(loss) per ordinary shares (sen)	6.17	(19.88)

* 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.

As at the reporting date, the Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

As at the last reporting date, the potential conversion of employee share options was anti-dilutive as the exercise price was higher than the average market price of the Company's ordinary shares. Accordingly, the exercise of employee share options had been ignored in the calculation of dilutive earnings per share. As a result, the diluted loss per share was the same as basic loss per share.

14. Investment in Joint Venture

	Group	
	2021 RM	2020 RM
Unquoted shares, at cost	15,613	15,613
Share of post-acquisition	(15,613)	(15,613)
	-	-

The details of the joint venture are as follows:

Name of Joint Venture	Principal Place of Business/Country of Incorporation	Principal Activities	Percentage of Effective Interest Held 2021 %	2020 %
CN Energy Holdings Pte. Ltd.	Singapore	Investment holding company	50	50
Subsidiary of CN Energy Holdings Pte. Ltd.				
CN Energy Servicios, S.A. de C.V.	Mexico	Dormant	50	50

(a) The Group's involvement in joint arrangement is structured through separate vehicles which provide the Group rights to the net assets of the entity. Accordingly, the Group has classified this investment as joint venture.

(b) Summarised financial information has not been presented as the joint venture is not material to the Group.

(c) The Group has not fully recognised losses relating to CN Energy Holdings Pte. Ltd., where its share of losses exceeded the Group's interest in the joint venture. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM210,561 (2020: RM202,882), of which RM7,679 (2020: RM13,770) relate to the share of the current financial year's losses. The Group has no obligation in respect of these losses.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

15. Property, Plant and Equipment

	Buildings and workshops RM	Slipway and shipyard infrastructure RM	Vessels, offshore assets, 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
Group							
Cost							
At 1 July 2019	12,646,330	37,958,072	929,859,199	5,013,865	4,649,417	-	990,126,883
Additions	-	-	590,309	-	83,293	-	673,602
Transfer from inventories	-	-	67,012,800	-	-	-	67,012,800
Disposals	-	-	(5,755,839)	(460,829)	-	-	(6,216,668)
Written off	-	-	(178,567)	-	(545,118)	-	(723,685)
Exchange differences	-	-	34,806,611	6,231	5,386	-	34,818,228
At 30 June 2020 and 1 July 2020	12,646,330	37,958,072	1,026,334,513	4,559,267	4,192,978	-	1,085,691,160
Additions	-	-	136,067,281	-	257,172	40,701,285	177,025,738
Transfer from right-of-use assets	-	-	-	342,992	-	-	342,992
Disposals	-	-	(3,234)	(563,288)	-	-	(566,522)
Written off	-	(364,127)	(144)	-	(1,445,515)	-	(1,809,786)
Exchange differences	-	-	(30,895,171)	3,252	(887)	674,059	(30,218,747)
At 30 June 2021	12,646,330	37,593,945	1,131,503,245	4,342,223	3,003,748	41,375,344	1,230,464,835

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

15. Property, Plant and Equipment (Cont'd)

	Buildings and workshops RM	Slipway and shipyard infrastructure RM	Vessels, offshore assets, heavy machinery and equipment RM	Motor vehicles RM	Telecommunication and office equipment, furniture, fittings and renovations RM	Construction work-in-progress RM	Total RM
Group							
Accumulated depreciation and impairment loss							
At 1 July 2019	10,119,061	22,773,465	254,386,650	4,848,804	3,353,713	-	295,481,693
Depreciation charge for the year	604,014	1,781,776	75,860,560	34,823	244,033	-	78,525,206
Disposals	-	-	(3,932,674)	(330,261)	-	-	(4,262,935)
Written off	-	-	(161,119)	-	(543,903)	-	(705,022)
Impairment loss	-	-	5,554,813	-	-	-	5,554,813
Exchange differences	-	-	10,045,602	5,858	5,059	-	10,056,519
At 30 June 2020 and 1 July 2020	10,723,075	24,555,241	341,753,832	4,559,224	3,058,902	-	384,650,274
Depreciation charge for the year	598,894	1,691,025	80,564,230	-	126,478	-	82,980,627
Transfer from right-of-use assets	-	-	-	342,991	-	-	342,991
Disposals	-	-	(3,228)	(563,284)	-	-	(566,512)
Written off	-	(316,752)	(141)	-	(1,178,973)	-	(1,495,866)
Exchange differences	-	-	(9,797,001)	3,252	(2,641)	-	(9,796,390)
At 30 June 2021	11,321,969	25,929,514	412,517,692	4,342,183	2,003,766	-	456,115,124
Net carrying amount							
At 30 June 2020	1,923,255	13,402,831	684,580,681	43	1,134,076	-	701,040,886
At 30 June 2021	1,324,361	11,664,431	718,985,553	40	999,982	41,375,344	774,349,711

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

15. Property, Plant and Equipment (Cont'd)

	Motor Vehicles RM	Furniture, Fittings and Office Equipment RM	Total RM
Company			
Cost			
At 1 July 2019	412,145	101,343	513,488
Additions	-	10,495	10,495
At 30 June 2020 and 1 July 2020	412,145	111,838	523,983
Additions	-	3,480	3,480
At 30 June 2021	412,145	115,318	527,463
Accumulated depreciation			
At 1 July 2019	412,144	39,310	451,454
Depreciation charge for the year	-	18,361	18,361
At 30 June 2020 and 1 July 2020	412,144	57,671	469,815
Depreciation charge for the year	-	19,575	19,575
At 30 June 2021	412,144	77,246	489,390
Net carrying amount			
At 30 June 2020	1	54,167	54,168
At 30 June 2021	1	38,072	38,073

Impairment of assets

At the last reporting date, the Group conducted a review of the recoverable amount of its vessels within vessel chartering segment. An impairment loss of RM5,554,813, representing the write-down of the vessels to the recoverable amounts was recognised in "Other expenses" line item of the consolidated statement of profit or loss for the financial year ended 30 June 2020. The recoverable amounts of the vessels were measured at their fair value less costs to sell based on the valuation report prepared by an independent valuer.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

15. Property, Plant and Equipment (Cont'd)

Assets pledged as security

The carrying amounts of property, plant and equipment pledged as security for borrowings (Note 25) are as follows:

	Group	
	2021 **RM**	**2020** **RM**
Slipway and shipyard infrastructure	10,308,211	11,574,531
Buildings and workshops	1,324,950	1,918,619
Vessels, offshore assets, heavy machinery and equipment	450,773,829	534,067,116
Motor vehicles	10	10
Telecommunication and office equipment, furniture, fittings and renovations	54,199	65,800
	462,461,199	547,626,076

Assets leased under operating leases

Certain vessels of the Group have been leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 3 to 8 years and their subsequent renewals are negotiated separately on a contract by contract basis.

The Group requires 1 to 4 months of rental payments from the customers as security deposit. The leases do not include residual value guarantee and variable lease payments.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:

	Group	
	2021 **RM**	**2020** **RM**
Within 1 year	187,837,664	153,610,298
Between 1 and 2 years	155,498,085	150,737,726
Between 2 and 3 years	95,551,333	149,593,099
Between 3 and 4 years	-	98,500,632
	438,887,082	552,441,755

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

16. Right-of-Use Assets

	Leasehold Land RM	Buildings RM	Motor Vehicle RM	Total RM
Group				
Cost				
At 1 July 2019	7,260,024	2,250,112	342,992	9,853,128
Additions	-	174,996	-	174,996
Exchange differences	-	(11,985)	-	(11,985)
At 30 June 2020 and 1 July 2020	7,260,024	2,413,123	342,992	10,016,139
Additions	-	2,290,345	401,307	2,691,652
Modification of lease liabilities	-	63,098	-	63,098
Transfer upon exercise of purchase option	-	-	(342,992)	(342,992)
Derecognition due to lease modification	-	(1,480,337)	-	(1,480,337)
Exchange differences	-	25,471	1,239	26,710
At 30 June 2021	7,260,024	3,311,700	402,546	10,974,270
Accumulated depreciation				
At 1 July 2019	531,545	378,356	274,485	1,184,386
Depreciation charge for the year	118,122	1,320,535	63,238	1,501,895
Exchange differences	-	7,414	-	7,414
At 30 June 2020 and 1 July 2020	649,667	1,706,305	337,723	2,693,695
Depreciation charge for the year	118,124	1,056,537	19,521	1,194,182
Transfer upon exercise of purchase option	-	-	(342,991)	(342,991)
Derecognition due to lease modification	-	(1,438,451)	-	(1,438,451)
Exchange differences	-	(237)	123	(114)
At 30 June 2021	767,791	1,324,154	14,376	2,106,321
Net carrying amount				
At 30 June 2020	6,610,357	706,818	5,269	7,322,444
At 30 June 2021	6,492,233	1,987,546	388,170	8,867,949

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

16. Right-of-Use Assets (Cont'd)

	Building RM
Company	
Cost	
At 1 July 2019	-
Additions	11,533
At 30 June 2020, 1 July 2020 and 30 June 2021	11,533
Accumulated depreciation	
At 1 July 2019	-
Depreciation charge for the year	2,883
At 30 June 2020 and 1 July 2020	2,883
Depreciation charge for the year	5,767
At 30 June 2021	8,650
Net carrying amount	
At 30 June 2020	8,650
At 30 June 2021	2,883

(a) The Group leases certain pieces of leasehold land, buildings and motor vehicle of which the leasing activities are summarised below:

(i) Leasehold land - The Group has entered into 16 non-cancellable operating lease agreements for the use of land. The leases are for a period of 99 years.

(ii) Buildings - The Group have leased a number of buildings that run between 1 year and 3 years, with an option to renew the lease after that date. The Group is not allowed to sublease the buildings without prior consent of the lessors.

(iii) Motor vehicle - The Group has leased its motor vehicle under hire purchase arrangement. The lease is secured by the lease asset. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

(b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(c) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(d) Certain leasehold land of the Group with total carrying amount of RM4,125,638 (2020: RM4,198,683) has been pledged to a licensed bank as security for banking facilities granted to the Group.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

17. Investments in Subsidiaries

	Company 2021 RM	Company 2020 RM
Unquoted shares, at cost	580,900,586	580,751,724
Accumulated impairment losses	(115,364,901)	(88,132,103)
	465,535,685	492,619,621

The details of the subsidiaries are as follows:

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Principal Activities	Percentage of Effective Interest Held 2021 %	Percentage of Effective Interest Held 2020 %
(a) Subsidiaries of Coastal Contracts Bhd.				
Bonafile 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, vessel chartering 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
Coastal Marine Pte. Ltd. #	Singapore	Provision of vessels chartering and towing, marketing, ship delivery and other ancillary services.	100	100
Pleasant Engineering Sdn. Bhd.	Malaysia	Fabrication and sale of offshore support and marine transportation vessels, provision of ship repairs and maintenance services and provision of vessel chartering services.	100	100
Coastal Offshore (Labuan) Pte. Ltd.	Malaysia	Sale of offshore support and marine transportation vessels, provision of vessel chartering and leasing services.	100	100
Thaumas Marine Ltd. #	British Virgin Islands	Sale of offshore support and marine transportation vessels.	100	100

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

17. Investments in Subsidiaries (Cont'd)

The details of the subsidiaries are as follows: (Cont'd)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Principal Activities	Percentage of Effective Interest Held 2021 %	2020 %
(a) Subsidiaries of Coastal Contracts Bhd. (Cont'd)				
Ace Capital Pte. Ltd.	Malaysia	Sale of offshore support and marine transportation vessels.	100	100
Coastal International Marine Inc. #	British Virgin Islands	Sale of offshore support and marine transportation vessels and provision of vessel chartering services.	100	100
Coastal Offshore Venture Pte. Ltd.	Malaysia	Sale of offshore support and marine transportation vessels, provision of vessel chartering and leasing services.	100	100
Coastal Drilling Pte. Ltd. #	Singapore	Investment holding.	100	100
Coastal Energy Solutions Pte. Ltd. #	Singapore	Provision of bareboat chartering services.	100	100
Coastal Dynamic Pte. Ltd. #	Singapore	Provision of vessel chartering, technical and operations services.	100	100
Coastoil Dynamic, S.A. de C.V. @	Mexico	Operation of onshore gas processing facility.	100	100
Coastal Supreme 1 Pte. Ltd. #	Singapore	Dormant.	100	100
Coastal C I Pte. Ltd. #	Singapore	Dormant.	100	100
(b) Subsidiary of Coastal Marine Pte. Ltd.				
Coastoil, S.A. de C.V. *	Mexico	Management and operation of offshore vessel and other investment.	100	100
(c) Subsidiary of Coastal Drilling Pte. Ltd.				
Elite Point Pte. Ltd. #	Singapore	Provision of liftboat chartering services.	80	-

\# Audited by firm other than Crowe Malaysia PLT.
@ 50% equity interest held by the Company and 50% equity interest held by Coastal Marine Pte. Ltd.
* 95% equity interest held by Coastal Marine Pte. Ltd. and 5% equity interest held by Coastal Drilling Pte. Ltd.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

17. Investments in Subsidiaries (Cont'd)

(a) During the current financial year, the Group has acquired 80% equity interests in Elite Point Pte. Ltd. ("EPPL"). The acquisition of EPPL is to enable the Group to expand its business into liftboat chartering business. The acquisition of EPPL has been accounted for as asset acquisition.

(b) During the financial year, the Company carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. An impairment loss of RM27,232,798 (2020: RM32,109,853), representing the write-down of the cost of investment, was recognised in "Other expenses" line item of the statements of profit or loss.

18. Investment Properties

	Group 2021 RM	Group 2020 RM
Cost		
At beginning and end of year	4,101,213	4,101,213
Accumulated depreciation		
At beginning of year	697,205	615,180
Depreciation charge for the year	82,025	82,025
At end of year	779,230	697,205
Net carrying amount	3,321,983	3,404,008

Properties pledged as security

Investment properties are mortgaged to secure a subsidiary's bank loan (Note 25).

Fair value of investment properties

The fair value of investment properties as at the reporting date amounted to approximately RM6,500,000 (2020: RM6,700,000).

Fair value hierarchy disclosures for investment properties have been disclosed in Note 35 to the financial statements.

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

Properties leased under operating leases

The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial periods ranging from 6 months to 3 years and their subsequent renewals are negotiated separately on a contract by contract basis.

The Group requires 2 to 3 months of advanced rental payments from the customers. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

18. Investment Properties (Cont'd)

Properties leased under operating leases (Cont'd)

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:

	Group 2021 RM	Group 2020 RM
Within 1 year	123,239	245,441
Between 1 and 2 years	60,600	150,344
Between 2 and 3 years	32,493	124,584
Between 3 and 4 years	-	124,584
Between 4 and 5 years	-	126,660
Later than 5 years	-	400,842
	216,332	1,172,455

19. Investment Securities

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Quoted shares, at fair value	12,124,337	1,937,912	7,812,120	-

20. Inventories

	Group 2021 RM	Group 2020 RM
Cost		
Finished goods	84,918,458	87,353,235
Raw materials	4,753,310	4,445,304
Work-in-progress	2,919,142	19,063,576
Spare parts	7,714	8,313
	92,598,624	110,870,428
Net realisable value		
Finished goods	4,032,023	4,392,605
Work-in-progress	23,680,056	23,403,863
	27,712,079	27,796,468
	120,310,703	138,666,896
Inventories written off	599	-
Inventories written down	-	41,248,363
Inventories recognised as an expense in cost of sales	14,774,899	36,449,826

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

20. Inventories (Cont'd)

(a) The work-in-progress represents costs incurred for unsold vessels under construction.

(b) In the last financial year, as a result of the Group's rescission of the construction contracts of certain vessels, the Group had derecognised work-in-progress with respect to vessels amounting to RM88,440,366 affected by the contract rescinded after considering the legal advice and the circumstances of weak market demand which was not conducive for the Group to take delivery.

(c) In the last financial year, as a result of the market downturn and significant decline in sales of vessel, Management made a writedown of work-in-progress with respect to inventories of RM1,555,227 below the cost of inventories to net realisable value as a result of decline in the estimated selling prices with reference to the valuation report prepared by an independent valuer.

21. Trade and Other Receivables

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Current				
Trade receivables				
Third parties	179,901,236	136,905,496	-	-
Less: Allowance for impairment	(10,230,895)	(10,178,065)	-	-
Trade receivables, net	169,670,341	126,727,431	-	-
Other receivables				
Amounts due from subsidiaries	-	-	561,330,667	306,703,951
Amount due from joint venture	458,786	445,477	-	-
Deposits paid to suppliers and contractors	187,934,416	194,247,121	-	-
Deposits	3,653,359	11,155,352	3,400	3,400
Prepayments	1,245,788	1,294,195	8,398	4,927
Other loan	-	14,330,421	-	-
Sundry receivables	26,100,591	26,295,598	10,195,440	16,924,712
	219,392,940	247,768,164	571,537,905	323,636,990
Less: Allowance for impairment	(188,067,118)	(196,677,530)	(214,032,525)	(128,298,725)
Other receivables, net	31,325,822	51,090,634	357,505,380	195,338,265
Total trade and other receivables	200,996,163	177,818,065	357,505,380	195,338,265

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

21. Trade and Other Receivables (Cont'd)

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		Non-trade	
	2021 RM	2020 RM	2021 RM	2020 RM
Group				
Individually impaired:				
Receivables - nominal amounts	2,528,023	5,687,999	184,864,325	190,486,406
Less: Allowance for impairment	(2,528,023)	(4,685,896)	(184,864,325)	(190,486,406)
	-	1,002,103	-	-
Collectively impaired:				
Receivables - nominal amounts	177,373,213	131,217,497	22,829,020	34,206,666
Less: Allowance for impairment	(7,702,872)	(5,492,169)	(3,202,793)	(6,191,124)
	169,670,341	125,725,328	19,626,227	28,015,542

Movement in trade receivables' allowance accounts:

	2021 RM	2020 RM
Group		
At beginning of year	10,178,065	11,699,545
Charge for the year	3,633,918	2,530,297
Reversal of impairment loss	(143,332)	(4,403,987)
Written off	(3,167,166)	-
Exchange differences	(270,590)	352,210
At end of year	10,230,895	10,178,065

Movement in other receivables' allowance accounts:

	Amount Due From Joint Venture RM	Deposits Paid RM	Other Loan RM	Sundry Receivables RM	Total RM
2021					
Group					
At 1 July 2020	-	184,147,503	1,736,956	10,793,071	196,677,530
Charge for the year	359,935	287,260	-	139,157	786,352
Reversal of impairment loss	-	-	(1,865,308)	(1,856,312)	(3,721,620)
Written off	-	-	-	(4,985)	(4,985)
Exchange differences	3,116	(5,611,500)	128,352	(190,127)	(5,670,159)
At 30 June 2021	363,051	178,823,263	-	8,880,804	188,067,118

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

21. Trade and Other Receivables (Cont'd)

Receivables that are impaired (Cont'd)

Movement in other receivables' allowance accounts: (Cont'd)

	Deposits Paid To Suppliers And Contractors RM	Other Loan RM	Sundry Receivables RM	Total RM
2020				
Group				
At 1 July 2019	826,700	7,239,894	6,153,870	14,220,464
Charge for the year	137,762,910	-	4,822,528	142,585,438
Reversal of impairment loss	(841,660)	(5,004,519)	(320,178)	(6,166,357)
Transfer	43,193,991	-	-	43,193,991
Exchange differences	3,205,562	(498,419)	136,851	2,843,994
At 30 June 2020	184,147,503	1,736,956	10,793,071	196,677,530

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

	Individually Impaired		Collectively Impaired	
	2021 RM	2020 RM	2021 RM	2020 RM
Company				
Receivables - nominal amounts	186,003,393	77,751,479	385,522,714	245,877,184
Less: Allowance for impairment	(186,003,393)	(77,751,479)	(28,029,132)	(50,547,246)
	-	-	357,493,582	195,329,938

Movement in allowance accounts:

	Amounts Due From Subsidiaries RM	Sundry Receivables RM	Total RM
2021			
Company			
At 1 July 2020	124,161,956	4,136,769	128,298,725
Charge for the year	87,515,240	1,013	87,516,253
Reversal of impairment loss	-	(1,781,440)	(1,781,440)
Written off	-	(1,013)	(1,013)
At 30 June 2021	211,677,196	2,355,329	214,032,525

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

21. Trade and Other Receivables (Cont'd)

Receivables that are impaired (Cont'd)

Movement in allowance accounts: (Cont'd)

	Amounts Due From Subsidiaries RM	Sundry Receivables RM	Total RM
2020			
Company			
At 1 July 2019	76,351,280	4,431,689	80,782,969
Charge for the year	47,810,676	-	47,810,676
Reversal of impairment loss	-	(294,920)	(294,920)
At 30 June 2020	124,161,956	4,136,769	128,298,725

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.

(a) Trade receivables

Trade receivables are on 30 to 45 days (2020: 30 to 45 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables comprised mainly:

(i) Outstanding proceeds from disposal of vessels of the Group amounting to approximately RM9.5 million (2020: RM9.8 million), and they are to be repayable by 60 monthly installments bearing an interest rate of 4.89% p.a. The Group holds the title of the vessels in custody for these amounts.

(ii) Outstanding bareboat charter hire proceeds of the Group including interest charges of approximately RM64.7 million (2020: RM59.8 million) where recovery is secured under a charter earnings account managed by an independent trustee.

Ageing analysis of trade receivables

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

	2021 RM	2020 RM
Not past due	17,935,917	13,625,344
1 to 30 days past due	20,804,398	17,375,037
31 to 120 days past due	29,238,094	10,700,041
More than 121 days past due	109,394,804	89,517,075
	159,437,296	117,592,153
Total	177,373,213	131,217,497
Individually impaired	2,528,023	5,687,999
	179,901,236	136,905,496

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

21. Trade and Other Receivables (Cont'd)

(b) Other receivables

Other receivables comprised mainly:

(i) Advances to a trade receivable

Advances to a trade receivable to part finance the construction of an offshore asset of approximately RM7.4 million (2020: RM16.0 million) where recovery is also secured under a charter earnings account managed by an independent trustee.

(ii) Amounts due from subsidiaries

The amounts due are non-trade in nature, unsecured, non-interest bearing and are repayable on demand. The amounts due are to be settled in cash.

(iii) Sundry receivables – Amount claimable from a joint venture party

Pursuant to the Memorandum of Understanding ("MOU") entered into between the Company and three venturers on 30 July 2016, the Company has paid an initial refundable and secured deposit of USD6 million (approximately RM24 million) to form a joint venture to undertake a liquefied natural gas related project in Indonesia. As at the reporting date, the outstanding amount receivable from the joint venture party including interest charges amounted to approximately RM10.2 million (2020: RM16.9 million).

The Company had on 15 December 2017 filed an Arbitration Petition against the joint venture party and its guarantors for breach of the MOU and two (2) Deeds of Personal Guarantee in favour of the Company. In October 2018, the Tribunal had, vide the Final Award declared that the Respondents are proven of committing a breach of the MOU and requested to pay the Company the sum of USD4,349,759, which consist of the amount of the Outstanding Deposit of USD3,846,837 and the interest in the amount of USD502,922.

22. Contract Assets

	Group	
	2021 RM	**2020 RM**
Contract assets		
Contract assets relating to vessel repairing services	1,232,557	-

The contract assets primarily relate to the Group's right to consideration for vessel repairing services completed but not yet billed as at the reporting date. The amount will be invoiced in the next financial year.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

23. Short-Term Investments

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Bond fund, at fair value	8,326,504	8,185,881	8,326,504	8,185,881
Fixed income fund, at fair value	61,086,710	75,568,730	50,956,279	69,864,030
Money market fund, at fair value	41,625,198	176,200,318	38,122,917	170,168,914
	111,038,412	259,954,929	97,405,700	248,218,825

24. Cash and Cash Equivalents

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cash on hand and at banks	144,695,477	66,039,472	38,389,800	10,569,461
Short-term deposits with licensed banks	19,007,484	197,753,278	6,168,050	94,715,754
Cash and cash equivalents	163,702,961	263,792,750	44,557,850	105,285,215

Short-term deposits of the Group are made for varying periods of between 1 and 92 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 30 June 2021 for the Group and the Company ranged from 0.01% to 0.25% p.a. (2020: 0.04% to 0.74% p.a.) and from 0.17% to 0.18% p.a. (2020: 0.04% to 0.74% p.a.) respectively.

Included in the short-term deposits with licensed banks of the Group at the end of the reporting period was an amount of RM500,449 (2020: RM515,146) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

(b) The reconciliation of liabilities arising from financing activities are as follows:

	Loans RM	**Lease Liabilities RM**	**Total RM**
Group			
2021			
At 1 July 2020	276,799,092	189,704	276,988,796
Changes in financing cash flows:			
- Proceeds from drawdown	3,286,771	-	3,286,771
- Repayment of principal	(180,034,495)	(1,041,469)	(181,075,964)
- Repayment of interest	(4,862,879)	(46,877)	(4,909,756)
	(181,610,603)	(1,088,346)	(182,698,949)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

24. Cash and Cash Equivalents (Cont'd)

(b) The reconciliation of liabilities arising from financing activities are as follows: (Cont'd)

	Loans RM	Lease Liabilities RM	Total RM
Group (Cont'd)			
2021 (Cont'd)			
Non-cash changes:			
- Acquisition of new leases	-	2,530,839	2,530,839
- Modification of leases	-	63,098	63,098
- Derecognition due to lease modification	-	(42,978)	(42,978)
- Interest expense recognised in profit or loss	6,539,686	46,877	6,586,563
- Accrual of interest	6,796	-	6,796
- Foreign exchange adjustment	(9,453,250)	25,293	(9,427,957)
	(2,906,768)	2,623,129	(283,639)
At 30 June 2021	92,281,721	1,724,487	94,006,208
2020			
At 1 July 2019	293,864,856	1,402,933	295,267,789
Changes in financing cash flows:			
- Proceeds from drawdown	37,874,700	-	37,874,700
- Repayment of principal	(64,670,490)	(1,368,928)	(66,039,418)
- Repayment of interest	(12,138,319)	(31,779)	(12,170,098)
	(38,934,109)	(1,400,707)	(40,334,816)
Non-cash changes:			
- Acquisition of new leases	-	174,996	174,996
- Interest expense recognised in profit or loss	12,549,355	31,779	12,581,134
- Accrual of interest	14,707	-	14,707
- Foreign exchange adjustment	9,304,283	(19,297)	9,284,986
	21,868,345	187,478	22,055,823
At 30 June 2020	276,799,092	189,704	276,988,796

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

24. Cash and Cash Equivalents (Cont'd)

(b) The reconciliation of liabilities arising from financing activities are as follows: (Cont'd)

	Company	
	2021 RM	**2020 RM**
Lease Liabilities		
At beginning of year	8,732	-
Changes in financing cash flows:		
- Repayment of principal	(5,765)	(2,801)
- Repayment of interest	(235)	(199)
	(6,000)	(3,000)
Non-cash changes:		
- Acquisition of new leases	-	11,533
- Interest expense recognised in profit or loss	235	199
	235	11,732
At end of year	2,967	8,732

(c) The total cash outflows for leases as a lessee are as follows

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Payment of short-term leases	48,940	127,698	-	3,000
Interest paid on lease liabilities	46,877	31,779	235	199
Payment of lease liabilities	1,041,469	1,368,928	5,765	2,801
	1,137,286	1,528,405	6,000	6,000

25. Loans and Borrowings

	Group	
	2021 RM	**2020 RM**
Current		
Secured:		
Bank loans:		
- RM loan at BLR – 1.85% p.a.	207,811	136,651
- USD loan at LIBOR + 2.85% p.a.	36,941,986	237,289,084
- USD loans at LIBOR + 2.75% p.a.	6,269,520	4,774,988
	43,419,317	242,200,723

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

25. Loans and Borrowings (Cont'd)

	Group	
	2021	**2020**
	RM	**RM**
Non-Current		
Secured:		
Bank loans:		
- RM loan at BLR – 1.85% p.a.	1,001,189	1,216,281
- USD loan at LIBOR + 2.85% p.a.	18,442,256	-
- USD loans at LIBOR + 2.75% p.a.	26,095,320	33,382,088
	45,538,765	34,598,369
Unsecured:		
USD loan from non-controlling interests	3,323,639	-
	48,862,404	34,598,369
Total loans and borrowings	92,281,721	276,799,092

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

	Group	
	2021	**2020**
	RM	**RM**
On demand or within one year	43,419,317	242,200,723
More than 1 year and less than 2 years	25,573,609	6,680,053
More than 2 years and less than 5 years	19,905,229	27,622,620
5 years or more	3,383,566	295,696
	92,281,721	276,799,092

(a) RM loan at Base Lending Rate ("BLR") – 1.85% p.a.

This loan is fully repayable on 31 October 2026 and is secured by investment properties and corporate guarantee provided by the Company.

(b) USD loan at London Interbank Offered Rate ("LIBOR") + 2.85% p.a.

As disclosed in Note 40(b) to the financial statements, this loan is refinanced partially during the financial year. The refinance loan amount is USD20 million, equivalent to RM85.6 million and is fully repayable on 28 December 2022. This loan is secured by a fixed charge over an offshore asset of the Group and corporate guarantee provided by the Company.

This loan imposes certain financial covenants on a subsidiary that received the loan. The significant covenants of the USD loan are as follows:

(i) Debt service coverage ratio of the subsidiary shall not be less than 1.2:1.
(ii) The subsidiary's tangible net worth shall remain positive at all times.
(iii) The total borrowings to tangible net worth ratio of the Group shall not exceed 2:1.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

25. Loans and Borrowings (Cont'd)

(c) USD loans at London Interbank Offered Rate ("LIBOR") + 2.75% p.a.

These loans are fully repayable on 29 May 2025 and are secured by the fixed charge over certain vessels of the Group and corporate guarantee provided by the Company.

(d) USD loan from non-controlling interests

This loan is a shareholder loan provided by non-controlling interests to a subsidiary. This loan is non-interest bearing and has no fixed term of repayment.

26. Lease Liabilities

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At beginning of year	189,704	1,402,933	8,732	-
Acquisition of new leases	2,530,839	174,996	-	11,533
Interest expense recognised in profit or loss (Note 7)	46,877	31,779	235	199
Changes due to lease modification	63,098	-	-	-
Derecognition due to lease modification	(42,978)	-	-	-
Repayment of principal	(1,041,469)	(1,368,928)	(5,765)	(2,801)
Repayment of interest expense	(46,877)	(31,779)	(235)	(199)
Exchange differences	25,293	(19,297)	-	-
At end of year	1,724,487	189,704	2,967	8,732
Analysed by:				
Current liabilities	1,012,450	178,306	2,967	5,765
Non-current liabilities	712,037	11,398	-	2,967
	1,724,487	189,704	2,967	8,732

A lease liability of the Group is secured by the Group's motor vehicle under the hire purchase arrangement as disclosed in Note 16(a)(iii) to the financial statements, with lease term of 7 (2020: 5) years and bears interest rate of 3.659% p.a. (2020: 4.59% p.a.).

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

27. Trade and Other Payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Trade payables				
Third parties	134,674,640	135,712,644	-	-
Other payables				
Amounts due to subsidiaries	-	-	50,194	294,085
Accruals	12,377,399	14,007,953	43,056	42,873
Deposits received from vessel buyers	-	21,618,061	-	-
Deposits received from vessel charterers	1,540,477	1,747,741	-	-
Other deposits	105,601	72,296	-	-
Financial guarantees	-	-	8,757	11,892
Sundry payables	44,095,037	14,909,419	71,531	70,697
	58,118,514	52,355,470	173,538	419,547
	192,793,154	188,068,114	173,538	419,547
Non-Current				
Other payables				
Financial guarantees	-	-	7,449	16,206
Total trade and other payables	192,793,154	188,068,114	180,987	435,753

(a) Trade payables

These amounts are non-interest bearing. The terms granted by trade payables normally range from 30 days to 90 days (2020: 30 days to 90 days).

(b) Other payables

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

(c) Amount due to subsidiaries

The amounts due are non-trade in nature, unsecured, non-interest bearing and are repayable on demand. The amounts due are to be settled in cash.

(d) Financial guarantees

This amount relates to corporate guarantees provided by the Company to banks for banking facilities (Note 25) granted to wholly-owned subsidiaries.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

28. Derivative Financial Instruments

	Group 2021 RM	Group 2020 RM
Derivative Liabilities		
Interest rate swap		
- Cash flow hedge	26,074	493,887
Notional Amount		
Interest rate swap	27,692,148	161,322,774

The interest rate swap is used to hedge cash flow interest rate risk arising from a floating rate USD term loan as disclosed in Note 25 to the financial statements. This interest rate swap receives floating interest equal to LIBOR + 2.85% p.a., pays a fixed rate of interest of 3.11% p.a. (2020: 4.325% p.a.) and has the same maturity terms as the USD term loan.

29. Deferred Tax Liabilities

Deferred income tax as at 30 June 2021 relates to the following:

	As at 1 July 2019 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2020 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2021 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	2,561,513	60,153	2,621,666	463,608	3,085,274
Right-of-use assets	446,251	(25,099)	421,152	36,794	457,946
Others	3,206	10,363	13,569	(2,508)	11,061
	3,010,970	45,417	3,056,387	497,894	3,554,281
Deferred tax assets:					
Inventories	(585,850)	53,558	(532,292)	13,751	(518,541)
Receivables	(329,827)	(48,753)	(378,580)	(99,292)	(477,872)
Lease liabilities	(40,085)	27,091	(12,994)	(44,145)	(57,139)
Tax losses and unabsorbed capital allowances	(1,528,195)	10,267	(1,517,928)	(376,512)	(1,894,440)
Others	(4,295)	1,435	(2,860)	(14,183)	(17,043)
	(2,488,252)	43,598	(2,444,654)	(520,381)	(2,965,035)
	522,718	89,015	611,733	(22,487)	589,246

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

29. Deferred Tax Liabilities (Cont'd)

Deferred income tax as at 30 June 2021 relates to the following: (Cont'd)

	As at 1 July 2019 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2020 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2021 RM
Company					
Deferred tax liabilities:					
Property, plant and equipment	6,171	497	6,668	(610)	6,058
Right-of-use assets	-	2,096	2,096	(1,404)	692
Others	345	(345)	-	-	-
	6,516	2,248	8,764	(2,014)	6,750
Deferred tax assets:					
Lease liabilities	-	(2,096)	(2,096)	1,384	(712)
	6,516	152	6,668	(630)	6,038

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

	Group 2021 RM	Group 2020 RM
Unutilised tax losses	18,258,563	12,975,841
Unabsorbed capital allowances	16,936,189	14,621,459
Deductible temporary differences	3,229,385	2,980,798
	38,424,137	30,578,098

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
For the Financial Year Ended 30 June 2021 (cont'd.)

30. Share Capital and Treasury Shares

	Group and Company			
	Number of Shares		Amount	
	Ordinary Shares with No Par Value (Issued and Fully Paid)	Treasury Shares	Share Capital (Issued and Fully Paid) RM	Treasury Shares RM
At 1 July 2019	531,888,931	(4,196,800)	302,518,900	(7,045,347)
Ordinary shares issued under ESOS	3,461,100	-	4,530,926	-
Purchase of treasury shares	-	(4,269,600)	-	(3,354,112)
At 30 June 2020 and 1 July 2020	535,350,031	(8,466,400)	307,049,826	(10,399,459)
Purchase of treasury shares	-	(3,506,100)	-	(2,301,061)
At 30 June 2021	535,350,031	(11,972,500)	307,049,826	(12,700,520)

(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.

(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 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.

(c) Employees' Share Option Scheme ("ESOS")

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 2 December 2015. The ESOS is to be in force for a period of 5 years effective from 2 February 2016. The ESOS has expired on 1 February 2021.

The salient features of the ESOS were as follows:

(i) the maximum number of options to be offered under the ESOS shall not exceed fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any point in time during the duration of the ESOS, or such percentage that may be permitted by the relevant regulatory authorities during the duration of the ESOS.

(ii) the aggregate maximum number of shares that may be offered and allocated to the various grades of eligible employees shall be subject to the following:

(a) not more than seventy percent (70%) of the new shares available under the ESOS should be allocated, in aggregate, to the directors and senior management of the Group; and

(b) not more than ten percent (10%) of the new shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through persons connected with the eligible employees, holds twenty percent (20%) or more in the issued and paid-up capital of the Company.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

30. Share Capital and Treasury Shares (Cont'd)

(c) Employees' Share Option Scheme ("ESOS") (Cont'd)

The salient features of the ESOS were as follows: (Cont'd)

(iii) Subject to the discretion of the ESOS Committee, employees who have been confirmed in the employment of the Group and have served for at least 6 months before the date of the offer, and non-executive Directors who have been appointed for at least 1 year, shall be eligible to participate.

(iv) The exercise price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%, or at the par value of ordinary shares of the Company, whichever is higher.

(v) The new shares to be allotted and issued upon any exercise of the options shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up ordinary shares of the Company save and except that the new shares will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and shall be subject to the provisions of the Articles of Association of the Company.

The option prices and the details in the movement of the options granted were as follows:

		Number of Options Over Unissued Ordinary Shares			
Date of Offer	**Exercise Price**	**1.7.2020**	**Forfeited**	**Expired**	**30.6.2021**
16.2.2016	RM1.40	42,552,000	(668,000)	(41,884,000)	-
4.3.2019	RM0.96	5,290,400	(145,600)	(5,144,800)	-

The options forfeited during the financial year were due to resignation of employees.

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of the any other company.

The fair value of the share options granted were estimated using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used were as follows:

	Date of Offer	
	4.3.2019	**16.2.2016**
Fair value at grant date (RM)	0.3491	0.6038
Weighted average share price (RM)	1.10	1.55
Exercise price (RM)	0.96	1.40
Expected volatility (%)	42.90	46.05
Option life (years)	1.92	5
Expected dividend yield (%)	-	3.24
Risk free rate (%)	3.72	3.80

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

31. Other Reserves

	Foreign Currency Translation Reserve RM	Cash Flow Hedge Reserve RM	Share Option Reserve RM	Total RM
Group				
At 1 July 2019	263,521,395	1,386,111	28,336,320	293,243,826
Other comprehensive income/(loss):				
Foreign currency translation	14,785,892	-	-	14,785,892
Cash flow hedges:				
- fair value loss	-	(1,270,269)	-	(1,270,269)
Total other comprehensive income/(loss)	14,785,892	(1,270,269)	-	13,515,623
Share options:				
- share-based payment expenses	-	-	644,867	644,867
- share options exercised	-	-	(1,208,270)	(1,208,270)
- value of options forfeited	-	-	(233,140)	(233,140)
At 30 June 2020 and 1 July 2020	278,307,287	115,842	27,539,777	305,962,906
Other comprehensive loss:				
Foreign currency translation	(12,138,224)	-	-	(12,138,224)
Cash flow hedges:				
- fair value loss	-	(141,727)	-	(141,727)
Total other comprehensive loss	(12,138,224)	(141,727)	-	(12,279,951)
Share options:				
- value of options forfeited	-	-	(454,168)	(454,168)
- value of options expired	-	-	(27,085,609)	(27,085,609)
At 30 June 2021	266,169,063	(25,885)	-	266,143,178

	Share Option Reserve RM
Company	
At 1 July 2019	28,336,320
Share options:	
- share-based payment expenses	644,867
- share options exercised	(1,208,270)
- value of options forfeited	(233,140)
At 30 June 2020 and 1 July 2020	27,539,777
Share options:	
- value of options forfeited	(454,168)
- value of options expired	(27,085,609)
At 30 June 2021	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

31. Other Reserves (Cont'd)

(a) 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.

(b) Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

(c) Share option reserve

The share option reserve comprised the cumulative value of employee services received for the issue of share options. When the option was exercised, the amount from the share option reserve was transferred to share capital. When the share options expired, the amount from the share option reserve was transferred to retained earnings.

32. Retained Earnings

The Company may distribute dividends out of its entire retained earnings as at 30 June 2021 and 30 June 2020 under the single tier system.

33. 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:

	2021 RM	**2020 RM**
Group		
Transactions with a company in which certain Directors of the Group are also directors and have financial interests:		
- Rental of premises	21,222	4,603
Transactions with Directors of the Company:		
- Rental of premises	69,164	57,620
Transactions with a subsidiary of non-controlling interests:		
- Ship management service fees	961,380	-
Remuneration for employment services provided by close members of the family of Directors:*		
Salaries, wages and bonuses	670,397	665,065
Contributions to defined contribution plan	48,420	53,439
Contributions to employment insurance system	166	166
Social security contributions	1,444	1,448
Share-based payment expenses	-	43,968
	720,427	764,086

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

33. Related Party Transactions (Cont'd)

(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: (Cont'd)

The estimated monetary value of benefits-in-kind provided by the Group to the close members of the family of Directors was RM31,699 (2020: RM19,037).

* 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.

	2021 RM	2020 RM
Company		
Transactions with subsidiaries:		
Coastal Transport (Sandakan) Sdn. Bhd.		
- Rental of premises	6,000	6,000
Coastal Marine Pte. Ltd.		
- Legal and professional fees	50,271	44,178
Coastal Energy Solutions Pte. Ltd.		
- Dividend income	56,235,200	41,217,000

(b) Compensation of key management personnel

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term employee benefits	5,696,726	6,132,989	318,000	339,600
Defined contribution plan	213,770	281,803	26,880	29,040
Share-based payment expenses	-	399,014	-	15,075
	5,910,496	6,813,806	344,880	383,715

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the Directors and other members of key management were RM77,547 and RM13,325 (2020: RM160,009 and RM13,325) respectively.

34. Capital Commitments

	Group	
	2021 RM	2020 RM
Property, plant and equipment	38,857,870	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

35. 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 30 June 2021:

			Fair value measurement using		
	Date of valuation	**Total RM**	**Quoted prices in active markets (level 1) RM**	**Significant observable inputs (level 2) RM**	**Significant unobservable inputs (level 3) RM**
Group					
Assets measured at fair value:					
Investment securities	30 June 2021	12,124,337	12,124,337	-	-
Short-term investments	30 June 2021	111,038,412	111,038,412	-	-
Assets for which fair values are disclosed:					
Investment properties:					
- Office properties	30 June 2021	6,500,000	-	6,500,000	-
Liabilities measured at fair value:					
Derivative liabilities:					
- Interest rate swap	30 June 2021	26,074	-	26,074	-
Company					
Assets measured at fair value:					
Investment securities	30 June 2021	7,812,120	7,812,120	-	-
Short-term investments	30 June 2021	97,405,700	97,405,700	-	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

35. Fair Value Measurement (Cont'd)

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

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 30 June 2020:

			Fair value measurement using		
	Date of valuation	Total RM	Quoted prices in active markets (level 1) RM	Significant observable inputs (level 2) RM	Significant unobservable inputs (level 3) RM
Group					
Assets measured at fair value:					
Investment securities	30 June 2020	1,937,912	1,937,912	-	-
Short-term investments	30 June 2020	259,954,929	259,954,929	-	-
Assets for which fair values are disclosed:					
Investment properties:					
- Office properties	30 June 2020	6,700,000	-	6,700,000	-
Liabilities measured at fair value:					
Derivative liabilities:					
- Interest rate swap	30 June 2020	493,887	-	493,887	-
Company					
Assets measured at fair value:					
Short-term investments	30 June 2020	248,218,825	248,218,825	-	-

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

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

36. Fair Value of Financial Instruments

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

	Carrying amount		Fair value	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Company				
Financial liabilities				
Financial guarantees	16,206	28,098	-*	-*

* The fair value is Nil as the Company considered the financial guarantees to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to.

The management assessed that cash and bank balances, loans and borrowings (current), loans and borrowings (non-current) at BLR – 1.85% p.a., LIBOR + 2.85% p.a. and LIBOR + 2.75% p.a., trade and other payables (current) except for deposits received from vessel buyers, trade and other receivables except for prepayment and deposits paid to suppliers and contractors 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 values of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged 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:

<u>Financial guarantees</u>

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; and
- The estimated loss exposure if the party guaranteed were to default.

37. 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
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit Risk (Cont'd)

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 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 RM741,688,000 (2020: RM764,087,768) relating to corporate guarantees provided by the Company to banks on certain subsidiaries' bank borrowings.

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			
	2021		2020	
	RM	% of total	RM	% of total
By country:				
India	-	-	7,018,880	5%
Indonesia	9,497,700	5%	9,797,751	7%
Mexico	153,636,520	85%	113,141,859	83%
Saudi Arabia	12,229,980	7%	-	-
Others	4,537,036	3%	6,947,006	5%
	179,901,236	100%	136,905,496	100%

Assessment of impairment losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

(i) Trade receivables and contract assets

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty, are deemed credit impaired.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit Risk (Cont'd)

Assessment of impairment losses (Cont'd)

(i) Trade receivables and contract assets (Cont'd)

The expected loss rates are based on the customers' payment profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:

Group	Gross amount RM	Lifetime loss allowance RM	Carrying amount RM
2021			
Not past due	17,935,917	(1,700)	17,934,217
1 to 30 days past due	20,804,398	(227,661)	20,576,737
31 to 120 days past due	29,238,094	(1,249,000)	27,989,094
More than 121 days past due	109,394,804	(6,224,511)	103,170,293
	177,373,213	(7,702,872)	169,670,341
Credit impaired:			
- Individually impaired	2,528,023	(2,528,023)	-
	179,901,236	(10,230,895)	169,670,341
2020			
Not past due	13,625,344	(295,693)	13,329,651
1 to 30 days past due	17,375,037	(385,050)	16,989,987
31 to 120 days past due	10,700,041	(254,726)	10,445,315
More than 121 days past due	89,517,075	(4,556,700)	84,960,375
	131,217,497	(5,492,169)	125,725,328
Credit impaired:			
- Individually impaired	5,687,999	(4,685,896)	1,002,103
	136,905,496	(10,178,065)	126,727,431

The movements in the loss allowances in respect of trade receivables are disclosed in Note 21 to the financial statements.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit Risk (Cont'd)

Assessment of impairment losses (Cont'd)

(ii) Other receivables

Other receivables are also subject to the impairment requirements of MFRS 9. The Group applies the 3-stage general approach to measure expected credit losses for other receivables. Loss allowance is measured on either 12 month ECL or lifetime ECL.

To measure the expected credit losses, the Group considers historical data and assessed forward-looking macroeconomic data which may affect the ability of the debtors to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for other receivables are summarised below:

	Gross amount RM	**Lifetime loss allowance RM**	**Carrying amount RM**
2021			
Group			
Significant increase in credit risk	214,493,793	(188,067,118)	26,426,675
Company			
Significant increase in credit risk	10,195,440	(2,355,329)	7,840,111
2020			
Group			
Significant increase in credit risk	235,318,617	(196,677,530)	38,641,087
Company			
Significant increase in credit risk	16,924,712	(4,136,769)	12,787,943

The movements in the loss allowances are disclosed in Note 21 to the financial statements.

(iii) Fixed deposits with licensed banks, cash and bank balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

(iv) Amounts due from subsidiaries

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit Risk (Cont'd)

Assessment of impairment losses (Cont'd)

(iv) Amounts due from subsidiaries (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amounts due from subsidiaries are summarised below:

	Gross amount RM	Lifetime loss allowance RM	Carrying amount RM
Company			
2021			
Significant increase in credit risk	375,327,274	(25,673,803)	349,653,471
Credit impaired	186,003,393	(186,003,393)	-
	561,330,667	(211,677,196)	349,653,471
2020			
Significant increase in credit risk	228,952,472	(46,410,477)	182,541,995
Credit impaired	77,751,479	(77,751,479)	-
	306,703,951	(124,161,956)	182,541,995

The movements in the loss allowances are disclosed in Note 21 to the financial statements.

(v) Financial guarantee contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(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.

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 47% (2020: 88%) of the Group's loans and borrowings (Note 25) will mature in less than one year based on the carrying amount reflected in the financial statements.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(b) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
2021				
Financial liabilities:				
Trade and other payables	192,793,154	-	-	192,793,154
Loans and borrowings	46,215,681	49,287,432	3,384,036	98,887,149
Lease liabilities	1,046,751	670,286	68,416	1,785,453
Derivative liabilities:				
Interest rate swap	26,173	(161)	-	26,012
Total undiscounted financial liabilities	240,081,759	49,957,557	3,452,452	293,491,768
2020				
Financial liabilities:				
Trade and other payables	166,450,053	-	-	166,450,053
Loans and borrowings	246,472,353	39,015,389	304,650	285,792,392
Lease liabilities	180,548	11,510	-	192,058
Derivative liabilities:				
Interest rate swap	494,342	-	-	494,342
Total undiscounted financial liabilities	413,597,296	39,026,899	304,650	452,928,845

	On demand or within one year RM	One to five years RM	Total RM
Company			
2021			
Financial liabilities:			
Trade and other payables	164,798	-	164,798
Lease liabilities	3,000	-	3,000
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	8,757	7,449	16,206
Total undiscounted financial liabilities	176,555	7,449	184,004

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(b) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

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

	On demand or within one year RM	One to five years RM	Total RM
Company			
2020			
Financial liabilities:			
Trade and other payables	407,655	-	407,655
Lease liabilities	6,000	3,000	9,000
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	11,892	16,206	28,098
Total undiscounted financial liabilities	425,547	19,206	444,753

* The fair value is Nil as the Company considered the financial guarantees to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to.

(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 (2020: less than 6 months) from the reporting date.

Sensitivity analysis for interest rate risk

Any reasonably possible change in the interest rates of floating rate bank loans at the end of the reporting period does not have material impact on the profit/(loss) net of tax of the Group and of the Company and hence, no sensitivity analysis is presented.

(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"), Singapore Dollar ("SGD") and Mexican Peso ("MXN"). The major foreign currencies in which these transactions are denominated are RM, USD and SGD.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(d) Foreign Currency Risk (Cont'd)

The Group's foreign currency exposures arising from receivable and payable balances at the reporting date are as follows:

	2021 RM	2020 RM
Trade receivables	6,754	7,083,471
Other receivables	11,006,142	32,644,245
Trade payables	1,171,165	1,377,956
Other payables	5,410,688	152,726

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) amounted to RM63,359,813 (2020: RM125,120,275) for the Group.

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

The Group's exposure to foreign currency risk, based on the carrying amounts of the financial assets and financial liabilities not denominated in RM, which is one of the Group's entities functional currency as at the end of the reporting period was as follows:

	2021		2020	
	USD/RM RM	SGD/RM RM	USD/RM RM	SGD/RM RM
Group				
Financial assets:				
Cash and cash equivalents	40,802,024	12,462,271	97,163,282	19,389,637
Investment securities	-	7,557,678	-	435,912
Short-term investments	8,328,747	-	115,396,425	-
Due from related companies	511,839,898	206,849	256,427,971	-
Trade receivables	6,754	-	7,223	-
Other receivables	10,195,487	-	16,919,565	-
	571,172,910	20,226,798	485,914,466	19,825,549
Financial liabilities:				
Due to related companies	1,972	50,194	398,429	293,158
Trade payables	-	9,787	-	9,725
	1,972	59,981	398,429	302,883
Currency exposure	571,170,938	20,166,817	485,516,037	19,522,666

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(d) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk, based on the carrying amounts of the financial assets and financial liabilities not denominated in SGD, which is one of the Group's entities functional currency as at the end of the reporting period was as follows:

	2021		2020	
	USD/SGD RM	**RM/SGD RM**	**USD/SGD RM**	**RM/SGD RM**
Group				
Financial assets:				
Cash and cash equivalents	4,572,831	764	3,007,261	764
Loan to subsidiary	54,839,555	-	-	-
Due from related companies	45,508,609	687	2,445,450	687
Trade receivables	-	-	7,018,880	-
Other receivables	627,543	-	1,285,025	-
	105,548,538	1,451	13,756,616	1,451
Financial liabilities:				
Due to related companies	121,909,783	2,141,686	19,143,910	2,257,368
Trade payables	-	-	1,252,772	-
Other payables	69,577	33,993	64,271	33,993
	121,979,360	2,175,679	20,460,953	2,291,361
Currency exposure	(16,430,822)	(2,174,228)	(6,704,337)	(2,289,910)

The Group's exposure to foreign currency risk, based on the carrying amounts of the financial assets and financial liabilities not denominated in MXN, which is one of the Group's entities functional currency as at the end of the reporting period was as follows:

	2021 USD/MXN RM	**2020 USD/MXN RM**
Group		
Financial assets:		
Cash and cash equivalents	2,980,412	3,398,345
Due from related companies	6,910,341	642
Other receivables	183,112	14,437,483
	10,073,865	17,836,470
Financial liabilities:		
Due to related companies	21,984,437	9,987,406
Trade payables	1,075,240	-
Other payables	5,191,155	-
	28,250,832	9,987,406
Currency exposure	(18,176,967)	7,849,064

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(d) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk, based on the carrying amounts of the financial assets and financial liabilities not denominated in USD, which is one of the Group's entities functional currency as at the end of the reporting period was as follows:

	2021		2020	
	SGD/USD RM	**RM/USD RM**	**SGD/USD RM**	**RM/USD RM**
Group				
Financial assets:				
Cash and cash equivalents	2,070,955	446,178	1,561,791	576,874
Due from related companies	1,897,538	80,660	1,292,551	80,660
Trade receivables	-	-	-	57,368
Other receivables	-	-	805	-
	3,968,493	526,838	2,855,147	714,902
Financial liabilities:				
Due to related companies	7,046,739	901,140	6,536,047	578,557
Trade payables	359	85,779	357	115,102
Other payables	70,210	40,552	8,017	41,182
	7,117,308	1,027,471	6,544,421	734,841
Currency exposure	(3,148,815)	(500,633)	(3,689,274)	(19,939)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(d) Foreign Currency Risk (Cont'd)

Sensitivity analysis for foreign currency risk

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

	Increase/(Decrease) in Profit/(Loss) Net of Tax	
	Group	
	2021 RM	**2020 RM**
USD/RM		
- strengthened 2% (2020: 2%)	8,681,798	(7,379,844)
- weakened 2% (2020: 2%)	(8,681,798)	7,379,844
SGD/RM		
- strengthened 1% (2020: 1%)	153,268	(148,372)
- weakened 1% (2020: 1%)	(153,268)	148,372
SGD/USD		
- strengthened 2% (2020: 2%)	(47,862)	56,077
- weakened 2% (2020: 2%)	47,862	(56,077)
RM/USD		
- strengthened 2% (2020: 2%)	(7,610)	303
- weakened 2% (2020: 2%)	7,610	(303)
USD/SGD		
- strengthened 2% (2020: 2%)	(249,748)	101,906
- weakened 2% (2020: 2%)	249,748	(101,906)
RM/SGD		
- strengthened 1% (2020: 1%)	(16,524)	17,403
- weakened 1% (2020: 1%)	16,524	(17,403)
USD/MXN		
- strengthened 4% (2020: 5%)	(552,580)	(298,264)
- weakened 4% (2020: 5%)	552,580	298,264

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(e) Hedging Activities

Cash flow hedge

The Group entered into an interest rate swap ("IRS") to hedge the cash flow risk in relation to the floating interest rate of a term loan as disclosed in Notes 25 and 28 to the financial statements. The IRS has the nominal value of RM27,692,148 (2020: RM161,322,774) and is settled monthly, consistent with the interest repayment schedule of the term loan.

The following table indicates the periods in which the cash flows associated with the IRS are expected to occur and affect profit or loss:

	Carrying amount RM	Expected cash flows RM	Within one year RM	One to five years RM
Group				
2021				
Interest rate swap	(26,074)	(26,012)	(26,173)	161
2020				
Interest rate swap	(493,887)	(494,342)	(494,342)	-

(f) Classification of Financial Instruments

	2021 Group RM	2021 Company RM
Financial assets		
Mandatorily at fair value through profit or loss		
Investment securities (Note 19)	12,124,337	7,812,120
Short-term investments (Note 23)	111,038,412	97,405,700
	123,162,749	105,217,820
Amortised cost		
Trade and other receivables (Note 21)	199,750,375	357,496,982
Cash and bank balances (Note 24)	163,702,961	44,557,850
	363,453,336	402,054,832
Financial liabilities		
Mandatorily at fair value through profit or loss		
Derivative liabilities (Note 28)	26,074	-
Amortised cost		
Loans and borrowings (Note 25)	92,281,721	-
Trade and other payables (Note 27)	192,793,154	180,987
	285,074,875	180,987

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(f) Classification of Financial Instruments (Cont'd)

	2020 Group RM	2020 Company RM
Financial assets		
Mandatorily at fair value through profit or loss		
Investment securities (Note 19)	1,937,912	-
Short-term investments (Note 23)	259,954,929	248,218,825
	261,892,841	248,218,825
Amortised cost		
Trade and other receivables (Note 21)	176,523,870	195,333,338
Cash and bank balances (Note 24)	263,792,750	105,285,215
	440,316,620	300,618,553
Financial liabilities		
Mandatorily at fair value through profit or loss		
Derivative liabilities (Note 28)	493,887	-
Amortised cost		
Loans and borrowings (Note 25)	276,799,092	-
Trade and other payables (Note 27)	166,450,053	435,753
	443,249,145	435,753

(g) Gains or Losses Arising from Financial Instruments

	2021 Group RM	2021 Company RM
Financial assets		
Fair value through profit or loss		
Net gains recognised in profit or loss by mandatorily required by accounting standard	4,142,075	3,568,554
Amortised cost		
Net gains/(losses) recognised in profit or loss	2,626,499	(85,222,730)
Financial liabilities		
Amortised cost		
Net losses recognised in profit or loss	(6,539,686)	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

37. Financial Risk Management Objectives and Policies (Cont'd)

(g) Gains or Losses Arising from Financial Instruments (Cont'd)

	2020	
	Group RM	**Company RM**
Financial assets		
Fair value through profit or loss		
Net gains recognised in profit or loss by mandatorily required by accounting standard	6,794,464	6,653,661
Amortised cost		
Net losses recognised in profit or loss	(131,826,876)	(46,349,212)
Financial liabilities		
Amortised cost		
Net losses recognised in profit or loss	(12,549,355)	-

38. 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 30 June 2021 and 30 June 2020.

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

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

		Group	
	Note	**2021 RM**	**2020 RM**
Loans and borrowings	25	92,281,721	276,799,092
Equity attributable to owners of the Company		1,103,733,845	1,085,939,333
Gearing ratio		8.36%	25.49%

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants as disclosed in Note 25 to the financial statements, failing which, the bank may call an event of default. The Group has complied with this requirement.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

39. 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.

	Vessels manufacturing and repairing services RM	Vessels chartering and equipment hire RM	Adjustments and elimination RM	Notes	Per consolidated financial statements RM
2021					
Revenue:					
External customers	2,947,232	158,624,193	-		161,571,425
Inter-segment	4,237,269	250,964	(4,488,233)	A	-
Total revenue	7,184,501	158,875,157	(4,488,233)		161,571,425
Represented by:					
Revenue recognised over time					
- Vessels repairing services	5,479,543	-	(2,532,311)		2,947,232
- Vessels chartering services	-	158,624,193	-		158,624,193
- Agency services	2,395,720	718,235	(3,113,955)		-
	7,875,263	159,342,428	(5,646,266)		161,571,425
Results:					
Interest income	48,124	2,621,610	512,083		3,181,817
Depreciation	3,667,741	80,569,518	19,575		84,256,834
Other non-cash expenses	1,342,497	4,685,510	6,049,923	B	12,077,930
Segment (loss)/profit	(32,495,447)	100,160,014	(15,760,657)	C	51,903,910
Assets:					
Additions to non-current assets	3,000,185	176,713,725	3,480	D	179,717,390
Segment assets	196,099,624	1,028,732,473	171,349,774	E	1,396,181,871
Segment liabilities	160,935,091	31,729,339	98,728,207	F	291,392,637

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

39. Segment Information (Cont'd)

	Vessels manufacturing and repairing services RM	Vessels chartering and equipment hire RM	Adjustments and elimination RM	Notes	Per consolidated financial statements RM
2020					
Revenue:					
External customers	28,076,175	183,006,277	-		211,082,452
Inter-segment	6,531,525	113,819	(6,645,344)	A	-
Total revenue	34,607,700	183,120,096	(6,645,344)		211,082,452
Represented by:					
Revenue recognised at a point in time					
- Sale of vessels	20,837,325	-	-		20,837,325
Revenue recognised over time					
- Vessels repairing services	12,033,795	-	(4,794,945)		7,238,850
- Vessels chartering services	-	194,205,831	(11,199,554)		183,006,277
- Agency services	4,911,079	748,826	(5,659,905)		-
	37,782,199	194,954,657	(21,654,404)		211,082,452
Results:					
Interest income	243,593	1,308,378	1,166,544		2,718,515
Depreciation	4,166,903	75,923,862	18,361		80,109,126
Other non-cash expenses	185,159,322	8,046,595	465,483	B	193,671,400
Segment (loss)/profit	(202,578,620)	103,540,262	11,315,904	C	(87,722,454)
Assets:					
Additions to non-current assets	425,346	412,757	10,495	D	848,598
Segment assets	240,619,802	945,946,620	367,426,086	E	1,553,992,508
Segment liabilities	168,126,657	19,808,287	280,118,231	F	468,053,175

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

39. Segment Information (Cont'd)

Notes Nature of adjustments and eliminations to arrive at amount 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:

	Note	2021 RM	2020 RM
Impairment loss on receivables	8	4,420,270	145,115,735
Deposits written off	9	-	210,415
Fair value loss on investment securities	9	716,290	497,483
Fair value loss on short-term investments	9	-	316,458
Impairment loss on plant and equipment	9	-	5,554,813
Inventories written off	9	599	-
Inventories written down	9	-	41,248,363
Plant and equipment written off	9	313,920	18,663
Prepayment written off	9	412,540	-
Unrealised loss on foreign exchange	9	6,214,311	64,603
Share-based payment expenses		-	644,867
		12,077,930	193,671,400

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

	2021 RM	2020 RM
Finance costs	(6,586,563)	(12,581,134)
Unallocated corporate (loss)/income	(9,174,094)	23,897,038
	(15,760,657)	11,315,904

D Additions to non-current assets consist of:

	2021 RM	2020 RM
Property, plant and equipment	177,025,738	673,602
Right-of-use assets	2,691,652	174,996
	179,717,390	848,598

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

	2021 RM	2020 RM
Tax recoverable	237,095	54,618
Unallocated corporate assets	171,112,679	367,371,468
	171,349,774	367,426,086

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

39. Segment Information (Cont'd)

Notes Nature of adjustments and eliminations to arrive at amount reported in the consolidated financial statements (Cont'd)

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

	2021 RM	2020 RM
Deferred tax liabilities	589,246	611,733
Income tax payable	3,977,955	1,890,645
Loans and borrowings	92,281,721	276,799,092
Lease liabilities	1,724,487	189,704
Unallocated corporate liabilities	154,798	627,057
	98,728,207	280,118,231

<u>Geographical information</u>

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

	Revenue		Non-current assets	
	2021 RM	2020 RM	2021 RM	2020 RM
India	-	16,925,631	-	-
Indonesia	-	17,290,394	-	-
Malaysia	5,347,232	18,800,952	283,809,019	223,951,431
Mexico	141,735,394	144,993,690	426,388,506	462,213,428
Saudi Arabia	11,863,188	-	51,413,550	-
Others	2,625,611	13,071,785	24,928,568	25,602,479
	161,571,425	211,082,452	786,539,643	711,767,338

The information on the disaggregation of revenue based on geographical location is summarised below:

	At a point in time		Over time	
	2021 RM	2020 RM	2021 RM	2020 RM
India	-	-	-	16,925,631
Indonesia	-	17,260,270	-	30,124
Malaysia	-	-	5,347,232	18,800,952
Mexico	-	-	141,735,394	144,993,690
Saudi Arabia	-	-	11,863,188	-
Others	-	3,577,055	2,625,611	9,494,730
	-	20,837,325	161,571,425	190,245,127

Notes to the Financial Statements
For the Financial Year Ended 30 June 2021 (cont'd.)

39. Segment Information (Cont'd)

Geographical information (Cont'd)

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

	2021 RM	2020 RM
Property, plant and equipment	774,349,711	701,040,886
Right-of-use assets	8,867,949	7,322,444
Investment properties	3,321,983	3,404,008
	786,539,643	711,767,338

Information about major customers

There is one (2020: one) major customer from the vessels chartering segment that contributed more than 10% to the Group's revenue.

40. Significant Events During The Financial Year

(a) The outbreak of COVID-19 in early 2020 has affected the business and economic environments of the Group and hence, may impact its performance and financial position in the future. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the governments and various private corporations, the potential financial impact of the COVID-19 outbreak on the Group's 2021 financial statements could not be reasonably quantified at this juncture.

(b) On 25 September 2020, Coastal Energy Solutions Pte. Ltd., a wholly-owned subsidiary of the Company has entered into a loan extension agreement in respect of an existing term loan with the banks to refinance the loan amount partially. The amount of refinancing is USD20 million, equivalent to RM85.6 million, which to be repayable over 27 monthly instalments commencing from 28 October 2020 until 28 December 2022.

(c) On 1 February 2021, a wholly owned subsidiary of the Company, Coastal Drilling Pte Ltd ("CDPL") and its strategic business partner, JUB Pacific Pte Ltd ("JUB") had acquired the 100% equity interest in Elite Point Pte Ltd ("EPPL") from a third party individual, Sanathakumara Somunaidu. Upon completion of the acquisition, the respective % of shareholdings of CDPL and JUB in EPPL shall be 80% and 20%. The acquisition was completed on 11 February 2021.

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

41. Authorisation of Financial Statements for Issue

The financial statements for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 26 October 2021.

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 (30.06.2021) (RM)
CL 075512168 Off Mile 9, Sungai Seguntor, Labuk Road, Sandakan, Sabah.	17 to 34 years	Leasehold / 31.12.2073	Shipbuilding & Repairs Facility	17.66 acres/ 76,348.43 sq ft	24.04.1990	11.05.2001	3,722,831
1/50 undivided share of TL077508886 Lot 4A, 4th Floor, Wisma Wemin, Mile 1 1/2, Leila Road, Sandakan, Sabah.	35 years since 1987	Leasehold / 15.12.2910	1 unit residential flat	1.027 acres / 900 sq ft	14.12.1995	11.05.2001	19,870
1/2 undivided share of TL077534313 Lot 3A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	38 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	113,446
1/2 undivided share of TL077534313 Lot 3B, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	38 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	109,461
1/2 undivided share of TL077534304 Lot 4A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	38 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	110,490
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.	12 to 15 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	12,622,274
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	89,785

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 (30.06.2021) (RM)
CL 075350855 CL 075350864 CL 075350882 CL 075359652 Mile 9, Church Road, Off Jalan Labuk, Jalan Seguntur, Sandakan, Sabah.	13 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	1,835,509
CL 075366031 Sungai Seguntor, Sandakan, Sabah.	11 years	Leasehold / 31.12.2077	Shipbuilding & Repairs Facility	6.31 acres	18.05.2010	N/A	1,211,230
1/2 undivided share of TL077534322 Lot 2B, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	38 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	151,683
7/206 undivided share of CL075495340 Lot SO197 - SO203, Block A, One Avenue, Phase 8, Bandar Utama, Mile 6, Jalan Utara, Sandakan, Sabah.	10 years	Leasehold / 31.12.2081	7 units double storey shop office	1,475.60 sq m	17.12.2007	N/A	3,321,983

Analysis of Shareholdings
As at 24 September 2021

Statistics on Ordinary Shareholdings as at 24 September 2021

Total Number of Issued Shares Including Treasury Shares	535,350,031 Ordinary Shares
Type of Shares	Ordinary Shares
Voting Rights	One vote per Ordinary Share
No. of Treasury Shares Held	12,681,500 Ordinary Shares

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share
Less than 100	240	9,949	0.00
100 to 1,000	797	403,998	0.08
1,001 to 10,000	2,228	10,934,182	2.09
10,001 to 100,000	1,058	31,725,750	6.07
100,001 to less than 5% of issued shares	180	245,367,460	46.94
5% and above of issued shares	4	234,284,192	44.82
Total	4,507	522,725,531	100.00

List of Thirty Largest Securities Accounts Holders

No.	Name	No. of Shares	%
1.	IVORY ASIA SDN. BHD.	84,746,660	16.21
2.	IVORY ASIA SDN. BHD.	66,666,666	12.75
3.	HSBC NOMINEES (ASING) SDN BHD QUINTET LUXEMBOURG FOR SAMARANG UCITS-SAMARANG ASIAN PROSPERITY	50,004,200	9.57
4.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG FONG THAU (KKINABALU-CL)	32,866,666	6.29
5.	ONG SENG HENG	24,275,100	4.64
6.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN KOK (B TINGGI-CL)	24,138,254	4.62
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN SHIN (KKINABALU-CL)	23,851,320	4.56
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN KEUAN (KKINABALU-CL)	23,691,587	4.53
9.	PANG FONG THAU	23,006,200	4.40
10.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN HENG (KKINABALU-CL)	18,121,900	3.47
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN. BHD	12,500,000	2.39
12.	PANG FONG THAU	8,849,509	1.69
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN BHD (MY0507)	4,775,100	0.91
14.	SUSY DING	4,100,000	0.78
15.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,859,933	0.74
16.	NG CHIN HENG	3,733,333	0.71
17.	KOO HONG @ KU HONG HAI	3,700,000	0.71
18.	NG CHIN HENG	3,666,666	0.70
19.	NG CHIN HENG	3,335,201	0.64
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (KLC/KEN)	2,045,000	0.39

Analysis of Shareholdings (cont'd.)
As at 24 September 2021

List of Thirty Largest Securities Accounts Holders (Cont'd)

No.	Name	No. of Shares	%
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CEKD VENTURE SDN BHD	1,934,800	0.37
22.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,873,000	0.36
23.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)	1,700,000	0.33
24.	NGO SEH TEE	1,500,000	0.29
25.	ONG BENG KEE	1,220,000	0.23
26.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	1,191,400	0.23
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHUI LAI (KKINABALU-CL)	1,175,833	0.22
28.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIOW MING YEW (KKINABALU-CL)	1,164,800	0.22
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,100,000	0.21
30.	NG BAK ENG	1,050,000	0.20

Substantial Shareholders

No.	Name	No. of Shares held		% of Issued Share	
		Direct	Indirect	Direct	Indirect
1.	IVORY ASIA SDN. BHD.	151,413,326	-	28.97	-
2.	PANG FONG THAU	64,722,375	[a]180,270,426	12.38	34.49
3.	SAMARANG UCITS – SAMARANG ASIAN PROSPERITY	50,004,200	-	9.57	-
4.	NG CHIN HENG	28,857,100	[b]216,135,701	5.52	41.35

Directors' Shareholdings

No.	Name	No. of Shares held		% of Issued Share	
		Direct	Indirect	Direct	Indirect
1.	NG CHIN HENG	28,857,100	[c]216,839,900	5.52	41.49
2.	NG CHIN SHIN	23,851,320	-	4.56	-
3.	NG CHIN KEUAN	23,691,587	[d]20,000	4.53	0.00
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 Ms Alice Ng and Ivory Asia Sdn. Bhd. in the Company.
[d] Deemed interests by virtue of shareholdings of wife, Madam Chin Nyuk Oi in the Company.

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COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)
(Incorporated in Malaysia)

CDS Account No.

FORM OF PROXY

I/We, ... NRIC/Company No. ....

of ....

being a Member/Members of COASTAL CONTRACTS BHD., hereby appoint ....

NRIC/Company No. .... of ....

or failing him/her .... NRIC/Company No. ....

of .... or failing him/her,

THE CHAIRMAN OF THE MEETING as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Twenty First Annual General Meeting of the Company to be held at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Thursday, 16 December 2021 at 10:00 am or at any adjournment thereof and to vote as indicated below:-

No.	Resolutions	For	Against
1.	To approve the payment of fees and benefits to the Non-Executive Directors.		
2.	To re-elect Tuan Hj. Ir. Intizam Bin Ayub as Director.		
3.	To re-elect Mr Ng Chin Shin as Director.		
4.	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
5.	Proposed retention of Mr Loh Thian Sang @ Lo Thian Siang as Independent Non-Executive Director.		
6.	Authority to issue shares pursuant to the Companies Act 2016.		
7.	Proposed Renewal of Share Buy-Back Authority.		

Please indicate with an "X" in the space provided for each resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain as he/she thinks fit and if no name is inserted in the space for the name of proxy, the Chairman of the Meeting will act as proxy.

Signed this .... day of 2021

No. of ordinary shares held

Percentage of shareholdings to be represented by proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		100%

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

Notes:

(a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote instead of him and that a proxy need not be a member of the Company.

(b) For the purpose of determining member's eligibility to attend this Meeting, only member whose name appears in the Record of Depositors as at 10 December 2021 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and/or vote on his behalf.

(c) A member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint not more than 2 proxies to attend and vote in his stead at the Meeting. There shall be no restriction as to the qualification of the proxy. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(d) 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"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney or if the appointor is a corporation under the seal, and the person so appointed may attend and vote at this meeting at which the appointor is entitled to vote.

(f) The instrument appointing a proxy shall be left at the Registered Office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah, or received at the electronic address at ir@coastalcontracts.com, at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which it is to be used, and in default shall not be treated as valid.

(g) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

(h) The Board wishes to highlight this Annual General Meeting may be re-scheduled and/or postponed and/or change the arrangement at short notice in view of the COVID-19 Outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes. You are therefore requested to check and refer the website of the Bursa Malaysia Securities Berhad or the Company at http://www.coastalcontracts.com for the latest updates on the status of the said Meeting.

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Administrative Guide for the 21st AGM:

The health and safety of our Members and Proxies ("Attendees") who will attend the 21st AGM are the top priority of the Company. Hence, the following precautionary measures shall be implemented during the conduct of the 21st AGM:

a. With Sabah having moved into Phase 3 of the National Recovery Plan on 18th October 2021, the updated Standard Operating Procedures issued by the National Security Council ("NSC") allows for physical meetings with 50% capacity of the meeting room or not more than 50 Attendees (whichever is lower), attended only by fully vaccinated individuals. Due to the limitations imposed, Attendees attending the AGM shall only be allowed entry to the 21st AGM on first come, first served basis.

b. Attendees are required to show their fully vaccinated status through their MySejahtera application and would need to go through temperature screening at the entrance of the meeting room. All Attendees are required to sanitise their hands prior to entering the meeting room and must adhere to the social distancing rules of at least one (1) metre between each Attendees. Face mask must be worn at all times.

c. Attendees are encouraged to abide by the regulations in place and enforced by the Ministry of Health and the Government of Malaysia at the time deciding on whether to attend or not to attend the 21st AGM.

d. Members are encouraged to appoint the Chairman of the meeting (or any other person) to act as proxy to attend and vote at the 21st AGM on their behalf by submitting the proxy form with predetermined voting instruction.

e. In the interest of the public health including the well-being of the Attendees, Attendees must adhere to the precautionary measures put in place by the Company should they wish to attend the 21st AGM in person.

f. No lunch shall be provided to the Attendees.

g. The above guidelines shall be subject to further changes, if applicable

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Coastal Contracts Bhd.
Registration No. 200001015043 (517649-A)

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

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