Coastal Contracts Bhd.

Registration No. 200001015043 (517649-A)

"Sail Forth, Grow Beyond"

Annual Report 2022

Contents

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Second Annual General Meeting of the Company will be held at the Registered Office, Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Thursday, 1 December 2022 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 2022 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 RM170,000 for the period from 2 December 2022 until the next Annual General Meeting of the Company. **Resolution 1**

3. To re-elect the following Directors:

   3.1 Mr Jacob O Pang Su Yin retiring pursuant to Clause No. 100 of the Company's Constitution and being eligible, offers himself for re-election. **Resolution 2**

   3.2 Mr Loh Thian Sang @ Lo Thian Siang 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 resolutions with or without modification:

ORDINARY RESOLUTION

5.1 Proposed Retention of Independent Non-Executive Director, Mr Jacob O Pang Su Yin **Resolution 5**

" THAT subject to passing of Resolution 2, approval be and is hereby given for Mr Jacob O Pang Su Yin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to be retained and to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company. "

5.2 Proposed Retention of Independent Non-Executive Director, Mr Loh Thian Sang @ Lo Thian Siang **Resolution 6**

" THAT subject to passing of Resolution 3, approval be and is hereby given for Mr Loh Thian Sang @ Lo Thian Siang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to be retained and to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company. "

Notice of Annual General Meeting (cont'd.)

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

ORDINARY RESOLUTION

Authority to issue shares pursuant to the Companies Act 2016 **Resolution 7**

" 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. "

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

ORDINARY RESOLUTION

Proposed Renewal of Share Buy-Back Authority **Resolution 8**

" 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. "

Notice of Annual General Meeting (cont'd.)

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: 31 October 2022

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 25 November 2022 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.

Explanatory Notes

(a) Audited Financial Statements for the financial year ended 30 June 2022

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.

Notice of Annual General Meeting (cont'd.)

Explanatory Notes (Cont'd)

(b) Ordinary Resolutions – Proposed Retention of Independent Non-Executive Directors, Mr Jacob O Pang Su Yin and Mr Loh Thian Sang @ Lo Thian Siang

In relation to the proposed Resolutions 5 and 6, the Board of Directors has via the Nomination Committee assessed the independence of Mr Jacob O Pang Su Yin and Mr Loh Thian Sang @ Lo Thian Siang who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non Executive Directors of the Company based on the following justifications:-

(i) They fulfil the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) With their years of experience in the Company, they are familiar with the Company's business operations, thus enabling them to contribute actively and effectively during deliberations or discussions at the Board Meetings;
(iii) They have demonstrated their capability as independent directors and provided numerous constructive suggestions to the Board; and
(iv) Their level of independence and competency have not been impaired with time.

Subject to the passing of the proposed Resolutions 2 and 3, the proposed Resolutions 5 and 6, if passed, will enable Mr Jacob Pang and Mr Loh to continue in office as Independent Non-Executive Directors until the conclusion of the next Annual General Meeting of the Company.

The Company would seek shareholders' approval for retention of both of them as independent directors who have served the Company for a cumulative term of more than 9 years via a two-tier voting process in accordance with the Malaysian Code on Corporate Governance.

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

The proposed Resolution 7, 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 16 December 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 8, 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 31 October 2022 for more information.

Statement Accompanying Notice Of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. 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 148 to 149 of this Annual Report.

2. Details on the authority to issue shares pursuant to the Companies Act 2016 are provided under the Explanatory Notes on Special Business in the Notice.

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

Tuan Hj. Ir Intizam Bin Ayub
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
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
AmBank (M) Berhad
CIMB Bank Berhad
DBS Bank Ltd.
Hong Leong Bank Berhad
HSBC Amanah Malaysia 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

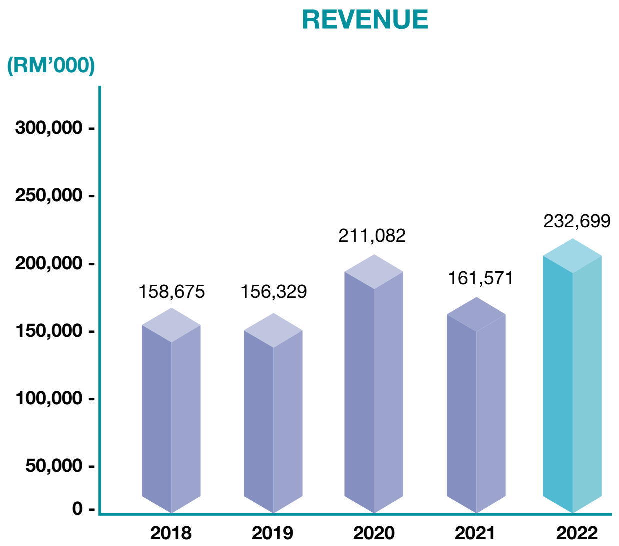
Crowe Malaysia PLT
Firm No. 201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16, Tower C, Megan Avenue 2
12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur, Malaysia
Tel : +60 3 2788 9999
Fax : +60 3 2788 9998

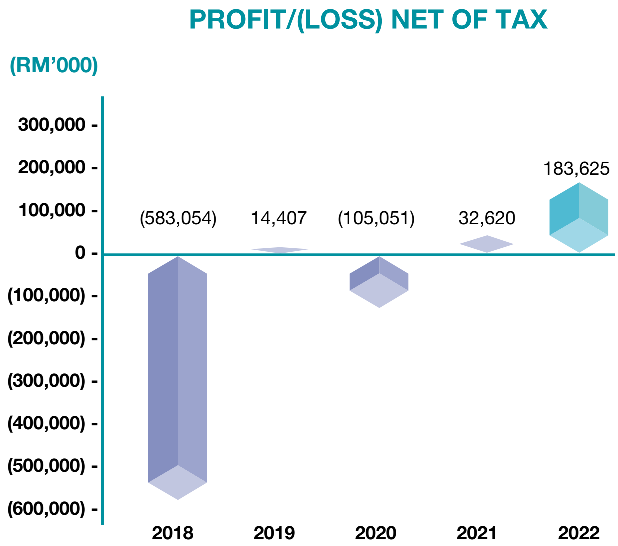
STOCK EXCHANGE LISTING

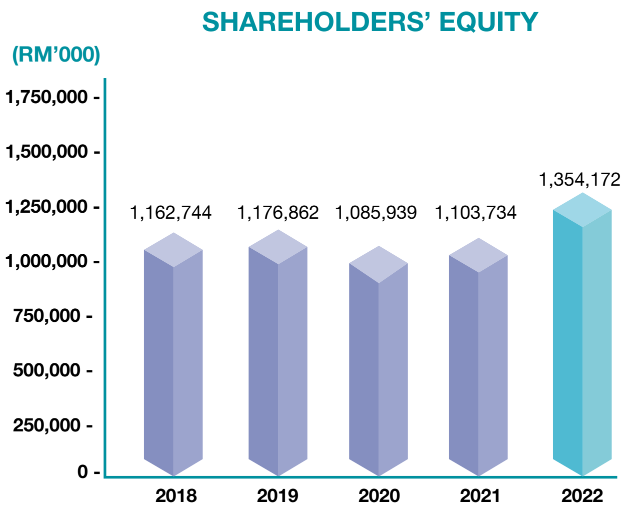
Main Market of Bursa Malaysia Securities Berhad
Stock Name : COASTAL
Stock Code : 5071

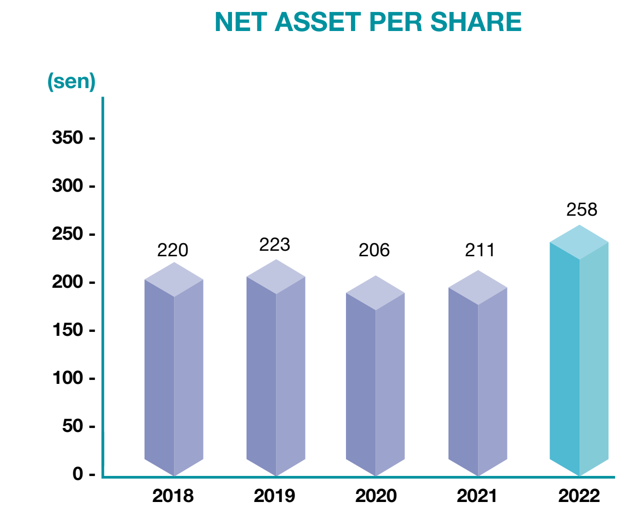
5-Years' Group Financial Summary

	2022	2021	2020	2019	2018
Financial Results (RM'000)					
Revenue	232,699	161,571	211,082	156,329	158,675
Profit/(Loss) before tax	213,703	51,904	(87,722)	29,838	(568,124)
Profit/(Loss) net of tax	183,625	32,620	(105,051)	14,407	(583,054)
Statement of Financial Position (RM'000)					
Total assets	2,012,343	1,396,182	1,553,993	1,645,714	1,715,785
Total borrowings	463,287	92,282	276,799	293,938	348,233
Shareholders' equity	1,354,172	1,103,734	1,085,939	1,176,862	1,162,744
Financial Indicators					
Return on equity	14.94%	2.98%	(9.29%)	1.23%	(39.14%)
Earnings/(Loss) per share (sen)	34.41	6.17	(19.88)	2.73	(110.56)
Net asset per share (sen)	258	211	206	223	220

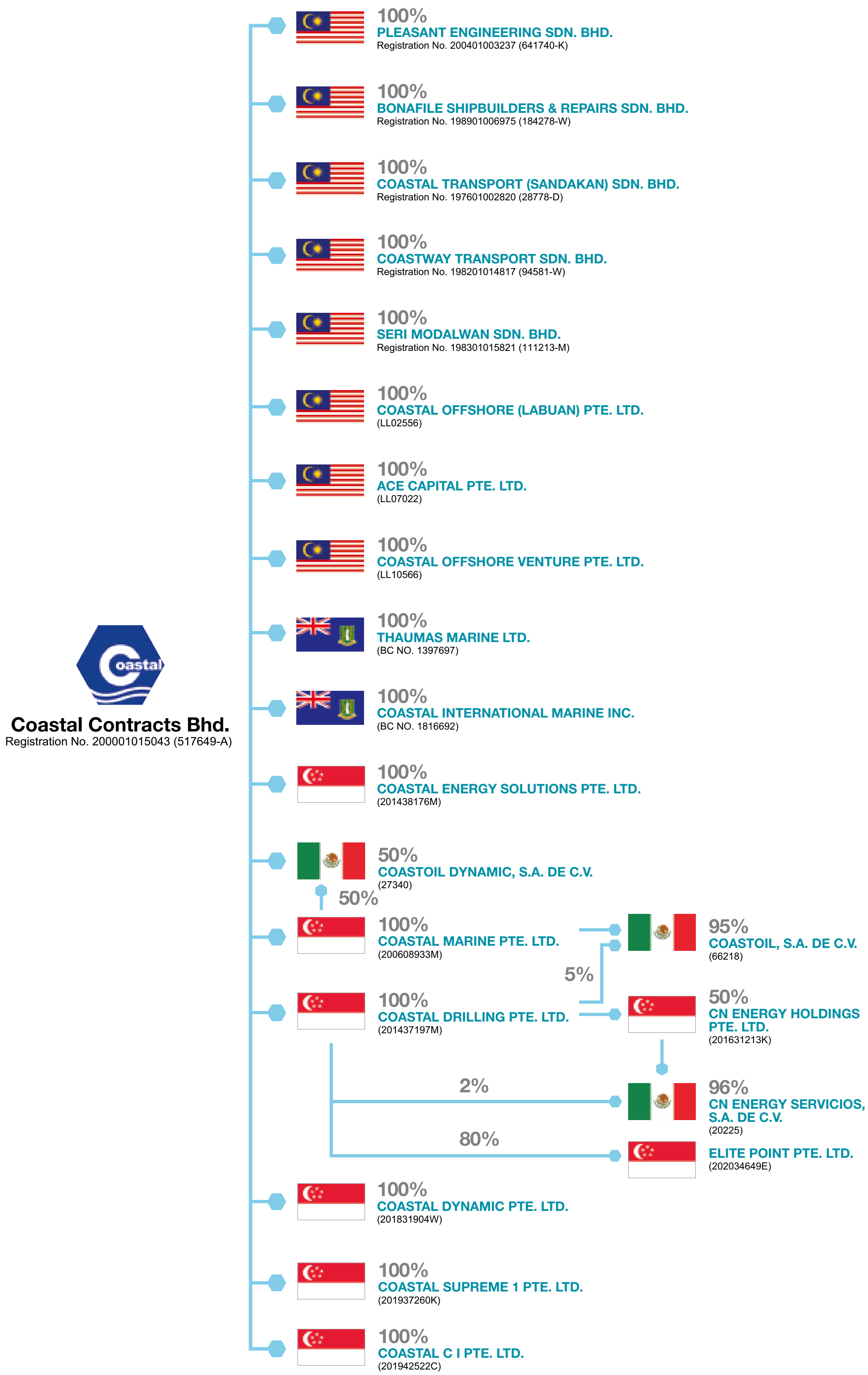








Corporate Structure



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 73, Malaysian *Executive Chairman*

Mr Ng Chin Heng was appointed as Executive Chairman to the Board on 8 August 2000.

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 2022.

As at 23 September 2022, Mr Ng Chin Heng has direct interests of 5.64% and indirect interests of 41.17% 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 121 and 122 of the Annual Report on related party transactions, he has no conflict of interest with the Company.

NG CHIN SHIN, Male, Aged 63, 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 35 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 2022.

As at 23 September 2022, Mr Ng Chin Shin has direct interests of 4.53% 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 121 and 122 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 63, 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 2022.

As at 23 September 2022, Mr Ng Chin Keuan has direct interests of 4.50% 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 121 and 122 of the Annual Report on related party transactions, he has no conflict of interest with the Company.

JACOB O PANG SU YIN, Male, Aged 55, 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 2022.

As at 23 September 2022, 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 77, 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 2022.

As at 23 September 2022, 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 69, 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, Nomination Committee and Remuneration 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 2022.

As at 23 September 2022, 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
62 years of age, 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.

NG CHIN KOK
65 years of age, 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.

ALICE NG
39 years of age, 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.

LIOW MING YEW
40 years of age, 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.

Key Senior Management (cont'd.)

LAU JOO TING
46 years of age, 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.

NG SAN CHEN
40 years of age, 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 nineteen (19) 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.

KONG WEI KET
46 years of age, 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 SAN YANG
29 years of age, Malaysian, Male

He was first appointed as Director of a subsidiary of the Company on 2 September 2022. He graduated with a Diploma of Mechanical Engineering from Curtin University Australia in 2016 and joined the Company in 2017 as an operations assistant. He has since been actively involved in the commercial and operations of the Company. He is also a key person in the Commercial 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.

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,

As we arrive towards the tail end of the pandemic, the global economy and global oil demand are on their way to a recovery. However, the global economy remains challenging due to the impact of intensifying geopolitical tensions, China's Zero-Covid policy prompted lockdowns implementation, supply chain disruptions and growing inflationary pressures globally. All these headwinds have overshadowed the strong recovery of global oil demand. Nevertheless, underinvestment by oil majors in the last decade has resulted in a tight supply condition worldwide, this will provide a strong support to the recovery of the industry and continue to benefit industry players with strong balance sheet.

FY2022 symbolised an excellent year of performance for Coastal Contracts Bhd and its subsidiaries ("Coastal Group"). During this financial year, Coastal Group has expanded its footprint in the Mexican onshore gas processing sector through its second onshore gas conditioning plant project, the EMC Papan Plant. With the next chapter in this achievement unfolds, the Group is well-positioned for its next phase of growth.

Ng Chin Heng
Executive Chairman

In December 2021, amid recovery of the industry the Group's joint venture company, Coastoil Dynamic S.A. de C.V. secured a mega contract win to construct and operate the EMC Papan Plant project in Mexico worth RM4.5 billion, made possible by our prudent business strategy and conservative financial management policy which provides.

In addition, our existing key profit contributors such as the Jack-up Gas Compression Service Unit ("JUGCSU"), Perdiz onshore gas conditioning plant and liftboat chartering business have continued to generate robust recurring earnings and cashflow for the Group.

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 2022 ("FY2022").

OPERATION HIGHTLIGHTS

Gas Processing Division

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

Through our joint venture company, our first onshore gas conditioning plant, the Perdiz Plant is now in its second year since the first gas production was achieved in July 2021. Since then, the plant has commenced to process gas extracted from the Ixachi field, one of Mexico's largest onshore discoveries. Currently, the plant operates at optimal production capacity.

Our EMC Papan Plant, being the second plant to handle gas extracted from the Ixachi field, is currently under construction. Construction commenced during the third quarter of FY2022. The Plant is expected to achieve its first gas by the second quarter of FY2023. Upon commencement of commercial operation, it will become one of the largest contributors to the Group's bottom line for the next ten years.

Vessel Chartering Division

The liftboat chartering business has contributed significantly to the division since the acquisition of the business was completed in second half of FY2021. During FY2022, the Group successfully secured a long term charter contract extension with higher rate amid strong recovery of upstream activities in the Middle East. The liftboat had achieved fantastic utilisation rate during the year, driven by promising activities in the region.

Chairman's Statement (cont'd.)

OPERATION HIGHTLIGHTS (Cont'd)

Vessel Chartering Division (Cont'd)

Besides that, the growing investments in offshore exploration and production to meet the increasing energy demand is expected to drive the demand for Offshore Support Vessels ("OSV") considerably and foster the strong recovery of the OSV market, both for the demand and charter rate. In line with the recovery, the Group successfully disposed one of its high-end OSVs at a sizeable gain and secured several short term charter contracts during FY2022. The Group is in a good position to monetize its OSV fleet either via disposal or chartering jobs.

Shipbuilding and Ship Repair Division

The division recorded a minimal revenue in FY2022 which was comparable with FY2021. The underperformance of division's revenue was mainly due to lesser ship repairing contract works and there was no delivery of new-built vessels in FY2022.

The Group will strive to minimize the fixed overheads of its shipyards located in Sabah while waiting for local opportunities which anticipated to be emerged in the short to medium terms, driven by good prospect of the sector recovery locally.

REVIEW OF FINANCIAL PERFORMANCE

Revenue and Profitability

On the whole, the Group achieved a greater revenue of RM232.7 million in FY2022, which was increased by RM71.1 million, as compared to RM161.6 million reported in FY2021.

The Gas Processing Division's revenue recorded RM166.7 million in FY2022, RM25.0 million higher than revenue for FY2021 of RM141.7 million. The improvement in revenue was mainly attributed to the income earned from onshore gas conditioning plant project for first half of FY2022.

In the meantime, the Vessel Chartering Division contributed RM64.1 million to the total Group revenue in FY2022, with a sharp increase of RM47.2 million, from RM16.9 million recorded in FY2021. The increase in revenue was mainly due to full-year revenue contribution from the liftboat chartering business throughout FY2022.

The revenue generated from the Shipbuilding and Ship Repair Division for FY2022 decreased slightly by RM1.1 million to RM1.9 million from RM3.0 million in FY2021. The division's revenue for both FY2022 and FY2021 were solely generated from ship repairing contract works.

The Group registered net profit attributable to shareholders of RM180.2 million and RM32.4 million in FY2022 and FY2021 respectively. The substantial increase of RM147.8 million was mainly due to the interest income earned from loans granted to a joint venture and profit shared from the joint venture as well as gain on disposal of an OSV during FY2022.

Consequently, basic earnings per share for FY2022 increased significantly to 34.41 sen compared to 6.17 sen per share in FY2021.

Financial Position

Coastal Group continues to maintain a healthy financial position with a solid shareholders' equity, which has increased to RM1.4 billion in FY2022 from RM1.1 billion in FY2021.

In FY2022, total borrowings increased significantly to RM463.3 million by RM371.0 million from RM92.3 million in FY2021 mainly due to borrowings secured for the construction funding requirement of both onshore gas conditioning plant projects.

On the other hand, liquidity reserves of the Group for FY2022 decreased slightly to RM238.7 million from RM274.7 million in FY2021, as we have deployed part of our reserves for lending to a joint venture in Mexico. The Group's liquidity reserve for FY2022 comprises of short-term investments of RM15.6 million and cash and bank balances of RM223.1 million.

Overall, our financial position remains healthy with a low gearing ratio of 0.34 times and 0.08 times for FY2022 and FY2021 respectively. The low gearing ratio allows us ample room to pursue growth opportunities in the near future.

Chairman's Statement (cont'd.)

PROSPECTS AND GROWTH STRATEGIES

The world is in the midst of experiencing energy shortage due to the strong demand brought about by a recovery in a post pandemic era as well as underinvestment in the industry, and together with the effects of the ongoing geopolitical tension, has led to soaring energy prices, which in turn has resulted in inflation turning into an imminent global issue. The energy transition is widely viewed as a crucial enabler of sustainable developments and climate resilience to promote a cleaner global energy system. However, shortage and slower than expected growth of green energy infrastructures is one of the biggest hurdles in achieving the energy transition goal by year 2050. We believe natural gas, generally perceived as cleaner energy than other fossil fuels, would play an important role during the interim phase of the energy transition.

Following the success of the Perdiz Plant and EMC Papan Plant, our joint venture company has emerged as a PEMEX's contractor with robust project execution capabilities, which will position us as a front runner for the upcoming onshore gas related projects. Through the synergistic relationship with our Mexican partner, the Group aspires to embark on more energy infrastructure projects in future. In line with our sustainability goal and the global climate goal, Coastal Group as an energy infrastructure player, will strive to support and contribute as much as we can in transforming the world into a greener planet.

As stated, the oil and gas sector has been suffering from underinvestment in exploration and production over the years, exacerbated by the disruptions of the pandemic and Russia-Ukraine war. The rapid increase in post-pandemic energy demand following the growing economy activities will further tighten the oil supply. In order to address the imminent global energy security issue, the oil and gas exploration and production activities have been increasing at a rapid pace creating a potential for an increase in demand for OSVs. Management is expecting our Vessel Chartering Division to benefit over the coming years.

In line with our short to medium term growth strategies, we will continue to pursue new business opportunities, mainly within natural gas related infrastructures such as gas conditioning, gas storage and gas transportation which will provide the Group with sustainable recurring income stream. This will further strengthen our financial position and prepare us for a leap to our next transformation phase into a greener energy infrastructure provider.

APPRECIATION TO STAKEHOLDERS

I am proud to announce the recognition in September 2022, by the members of The Edge Malaysia Centurion Club in awarding the Coastal Group the "Highest Returns to Shareholders over Three Years" award in the energy industry category.

I would like to take this opportunity to thank my fellow Board members, management, and all employees for their invaluable dedication, commitment and ongoing support in FY2022.

On behalf of the Board of Directors, I record my appreciation for the steadfast support of our business partners, bankers, customers and suppliers.

Finally, I extend my gratitude to our shareholders for your continued confidence and support. We will continue to reinvent ourselves in today's fast-changing world and continue to create sustainable growth in shareholder value.

Management Discussion and Analysis

BUSINESS OVERVIEW

Coastal Group is a global integrated energy infrastructure and marine services and solutions provider. Its revenues are primarily derived from onshore and offshore gas processing, vessel chartering, shipbuilding and sales of Offshore Support Vessels ("OSV") and marine transportation vessels, as well as ship repair and maintenance services. Coastal Group serves a diverse clientele worldwide, mainly comprises of national and independent oil companies, vessel buyers and charterers around the globe.

The Group operates in three main business divisions:

- Gas Processing;
- Vessel Chartering; and
- Shipbuilding and Ship Repair

Jack-Up Gas Compression Service Unit ("JUGCSU") is the largest contributor to the Group under the Gas Processing 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 sixth year anniversary since Commercial Operation Date was achieved in August 2016.

Apart from the above, the Group has ventured into the onshore gas processing business via its joint venture company, Coastoil Dynamic S.A. de C.V., a company incorporated in Mexico, in the previous financial year. The first project of the joint venture company, the Perdiz Plant, is an onshore gas conditioning plant with gas sweetening capacity of 180 mmscfd. During the current financial year, the joint venture company secured its second project, the EMC Papan Plant capable of providing gas sweetening, dehydration, dew point control and extraction of liquefied petroleum gas services up to 300 mmscfd. Construction of the Plant commenced in January 2022. Both the Perdiz and Papan Plants are responsible to handle associated gas extracted from the Ixachi Field, one of the largest onshore oil fields discovered in Mexico.

Through its Vessel Chartering Division, the Group offers a wide range of solutions to its customers. The Group successfully acquired a jack-up liftboat, Teras Conquest 7 ("TC7") jointly with its Singaporean strategic business partner in 2021. With the acquisition, the liftboat chartering business has emerged as another key revenue and profit contributor to the Group under the Vessel Chartering Division.

The Shipbuilding and Ship Repair Division is made up of two key operations, one being the fabrication and sale of 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.

FINANCIAL HIGHLIGHTS

Gas Processing Division – Overall Financial Performance:

During the financial year ("FY2022"), the Group has identified a new reportable operating segment, namely Gas Processing Division. The new division comprises of onshore gas conditioning projects and chartering of JUGCSU. The financial performance of the JUGCSU chartering business was reported under Vessel Chartering Division in the previous financial year ("FY2021"). Following the change in the composition of the reportable segments, the Group has restated the corresponding segment information for FY2021.

The Gas Processing Division reported a higher revenue of RM166.7 million in FY2022, with an increase of RM25.0 million, as compared to RM141.7 million recorded in FY2021. The increase in revenue was principally due to the contribution from the Perdiz onshore gas sweetening plant in the first half of FY2022. The profit before tax for this division has significantly increased to RM183.7 million in FY2022 as compared to RM98.5 million reported in FY2021. The improvement in profit before tax was principally due to profit shared from the newly established joint venture for onshore gas processing plant projects as well as interest income earned from loans granted to the joint venture in FY2022.

Management Discussion and Analysis (cont'd.)

FINANCIAL HIGHLIGHTS (Cont'd)

Vessel Chartering Division– Overall Financial Performance:

The financial performance of JUGCSU chartering business was reported under Vessel Chartering Division in FY2021 and reclassified to Gas Processing Division in FY2022. Following the change in the composition of the reportable segments, the Group has restated the corresponding segment information for FY2021.

The Vessel Chartering Division's revenue increased by 279.3%, from RM16.9 million in FY2021 to RM64.1 million in FY2022. The increase in revenue was mainly attributable to the full-year revenue contribution from the liftboat chartering business in FY2022. Furthermore, the Group successfully secured several vessel charter contracts during FY2022. In terms of profitability, this division's profit before tax for FY2022 was RM29.8 million, in contrast to the loss before tax of RM14.0 million reported in FY2021, mainly driven by strong profitability for the liftboat chartering business and lucrative gain on disposal of an OSV.

Shipbuilding and Ship Repair Division – Overall Financial Performance:

The revenue for Shipbuilding and Ship Repair Division decreased by RM1.1 million to RM1.9 million in FY2022 from RM3.0 million in FY2021. The division's revenue was mainly generated from ship repairing contract works. This division recorded a profit before tax of RM0.2 million for FY2022, an increase by RM32.8 million as contrasted to loss before tax of RM32.6 million recorded in FY2021. The improvement was mainly attributed to the gain on forex exchange as a result of depreciation of Ringgit Malaysia against USD during FY2022.

Overview of Key Performance Indicators for the Group:

Key Performance Indicators	FYE 30.06.2022	FYE 30.06.2021
Gross profit margin	37.85%	30.96%
Net profit margin	78.91%	20.19%
Gearing ratio	0.34 times	0.08 times
Current ratio	1.99 times	2.48 times
Quick ratio	1.94 times	1.98 times
Inventories turnover	183 days	424 days
Debtors turnover	320 days	335 days
Creditors turnover	348 days	442 days

Gross profit margin and net profit margin

The Group recorded a gross profit margin of 37.85% in FY2022 as compared to gross profit margin of 30.96% in FY2021. The improvement in gross profit margin is primarily due to higher profit contribution from both Vessel Chartering Division and Gas Processing Division during the year. In terms of net margin, the net profit margin of the Group was increased significantly to 78.91% in FY2022 as compared to 20.19% recorded in FY2021 is mainly attributable to profit shared from the newly established joint venture for onshore gas processing plant projects, interest income earned from loans granted to the joint venture as well as lucrative gain on disposal of an OSV.

Gearing ratio

As at end of FY2022, the Group maintained a higher gearing ratio of 0.34 as compared to 0.08 in FY2021. This was mostly due to the borrowings secured for both onshore gas conditioning plant projects during FY2022. 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 current ratio of the Group decreased to 1.99 times in FY2022 from 2.48 times recorded in FY2021. Meanwhile, the Group maintained a lower quick ratio of 1.94 times in FY2022, which has slightly reduced from 1.98 times reported in FY2021. The decrease in liquidity position was mainly attributable to borrowings secured for the onshore gas conditioning plant projects during FY2022.

Management Discussion and Analysis (cont'd.)

FINANCIAL HIGHLIGHTS (Cont'd)

Overview of Key Performance Indicators for the Group: (Cont'd)

Inventories turnover

The Group's inventories turnover declined from 424 days in FY2021 to 183 days in FY2022 due to reclassification of a vessel inventory to property, plant and equipment because this vessel was deployed for chartering business during FY2022.

Debtors turnover

The debtors turnover decreased to 320 days in FY2022 from 335 days in FY2021 primarily due to better collections from our Vessel Chartering Division during FY2022.

Creditors turnover

The creditors turnover declined from 442 days in FY2021 to 348 days in FY2022 mainly due to prompt payments were made to suppliers during the financial year.

Capital Expenditure Requirement:

	FYE 30.06.2022	FYE 30.06.2021
Capital commitment	RM159,664,805	RM38,857,870

The capital commitment as of end of FY2022 was mainly for the construction of the second onshore gas conditioning plant in Mexico through a joint venture company of the Group.

Given the uncertainties on global economic growth, Coastal Group would be more cautious in committing and spending its capital expenditure budget.

Known Trends and Events in the Oil and Gas Sector

The outlook for global oil and gas market has improved since the first half of FY2022. The global oil demand has been on the pace of recovery with no further worsening by the impacts of Omicron variant. The upward trend of the global oil price has been supported by a gradual strengthening of oil demand as the mass Covid-19 vaccination campaigns and the concerted effort of OPEC+ members in the stabilization of the global oil market. In the second half of FY2022, the rising geopolitical tensions between Russia and Ukraine has caused the global oil price to climb over USD100 per barrel as the heightening concern over supply chain disruptions. With the imposition of the sanctions against Russia and counter-sanctions by Russia, the global oil price skyrocketed to more than USD120 per barrel.

Moving forward the oil price is likely to remain volatile, which not only hinges on oil demand and supply but also other factors, including the geopolitical tensions between Russia and the West, Zero-Covid policy implementation in China and energy transition. Further, the pandemic induced global inflation issue has worsened as we see a sharper than expected tightening of monetary policies in advanced economies to rein in inflation. In order to curb the inflation, a deeper than expected recession may be the outcome.

The world is currently grippled with an energy crunch, caused mainly due to the strong demand recovery post pandemic, and the supply chain being significantly affected by the ongoing geopolitical conflicts and the underinvestment of new projects in oil and gas sector in last decade as well as a dearth of alternative energy sources. Thus, the Management believes the global oil and gas market outlook remains favourable for the medium term.

Management Discussion and Analysis (cont'd.)

REVIEW OF OPERATING ACTIVITIES

The JUGCSU marked its sixth year anniversary since achieving its first gas production in August 2016. The JUGCSU has been operating smoothly during FY2022. The unit has contributed substantially to the earnings of the Gas Processing Division for FY2022.

In addition, both the Perdiz and Papan Plants have emerged as significant earnings contributors to the Group via share of profits in joint venture during FY2022. The Perdiz Plant has been operating smoothly and achieved maximum daily processing volume since November 2021. On the other hand, construction of Papan Plant is on-going and is expected to be completed by second quarter of FY2023.

With regards to the Vessel Chartering Division, the Group's newly acquired liftboat, known as TC7, has been operating smoothly and achieved optimum utilisation during the financial year under review. In the meantime, the Group had successfully secured a contract extension for TC7 with a two-years firm contract period and two annual extension options. Further, the Group has disposed one of its high-end OSVs which is consistent with its exit strategy for OSV business. During the year, the Group successfully secured few vessel charter contracts, utilisation of the Group's vessel fleet is slightly better than last year amid recovery of upstream activities.

In FY2022, 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 new-built vessels in FY2022.

SIGNIFICANT BUSINESS RISK

Management has viewed that our significant business risk of the Group is the market risk. Following more than two years of the Covid-19 pandemic mode, the oil and gas market is on its way to a recovery from the impacts of the pandemic. Unfortunately, the intensifying geopolitical tensions between Russia and Ukraine and its effects on commodity market, supply chain and inflation have exacerbated the global recession risk. In addition, the implementation of the strict Covid-19 restrictions in China amid its Zero-Covid policy threaten to suppress China's growth and continuously to set the global economy on a course of slower growth. The global economy is increasingly facing an uncertain outlook due to the headwinds to global growth are expected to increase in the coming years. Such downside scenario could significantly affect oil price and the industry.

In order to mitigate this significant risk, Management will continue with its prudent cash management strategy to build up its war chest via monetisation of the Group's OSV fleet as a buffer to weather the challenging times. In the meantime, Coastal Group will continue to maintain its prudent business strategy to pursue business expansion opportunities and growth objectives by selecting recession-proof projects with solid earnings visibility, such as our gas conditioning plant projects.

PROSPECTS

While the war-induced commodity price increases and lingering supply-demand imbalances have led to the rising global inflation across countries, and further extended the slowdown in global economy, Coastal Group remains cautious to maintain its business operations and financial management in the short to 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.

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

Sustainable Business Operations

Gas Processing Division
Jack-Up Gas Compression Service Unit

The Jack-Up Gas Compression Service Unit ("JUGCSU") is operated at the Cantarell field, Gulf of Mexico, which is one of the largest oil fields in the world. JUGCSU uses state-of-the-art turbo compressors to compress sour natural gas, which is either transported to other processing centres or re-injected into mature fields for enhancement in oil recovery. The compressed gas is commercialised as an alternative useful energy source instead of the traditional method of flaring from which the noxious emissions contribute to environmental pollution.

In addition, the design of the gas compressors is optimised in order to achieve the most desirable energy efficient performance for daily compression needs. The Group frequently assesses the need to change components and parts of the equipment during the operation regime in order to reduce the carbon released to the environment.

Onshore Gas Conditioning Plants

As the world prepares and transitions itself towards Net Zero Carbon goal by 2050, natural gas being the cleanest burning fossil fuel available and more environmentally friendly shall play an important role during the energy transition period.

With the recent significant discovery of gas at the Ixachi field at Veracruz, Mexico, associated gas extracted with its high content of hydrogen sulfide, water and heavy hydrocarbons, would need to undergo a sweetening process in order to be ready for the market. Hence the erection and operation, on a joint venture basis, the Group's first onshore gas conditioning plant, known as the Perdiz Plant. Since the plant achieved its Commercial Operation Date ("COD") in FY2021 until 30 June 2022, approximately 57,000 mmscf of wet sour gas from the Ixachi field which otherwise would have been flared, have been processed, resulting in energy savings of approximately 59,280,000 mmbtu. In addition, the reduction in excess gas flaring has also reduced CO2 emissions at the Ixachi field.

At present the joint venture company is constructing its second onshore gas conditioning plant project known as Papan Plant for the Ixachi field. This is a gas conditioning plant with larger capacity compared to Perdiz with extra gas processing features included production of sweetened gas, dehydration, dew point control and recovery of liquefied petroleum gas and oil condensate. The construction of Papan Plant is expected to be completed soon and is on track to achieve its COD. Both Papan Plant and Perdiz Plant would play a strategic importance role for Ixachi field in the aspects of energy savings and CO2 reduction, as well as supply sustainable, affordable and accessible energy to everyone in Mexico.

Vessel Chartering Division
Offshore Vessels

International Maritime Organization (IMO) is a global standard-setting authority that is responsible to enhance safety, security and environmental performance of international shipping. As climate change becomes a more recognised global environmental issue, the implementation of new regulation, known as IMO 2020, aimed at cleaning up shipping emissions with the setting of a new limit on the sulphur content in ship's fuel oil in order to reduce greenhouse gas emissions.

In line with such international drive and effort, the Group is committed to ensure all offshore vessels in operation are using low sulphur fuels as well as source from suppliers' fuel-efficient marine engines that comply with the nitrogen oxide emission level requirements set by the governing IMO. The Group also maintain vessels periodic inspection with conducting various Aspect and Impact assessment on the offshore vessels in operation to avoid possible cause of pollution.

With the compliance to the IMO regulations, our offshore vessels must possess the required certifications of International Air Pollution Prevention (IAPP) and Engine International Air Pollution Prevention (EIAPP) to safeguard the environment. Likewise, all offshore vessels also possess the International Energy Efficiency Certificates (IEEC) which complies to the minimum requirement set by the convention.

Under CSR-conscious industrial practices, the Group has actively reduced its environmental footprint by using non-toxic and non-polluting tin-free antifouling paints 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.

Sustainability Statement (cont'd.)

ENVIRONMENTAL (Cont'd)

Sustainable Business Operations (Cont'd)

Vessel Chartering Division (Cont'd)
Liftboat

Liftboat is a self-propelled, multi-functional, self-elevating platform-based vessel with a large open deck suitable for carrying equipment, materials, supplies to support various offshore oil and gas installation and maintenance. It is efficiently designed to optimise space and weight in which the energy can be used optimally in all operations on board.

In addition, the liftboat is able to accommodate 150 personnel which in turn reduces the need for additional platforms or accommodation vessels to be operated for a labour intensive offshore project. Being the advantage of capable for self-propelled, it offers greater flexibility allowing the liftboat to move from one location to the other within a specific zone without the need for the tugs. Hence, such circumstances would have added efficiencies and reducing the greenhouse gas emissions to the environment from the use of additional vessels.

Apart from its service capabilities related to the offshore oil and gas industry activities, liftboats are also an alternative solution in the support of offshore wind farm installation and maintenance works. Considering the offshore wind is one of renewable and infinite energy source in the world, it becomes an important role in our future electricity generation in order to tackle climate change and global warming.

The liftboats are increasingly being recognised as more flexible and cost-efficient options in the market with its diverse range of advantages. In view of the above, the Group has been actively looking for offshore windfarm maintenance projects to expand its business areas.

Energy Efficient Practices in Office

The Group 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 191 employees with a male to female ratio of 72 : 28 compared to 194 employees (73: 27) in the previous financial year. Our employees are made up of diverse nationalities for both its domestic and international operations.

Sustainability Statement (cont'd.)

"Donation to Hospice Association of Sandakan"

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

SOCIAL (Cont'd)

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 are 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 distribution of personal protective equipment including face masks, 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.

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) The Hospice Association of Sandakan
ii) Society for the Prevention of Cruelty to Animals Sandakan for its 10th Anniversary Fund Raising
iii) Welfare and Recreation Club of Hospital Duchess of Kent Sandakan 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.

Program of Support to the Community and the Environment ("PACMA")

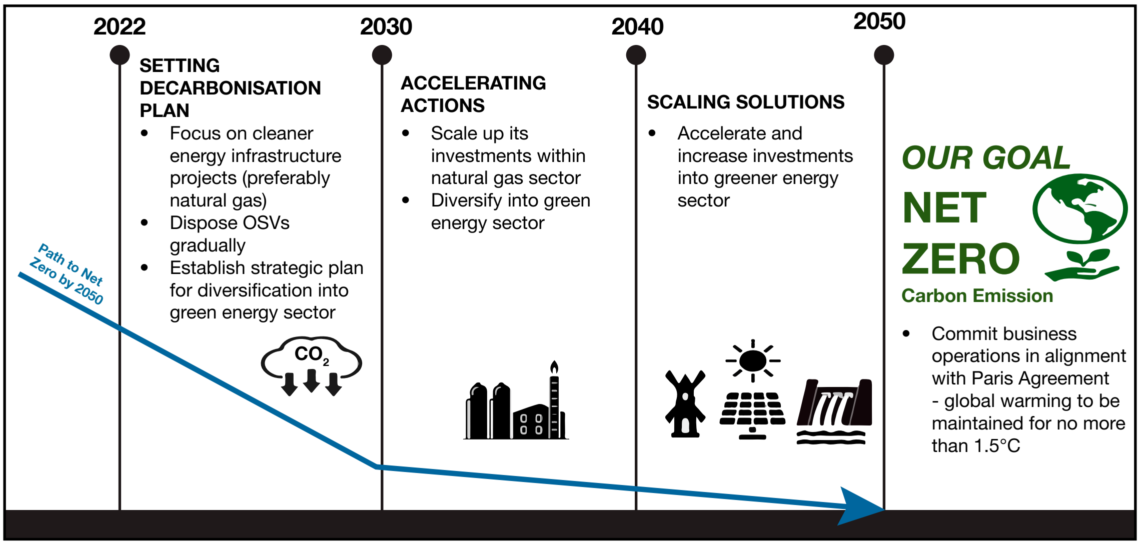
PACMA is a Mexican national oil company, Petróleos Mexicanos ("PEMEX") based corporate social responsibility initiative designed to promote sustainable development and strengthen relations between communities and oil and gas companies. Coastal Group, as a PEMEX contractor, we are responsible to provide financial contribution to PACMA and work alongside our strategic partner, PEMEX in order to give back to the communities located in areas where we operate.

The objective of PACMA is create a group of projects, works or actions, which contribute to obtain and extend the Social License to Operate, fostering human development, generating productive capacities and forging long-term sustainable development projects. PACMA offers support in seven basic areas such as health, safety, infrastructure, equity, environmental protection, education and productive projects.

Through the implementation of PACMA projects, it will build a climate of cooperation and mutual understanding with residents, authorities, institutions and organisations within the areas of influences of PEMEX. In addition, it allows for harnessing the potential of the oil and gas industry to facilitate social development as well as avoiding effects that could conflict with environmental stakeholders.

Sustainability Statement (cont'd.)

OUR SUSTAINABILITY GOALS



Year 2022: Setting Decarbonisation Plan

Since its establishment in 1976, the Coastal Group not stopped in transforming itself towards its sustainability goals. Over the last few decades, Coastal Group has transformed itself from a marine transportation company to a shipbuilder for marine transportation vessels, and thereafter diversified further into "build-then-sell" of Offshore Support Vessels ("OSVs"). As of to date, the Group has successfully transformed itself into an energy infrastructure company.

In order to be aligned with Goal 7 (Affordable and Clean Energy) and Goal 13 (Climate Action) of the United Nations Sustainable Development Goals, the Group's focus shall be on the investments into cleaner energy infrastructure projects, such as natural gas related infrastructure projects which promotes energy savings, reduction of CO2 emissions, deliver widely accessible and affordable energy to everyone.

Other than focusing on cleaner energy as mentioned in the above, the Group intends to dispose its OSVs gradually to further reduce its CO2 emissions footprint.

From now till 2030, the Group shall strive to establish its medium to long term strategic plans for diversification into green energy sector such as solar power plant, windfarm, carbon capture and storage, etc.

Year 2030s: Accelerating Actions

In the light of the natural gas is the most important lower-carbon energy source in the world, Coastal Group will scale up its investments within the natural gas sector, which would continue to provide sustainable recurring earnings for the Group to build up its war chest for next phase of transformation.

During this phase, Coastal Group would be actively pursuing opportunities within the green energy sector. The Group will maintain its prudent business strategy to invest in greener projects with greater sustainability and earnings visibility.

Year 2040s: Scaling Solutions

In line with the United Nations' strong emphasis on the "Net Zero Carbon Emissions", the Group aspires to transform its core business from natural gas sector to greener energy sector. During this phase, the Group would accelerate and increase its investments into greener energy sector.

Year 2050s: Net Zero Carbon Emission

The Group endeavours to maintain its business operation in full compliance with Paris Agreement as well as facilitate positive social and environmental impact in pursuit of overall net zero emissions to achieve a sustainable low carbon future.

Audit Committee Report
For The Financial Year Ended 30 June 2022

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 2021 to 30 June 2022. These meetings were held via Zoom on 28 September 2021, 8 October 2021, 30 November 2021, 28 February 2022 and 26 May 2022. 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 2022 (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 2022 and the audited financial statements of the Company and the Group for the financial year ended 30 June 2022 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 2021 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 2022 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 16 December 2021. The ESOS was approved by shareholders on 16 December 2021 and will be governed by the ESOS By-Laws. During the financial year, the Company has granted 49,024,800 share options under the ESOS. These options expire on 15 December 2026.

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 2022 (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**	**1.7.2021**	**Granted**	**Exercised**	**Forfeited**	**30.6.2022**
16 December 2021	RM0.99	-	49,024,800	(3,997,040)	(92,200)	44,935,560

The options which were forfeited during the financial year were due to resignations and deceased 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 2022 are as follows:

	Number of Options Over Unissued Ordinary Shares			
Name of Directors	**Balance as of 1.7.2021**	**Granted**	**Exercised**	**Balance as of 30.6.2022**
Executive Directors				
Ng Chin Heng	-	3,800,000	-	3,800,000
Ng Chin Shin	-	2,200,000	-	2,200,000
Ng Chin Keuan	-	2,200,000	-	2,200,000
Independent Non-Executive Directors				
Jacob O Pang Su Yin	-	200,000	-	200,000
Loh Thian Sang @ Lo Thian Siang	-	200,000	-	200,000
Tuan Hj. Ir Intizam Bin Ayub	-	200,000	-	200,000

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 2022 are as follows:

	Number of Options Over Unissued Ordinary Shares			
Name of Key Senior Management	**Balance as of 1.7.2021**	**Granted**	**Exercised**	**Balance as of 30.6.2022**
Pang Fong Thau	-	2,200,000	-	2,200.000
Ng Chin Kok	-	2,200,000	-	2,200,000
Alice Ng	-	2,200,000	-	2,200,000
Liow Ming Yew	-	2,200,000	-	2,200,000
Lau Joo Ting	-	2,200,000	-	2,200,000
Ng San Chen	-	2,200,000	-	2,200,000
Kong Wei Ket	-	960,000	-	960,000
Ng San Yang	-	163,800	-	163,800

In accordance with the By-Laws of the Company's ESOS, not more than eighty (80) 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") 2021.

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 42 to 43 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 2021.

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 Separation of roles of Chairman from Board Committees

Mr. Ng Chin Heng, the Executive Chairman relinquished his membership of the Remuneration Committee on 30 August 2022 in compliance with MCCG 2021.

Practice 1.5 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 1.6 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 2021 to 30 June 2022 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.

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)

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 2021 to 30 June 2022, which were held via Zoom on 28 September 2021, 8 October 2021, 30 November 2021, 28 February 2022 and 26 May 2022.

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 11 October 2022.

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.

Practice 4.1 Sustainability Leadership

The Board of Directors oversees the development of the sustainability performance of the organisation. The Board takes into account sustainability considerations when exercising its duties on the implementation and development of the Company's business strategic plans. The senior management and Heads of divisions will give recommendations and convey the material matters related to sustainability identified to the Board.

Practice 4.2 Sustainability Reporting

The Company supports this Practice under the MCCG 2021 and will work with all stakeholders towards its journey to sustainable growth. During the Company's recent investors' briefing, the Company has unveiled its sustainability goals roadmap, which is also disclosed in the Sustainability Statement.

Practice 4.3 Sustainability Training

In order to keep abreast and updated with the latest on sustainability practices, the Board shall proactively attend more sustainability courses and conferences in the near future. The Board may also engage with external consultants to provide guidance to the Board and senior management of the Company on addressing sustainability issues.

Practice 4.4 Sustainability Evaluation

The Company shall include new performance criteria related to Company's material sustainability risks and opportunities when conducting the annual performance evaluation on the Board and senior management.

II. BOARD COMPOSITION

Practice 5.1 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 2021 to 30 June 2022. These meetings were held via Zoom on 8 October 2021 and 26 May 2022. 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%

Corporate Governance Overview Statement (cont'd.)

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

II. BOARD COMPOSITION (Cont'd)

Practice 5.1 Nomination Committee (Cont'd)

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.

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. Based on the assessment, the Nomination Committee is satisfied that the independence of the Board will not be impaired by its current board composition.

Practice 5.2 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. In line with the recommendation of MCCG 2021, half of Coastal's Board of Directors are Independent 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.

Practice 5.3 Tenure of Independent Director

The Board is fully aware of one of the recommendations of MCCG 2021 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.

Practice 5.4 Policy on the tenure of Independent Director

The Board does not have a policy that limits the tenure of Independent Directors to nine (9) years without further extension.

Practice 5.5 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.

Corporate Governance Overview Statement (cont'd.)

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

II. BOARD COMPOSITION (Cont'd)

Practice 5.6 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 5.7 Appointment and Re-election of Directors

Pursuant to Clause No. 100 of the Company's Constitution, an election of Directors shall take place each year and at every AGM of the Company, one-third (1/3) of the Directors for the time being shall retire from office provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. For the FYE 2022, the following Directors who retire by rotation in accordance with Clause No. 100 of the Company's Constitution and being eligible, have offered themselves for such re-election:

(i) Mr Jacob O Pang Su Yin; and
(ii) Mr Loh Thian Sang @ Lo Thian Siang

Shareholders are well-informed by the Company for the appointment or re-election of Directors through the Notice of AGM which is attached as part of the Annual Report. Profiles of Directors are also published in the Annual Report, with information on the age, gender, qualifications, working experience, tenure of service, directorship in other companies, any family relationship or conflict of interest as well as shareholdings in the Company.

Practice 5.8 Nomination Committee Chairman

In line with the recommendation of MCCG 2021, the Nomination Committee is chaired by Jacob O Pang Su Yin, an Independent Director.

Practice 5.9 Women Directors

Coastal's Board does not have any women directors. Although no women have been appointed to the Board of Directors, it does not imply that the Board is not in favour of having a woman as 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.

Practice 5.10 Policy on Gender Diversity

The Board does not have a specific policy on gender diversity. There are no women directors in the Board. However, there are two (2) women in Coastal's key senior management team.

Corporate Governance Overview Statement (cont'd.)

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

II. BOARD COMPOSITION (Cont'd)

Practice 6.1 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.

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 2021 to 30 June 2022, the details of seminars attended by the Directors are as follows:

Name of Director	Seminar
Ng Chin Heng	• Tax & Budget Webinar
Ng Chin Shin	• Tax & Budget Webinar
Ng Chin Keuan	• Tax & Budget Webinar
Jacob O Pang Su Yin	• Audit Oversight Board Conversion with Audit Committee
Loh Thian Sang @ Lo Thian Siang	• Audit Oversight Board Conversion with Audit Committee
Tuan Hj. Ir Intizam Bin Ayub	• Audit Oversight Board Conversion with Audit Committee

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 7.1 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 7.1 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 7.2 Remuneration Committee

The Remuneration Committee comprises the following members:

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

Tuan Hj. Ir Intizam Bin Ayub was appointed as a member of the Remuneration Committee with effect from 30 August 2022 in place of Mr Ng Chin Heng, who has vacated his office as a member of the Remuneration Committee on the same day.

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 8.1 and 8.2 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 2021 to 30 June 2022 are as follows:

From the Company

Directors	Fees & Allowances RM'000	Salaries & Bonuses RM'000	Share Based Payment 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	-	49	-	-	103
Loh Thian Sang @ Lo Thiang Siang	24	-	49	1	-	74
Tuan Hj. Ir Intizam Bin Ayub	24	-	48	-	-	72
Total	**102**	**-**	**146**	**1**	**13**	**262**

From the Group

Directors	Fees & Allowances RM'000	Salaries & Bonuses RM'000	Share Based Payment RM'00	Statutory Contribution RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors						
Ng Chin Heng	-	909	921	12	10	1,852
Ng Chin Shin	-	347	534	14	13	908
Ng Chin Keuan	-	308	534	12	-	854
Total	**-**	**1,564**	**1,989**	**38**	**23**	**3,614**

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.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Practice 9.1 Audit Committee Chairman
Practice 9.4 (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 for the financial year are set out on pages 27 to 29.

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

Practice 9.2 and 9.3 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 9.5 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.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Practice 10.1 and 10.2 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 42 to 43 of this Annual Report.

Corporate Governance Overview Statement (cont'd.)

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

Practice 11.1 and 11.2 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

Practice 12.1 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. Apart from that, the Company also took part in briefing sessions with analysts. In order to further enhance its effective communication with stakeholders, Coastal has appointed an Investor Relations firm under the Bursa Malaysia – Investors Relations and Public Relations Incentive Program.

Practice 12.2 Integrated Reporting

The Group has yet to adopt integrated reporting as it does not fall within the definition of Large Companies.

Practice 13.1 Notice of General Meeting

The notice of general meetings has been sent out to shareholders in line with the minimum notice period of 21 days as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In addition, the notices will also 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 13.2 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 13.3 Electronic Voting

In line with Practice 13.3 of the MCCG 2021 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.

Corporate Governance Overview Statement (cont'd.)

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

Practice 13.4 Interaction between Company and its Shareholders

The Company's general meeting 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.

Practice 13.5 Conduct of Virtual Meeting

In line with Practice 13.5 of the MCCG 2021, the Board had assessed the need to conduct virtual meeting and of the opinion that the conduct of virtual meeting is not necessary. However, the Board shall consider adopting such recommendation when there are large number of shareholders or meetings held in remote locations.

Practice 13.6 Circulation of Minutes of General Meeting

In line with Practice 13.6 of the MCCG 2021, the Board shall ensure that the Company shall post each general meeting's outcome on its website within 30 business days after the completion of the general meeting.

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE

This statement is prepared in compliance with Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and it is to be read together with the Corporate Governance Report 2022 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 11 October 2022.

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 2022. This statement has been prepared in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Paragraph 15.26(b), and in compliance with Malaysian Code on Corporate Governance 2021.

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.

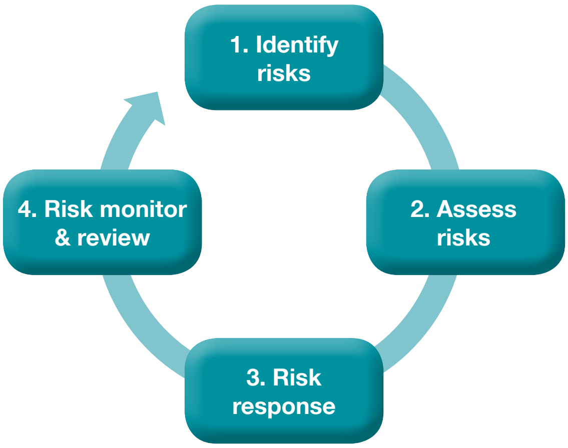
The Board confirms that there is an ongoing process for identifying, assessing and managing the principal risks faced by the Group, which is in accordance with the guidance as contained in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers". This process 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 is 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 have 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 have 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 2022 was RM40,000.

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 2022. 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this statement for inclusion in the Annual Report 2022. Their review has been 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 11 October 2022.

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 2022 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	45,000	61,586
Subsidiaries	294,229	47,815
	339,229	109,401

- **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 121 and 122.

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 the 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 11 October 2022.

Financial Statements

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

Principal Activities

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

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

Results

	Group RM	Company RM
Profit net of tax	183,625,223	127,274,930
Attributable to:		
Owners of the Company	180,195,670	127,274,930
Non-controlling interests	3,429,553	-
	183,625,223	127,274,930

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

Directors' Report (cont'd.)

Directors (Cont'd)

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
Ng San Yang

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 Company during the financial year are as follows:

	Group RM	Company RM
Fees	102,000	102,000
Salaries, wages and bonuses	1,563,485	-
Defined contribution plan	39,168	960
Share-based payment expenses	2,134,000	145,500
	3,838,653	248,460

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 respectively.

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 RM19,991.

Directors' Report (cont'd.)

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	**1.7.2021**	**Acquired**	**Sold**	**30.6.2022**
Direct Interests:				
Ng Chin Heng	28,857,100	649,600	-	29,506,700
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	**1.7.2021**	**Granted**	**Exercised**	**30.6.2022**
Ng Chin Heng	-	3,800,000	-	3,800,000
Ng Chin Shin	-	2,200,000	-	2,200,000
Ng Chin Keuan	-	2,200,000	-	2,200,000
Jacob O Pang Su Yin	-	200,000	-	200,000
Loh Thian Sang @ Lo Thian Siang	-	200,000	-	200,000
Intizam Bin Ayub	-	200,000	-	200,000

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, the Company increased its issued and paid-up share capital from RM307,049,826 to RM311,976,178 by way of the issuance of 3,997,040 new ordinary shares from the exercise of options under the Company's Employees' Share Option Scheme at the exercise price of RM0.99 per ordinary share.

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

The Company did not issue any debentures during the financial year.

Treasury Shares

During the financial year, the Company repurchased 829,000 of its issued ordinary shares from the open market at an average price of approximately RM0.76 per share. The total consideration paid for the repurchase including transaction costs was RM635,935. 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 2022, the Company held as treasury shares a total of 12,801,500 of its 539,347,071 issued and fully paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM13,336,455 and further relevant details are disclosed in Note 30 to the financial statements.

Directors' Report (cont'd.)

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 16 December 2021. The ESOS is to be in force for a period of 5 years effective from 16 December 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.

(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.

Directors' Report (cont'd.)

Subsidiaries

The details of the Group's subsidiaries are disclosed in Note 14 to the financial statements.

Significant Event During The Financial Year

The significant event of the Group and of the Company during the financial year is 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 21 October 2022.

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 57 to 145 give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 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 21 October 2022.

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 57 to 145 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 21 October 2022.

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 2022 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 57 to 145.

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 2022, 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.

Impairment Assessment on 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. The Group assessed at each reporting date whether the trade receivables carried at amortised cost are credit-impaired. The Group have applied simplified method to determine the allowance for impairment of trade receivables. The expected credit loss model involves the use of various assumptions, economic factors and historical credit behaviour of trade receivables. There is significant degree of Management estimation and judgement involved in the calculation of expected credit loss, risk of default and the inherent uncertainties during the estimation process.	Our procedures included, amongst others: ▪ Challenging the reasonableness of the key assumptions and judgements used to calculate the likelihood of default and estimation on the adequacy of the Group's expected credit loss allowance on trade receivables. ▪ Reviewing the recoverability of major receivables including but not limited to the review of subsequent collections. ▪ Reviewing the ageing of trade receivables. ▪ Reviewing collections and sales trends during the financial year of major 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. Included in inventories are unsold vessels with carrying amounts of RM13.1 million as at the end of the reporting period. The Group assessed at each reporting date whether the inventories are carried at the lower of costs and net realisable value. The net realisable value of the unsold vessels was 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 in the assessment of net realisable value of the unsold vessels. Possible changes in judgements and related estimates of the unsold vessels' net realisable value could result in material adjustments to the inventories carrying amounts.	Our procedures included, amongst others: ▪ Reviewing whether inventories are carried at the lower of costs and net realisable value. ▪ Evaluating the qualification, competence and independence of the external expert valuer and reviewing the terms of engagement of the expert appointed by the Group to determine whether there were any matters that might have affected their objectivity. ▪ Assessing the methodology adopted by management and its appointed expert valuer in calculating the fair market value of the unsold vessels. ▪ Reviewing the reasonableness and validating the assumptions used by management and its appointed expert valuer in arriving at the vessel valuation. ▪ Checking the accuracy and relevance of the input data provided by Management to the external expert valuer. ▪ Assessing the adequacy for inventory writedown.

Investment in a Joint Venture
Refer to Note 15(b) to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
The Group's 100% interest in the investment of a significant joint venture for the financial year is accounted for under the equity method. The Group's share of profit after taxation and net assets of the joint venture was RM51.5 million and RM93.8 million respectively. In the context of our audit of the Group's consolidated financial statements, the key audit matters relating to the Group's share of profit after taxation and net assets of the joint venture are as follows: (i) Revenue recognition Given the significant risk involved when auditing revenue, we have reviewed the component auditor's working papers to ensure sufficient audit procedures had been performed, and the joint venture's revenue recognition policy was consistent with the accounting standards and has been applied consistently. (ii) Impairment assessment of trade receivables The assessment on impairment of trade receivables involves significant management estimation and judgement in the calculation of expected credit loss, risk of default and the inherent uncertainties during the estimation process.	We have communicated with the joint venture's component auditor and discussed their identified audit risk areas. The audited financial information of the component auditor is used as evidence in the Group audit. The procedures included, amongst others: ▪ Evaluating the competence and independence of the component auditor of the joint venture. ▪ Determining and communicating the audit risk areas in the context of the Group's consolidated financial statements to the component auditor of the joint venture. ▪ Reviewing the working papers of the component auditor of the joint venture. ▪ Determining adequacy of the work performed to address the audit risk areas identified in the context of the Group's consolidated financial statements.

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

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.

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.

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 (Cont'd)

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: (Cont'd)

- 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.

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 14 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
02271/10/2023 J
Chartered Accountant

Kuala Lumpur

21 October 2022

Statements of Profit or Loss
For the Financial Year Ended 30 June 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue	4	232,698,554	161,571,425	129,730,335	56,235,200
Cost of sales		(144,613,981)	(111,542,265)	-	-
Gross profit		88,084,573	50,029,160	129,730,335	56,235,200
Other items of income					
Interest income	5	27,181,200	3,181,817	15,210,421	512,083
Other income	6	98,887,686	40,039,630	18,526,446	4,331,320
Reversal of impairment loss on receivables	8	-	-	12,841,194	-
Other items of expenses					
Marketing and distribution		(386,316)	(113,306)	-	-
Administrative expenses		(30,242,787)	(17,333,303)	(2,916,622)	(1,312,925)
Finance costs	7	(15,174,927)	(6,586,563)	(6,548,465)	(235)
Other expenses		(4,574,602)	(16,758,207)	(35,955,923)	(40,100,356)
Net impairment loss on receivables	8	(1,557,506)	(555,318)	-	(85,734,813)
Share of profit of joint venture, net of tax		51,485,391	-	-	-
Profit/(Loss) before tax	9	213,702,712	51,903,910	130,887,386	(66,069,726)
Income tax expense	12	(30,077,489)	(19,283,475)	(3,612,456)	(38,740)
Profit/(Loss) net of tax		183,625,223	32,620,435	127,274,930	(66,108,466)
Profit/(Loss) attributable to:					
Owners of the Company		180,195,670	32,375,524	127,274,930	(66,108,466)
Non-controlling interests		3,429,553	244,911	-	-
		183,625,223	32,620,435	127,274,930	(66,108,466)
Earnings per share attributable to owners of the Company (sen):					
Basic	13	34.41	6.17		
Diluted	13	33.93	6.17		

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 2022

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Profit/(Loss) net of tax	183,625,223	32,620,435	127,274,930	(66,108,466)
Other comprehensive income/(loss):				
Other comprehensive income/(loss) will be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	48,661,820	(12,114,381)	-	-
Share of other comprehensive income of joint venture	6,551,860	-	-	-
Cash flow hedges	25,885	(141,727)	-	-
Net other comprehensive income/(loss) will be reclassified to profit or loss in subsequent periods	55,239,565	(12,256,108)	-	-
Total comprehensive income/(loss) for the year	238,864,788	20,364,327	127,274,930	(66,108,466)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	235,228,012	20,095,573	127,274,930	(66,108,466)
Non-controlling interests	3,636,776	268,754	-	-
	238,864,788	20,364,327	127,274,930	(66,108,466)

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

Consolidated Statement of Financial Position
As at 30 June 2022

	Note	2022 RM	2021 RM
ASSETS			
NON-CURRENT ASSETS			
Investments in joint ventures	15	95,595,044	-
Property, plant and equipment	16	714,619,101	774,349,711
Right-of-use assets	17	7,739,481	8,867,949
Investment properties	18	3,239,959	3,321,983
Investment securities	19	11,957,574	12,124,337
Trade receivables	21	125,904,097	-
		959,055,256	798,663,980
CURRENT ASSETS			
Inventories	20	25,017,154	120,310,703
Trade and other receivables	21	789,138,097	200,996,163
Contract assets	22	212,073	1,232,557
Short-term investments	23	15,553,665	111,038,412
Tax recoverable		252,746	237,095
Cash and bank balances	24	223,114,308	163,702,961
		1,053,288,043	597,517,891
TOTAL ASSETS		2,012,343,299	1,396,181,871
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Loans and borrowings	25	343,766,399	43,419,317
Lease liabilities	26	571,051	1,012,450
Trade and other payables	27	182,391,711	192,793,154
Income tax payable		2,850,396	3,977,955
Derivative liabilities	28	-	26,074
		529,579,557	241,228,950
NET CURRENT ASSETS		523,708,486	356,288,941

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

Consolidated Statement of Financial Position
As at 30 June 2022 (cont'd.)

	Note	2022 RM	2021 RM
NON-CURRENT LIABILITIES			
Loans and borrowings	25	119,520,738	48,862,404
Lease liabilities	26	183,305	712,037
Deferred tax liabilities	29	4,196,028	589,246
		123,900,071	50,163,687
TOTAL LIABILITIES		653,479,628	291,392,637
NET ASSETS		1,358,863,671	1,104,789,234
EQUITY			
Share capital	30	311,976,178	307,049,826
Treasury shares	30	(13,336,455)	(12,700,520)
Other reserves	31	332,072,393	266,143,178
Retained earnings		723,459,390	543,241,361
Equity attributable to owners of the Company		1,354,171,506	1,103,733,845
Non-controlling interests		4,692,165	1,055,389
TOTAL EQUITY		1,358,863,671	1,104,789,234
TOTAL EQUITY AND LIABILITIES		2,012,343,299	1,396,181,871

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

Statement of Financial Position
As at 30 June 2022

	Note	2022 RM	2021 RM
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	14	752,567,763	465,535,685
Investments in joint ventures	15	5,440	-
Property, plant and equipment	16	28,480	38,073
Right-of-use assets	17	8,663	2,883
Investment securities	19	7,121,721	7,812,120
Other receivables	21	167,265,707	-
		926,997,774	473,388,761
CURRENT ASSETS			
Other receivables	21	379,805,771	357,505,380
Short-term investments	23	10,914,681	97,405,700
Tax recoverable		-	23,076
Cash and bank balances	24	158,628,075	44,557,850
		549,348,527	499,492,006
TOTAL ASSETS		1,476,346,301	972,880,767
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Loans and borrowings	25	315,851,498	-
Lease liabilities	26	5,775	2,967
Other payables	27	724,291	173,538
Income tax payable		11,693	-
		316,593,257	176,505
NET CURRENT ASSETS		232,755,270	499,315,501
NON-CURRENT LIABILITIES			
Loans and borrowings	25	41,008,268	-
Lease liabilities	26	2,968	-
Other payables	27	1,992	7,449
Deferred tax liabilities	29	3,564,462	6,038
		44,577,690	13,487
TOTAL LIABILITIES		361,170,947	189,992
NET ASSETS		1,115,175,354	972,690,775
EQUITY			
Share capital	30	311,976,178	307,049,826
Treasury shares	30	(13,336,455)	(12,700,520)
Other reserves	31	10,896,873	-
Retained earnings	32	805,638,758	678,341,469
TOTAL EQUITY		1,115,175,354	972,690,775
TOTAL EQUITY AND LIABILITIES		1,476,346,301	972,880,767

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 2022

	Note	Attributable to Owners of the Company						
		Share Capital RM	Treasury Shares RM	Other Reserves RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Equity, Total RM
Group								
2022								
Opening balance at 1 July 2021		307,049,826	(12,700,520)	266,143,178	543,241,361	1,103,733,845	1,055,389	1,104,789,234
Foreign currency translation differences for foreign operations		-	-	48,454,597	-	48,454,597	207,223	48,661,820
Share of other comprehensive income of joint venture		-	-	6,551,860	-	6,551,860	-	6,551,860
Cash flow hedges		-	-	25,885	-	25,885	-	25,885
Total other comprehensive income		-	-	55,032,342	-	55,032,342	207,223	55,239,565
Profit for the year		-	-	-	180,195,670	180,195,670	3,429,553	183,625,223
Total comprehensive income		-	-	55,032,342	180,195,670	235,228,012	3,636,776	238,864,788
Transactions with owners:								
Purchase of treasury shares	30	-	(635,935)	-	-	(635,935)	-	(635,935)
Share options:								
- share-based payment expenses	31	-	-	11,888,514	-	11,888,514	-	11,888,514
- value of options forfeited	31	-	-	(22,359)	22,359	-	-	-
- share options exercised		4,926,352	-	(969,282)	-	3,957,070	-	3,957,070
Total transactions with owners		4,926,352	(635,935)	10,896,873	22,359	15,209,649	-	15,209,649
Closing balance at 30 June 2022		311,976,178	(13,336,455)	332,072,393	723,459,390	1,354,171,506	4,692,165	1,358,863,671

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 2022 (cont'd.)

	Note	← Attributable to Owners of the Company				→		
		Share Capital RM	Treasury Shares RM	Other Reserves RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Equity, Total 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 2022 (cont'd.)

	Note	Share Capital RM	Treasury Shares RM	Share Option Reserve RM	Retained Earnings RM	Equity, Total RM
Company						
2022						
Opening balance at 1 July 2021		307,049,826	(12,700,520)	-	678,341,469	972,690,775
Profit for the year		-	-	-	127,274,930	127,274,930
Transactions with owners:						
Purchase of treasury shares	30	-	(635,935)	-	-	(635,935)
Share options:						
- share-based payment expenses	31	-	-	11,888,514	-	11,888,514
- value of options forfeited	31	-	-	(22,359)	22,359	-
- share options exercised		4,926,352	-	(969,282)	-	3,957,070
Total transactions with owners		4,926,352	(635,935)	10,896,873	22,359	15,209,649
Closing balance at 30 June 2022		311,976,178	(13,336,455)	10,896,873	805,638,758	1,115,175,354
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

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 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Operating Activities					
Profit/(Loss) before tax		213,702,712	51,903,910	130,887,386	(66,069,726)
Adjustments for:					
Dividend income	4	-	-	(129,730,335)	(56,235,200)
Interest income	5	(27,181,200)	(3,181,817)	(15,210,421)	(512,083)
Fair value gain on short-term investments	6	(23,102)	(1,098,185)	-	(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	(33,234,770)	(54,275)	-	-
Gain on lease modification	6	-	(1,079)	-	-
Income from investments	6	(1,614,183)	(2,865,925)	(1,220,361)	(2,495,792)
Premium income arising from guarantee contracts issued	6	-	-	(8,757)	(11,892)
Reversal of inventories written down	6	(1,755,497)	(1,643)	-	-
Reversal of impairment loss on plant and equipment	6	(6,920,126)	-	-	-
Amortisation of transaction costs capitalised	7	1,459,682	-	1,449,809	-
Interest expense	7	4,309,911	6,586,563	1,691,359	235
Net impairment loss/(reversal of impairment loss) on receivables	8	1,557,506	555,318	(12,841,194)	85,734,813
Depreciation of investment properties	9	82,024	82,025	-	-
Depreciation of property, plant and equipment	9	94,334,522	82,980,627	19,718	19,575
Depreciation of right-of-use assets	9	1,215,274	1,194,182	5,771	5,767
Fair value loss on investment securities	9	1,005,502	716,290	983,851	716,290
Fair value loss on short-term investments	9	146,246	-	137,857	-
Impairment loss on investment in subsidiaries	9	-	-	34,834,215	27,232,798
Inventories written off	9	-	599	-	-
Inventories written down	9	31,566	-	-	-
Plant and equipment written off	9	958	313,920	-	-
Prepayment written off	9	-	412,540	-	-
Share of profit of joint venture		(51,485,391)	-	-	-
Share-based payment expenses		11,888,514	-	632,391	-
Net unrealised (gain)/loss on foreign exchange		(7,840,446)	5,052,254	(8,329,042)	5,232,265
Total adjustments		(14,023,010)	89,797,139	(127,585,139)	57,897,724
Operating cash flows before changes in working capital		199,679,702	141,701,049	3,302,247	(8,172,002)
Changes in working capital					
Net change in accounts with subsidiaries		-	-	191,806,232	(259,778,075)
(Increase)/Decrease in inventories		(1,575,604)	14,777,347	-	-
(Increase)/Decrease in receivables		(121,115,584)	(25,158,128)	(890,661)	5,977,212
Decrease/(Increase) in contract assets		1,020,484	(1,232,557)	-	-
Increase in payables		28,935,359	6,754,856	421,287	1,017
Total changes in working capital		(92,735,345)	(4,858,482)	191,336,858	(253,799,846)
Cash flows from/(used in) operations		106,944,357	136,842,567	194,639,105	(261,971,848)
Interest paid	24(b)	(4,178,112)	(4,909,756)	(1,568,453)	(235)
Income tax paid		(21,355,961)	(17,352,309)	(19,263)	(35,735)
Net cash flows from/(used in) operating activities		81,410,284	114,580,502	193,051,389	(262,007,818)

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 2022 (cont'd.)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Investing Activities					
Addition to right-of-use assets		-	(160,813)	-	-
Additional investment in existing subsidiaries		-	-	(310,615,610)	(148,862)
Cash flows for loss of control in a subsidiary		(10,616,079)	-	-	-
Income received from investments		1,614,183	2,865,925	1,220,361	2,495,792
Interest received		17,810,323	4,907,544	376,507	939,352
Investment in a joint venture		(26,088,097)	-	-	-
Loans to a joint venture		(532,509,191)	-	-	-
Loans to a subsidiary		-	-	(339,489,907)	-
Net dividend received		-	-	129,730,335	56,235,200
Net proceeds from disposal of short-term investments		95,361,603	149,753,004	86,353,162	151,586,796
Net purchase of investment securities		(584,973)	(9,916,986)	(39,686)	(7,683,253)
Proceeds from disposal of plant and equipment		115,104,430	54,388	-	-
Purchase of property, plant and equipment	16	(36,166,521)	(177,025,738)	(10,125)	(3,480)
Net cash flows (used in)/from investing activities		(376,074,322)	(29,522,676)	(432,474,963)	203,421,545
Financing Activities					
Purchase of treasury shares		(635,935)	(2,301,061)	(635,935)	(2,301,061)
Proceeds from issuance of shares to non-controlling interests		-	809,260	-	-
Proceeds from exercise of ESOS		3,957,070	-	3,957,070	-
Proceeds from drawdown of loans	24(b)	427,363,861	3,286,771	353,639,215	-
Repayment of loans	24(b)	(73,151,967)	(180,034,495)	(7,920,563)	-
Repayment of lease liabilities	24(b)	(1,053,158)	(1,041,469)	(5,775)	(5,765)
Net cash flows from/(used in) financing activities		356,479,871	(179,280,994)	349,034,012	(2,306,826)
Net increase/(decrease) in cash and cash equivalents		61,815,833	(94,223,168)	109,610,438	(60,893,099)
Effect of foreign exchange rate changes		(2,404,486)	(5,866,621)	4,459,787	165,734
Cash and cash equivalents at beginning of year		163,702,961	263,792,750	44,557,850	105,285,215
Cash and cash equivalents at end of year	24(a)	223,114,308	163,702,961	158,628,075	44,557,850

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 2022

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

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (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 2021, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 July 2021.

Description

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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

2.3 Standards Issued But Not Yet Effective

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

Description	**Effective for annual periods beginning on or after**
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 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
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

2.3 Standards Issued But Not Yet Effective (Cont'd)

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. (Cont'd)

Description	Effective for annual periods beginning on or after
MFRSs and/or IC Interpretations (Including The Consequential Amendments) (Cont'd)	
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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

2.4 Basis of Consolidation (Cont'd)

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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

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.

(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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

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.

(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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

2.10 Financial Instruments (Cont'd)

(a) Financial assets (Cont'd)

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 2022 (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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

2.10 Financial Instruments (Cont'd)

(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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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 (Cont'd)

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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

2.15 Impairment (Cont'd)

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

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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

2.18 Employee Benefits (Cont'd)

(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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

2.19 Leases (Cont'd)

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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

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) Chartering services

The service element of the Group's 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.

(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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

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.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

2.23 Income Taxes (Cont'd)

(b) Deferred tax (Cont'd)

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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

2.27 Joint Arrangement (Cont'd)

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.

3. Significant Accounting Judgements and Estimates

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

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying 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 16 to the financial statements.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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)

(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. 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 and volatility in markets in which the Group operates.

(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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

Critical Judgements Made in Applying Accounting Policies (Cont'd)

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. (Cont'd)

(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.

4. Revenue

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Revenue recognised at a point in time:				
- Dividend income	-	-	129,730,335	56,235,200
Revenue recognised over time:				
- Gas conditioning income	21,423,596	-	-	-
- Offshore asset chartering income	145,331,218	141,735,394	-	-
- Vessel repairs and service income	1,857,075	2,947,232	-	-
- Vessel chartering income	64,086,665	16,888,799	-	-
	232,698,554	161,571,425	129,730,335	56,235,200

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

5. Interest Income

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Interest income from:				
- Short-term deposits	133,289	188,871	96,055	55,097
- Loans and receivables	27,047,911	2,992,946	15,114,366	456,986
	27,181,200	3,181,817	15,210,421	512,083

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

6. Other Income

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Commission income	13,053	11,184	13,053	11,184
COVID-19-related rent concessions	265	529	-	-
Fair value gain:				
- short-term investments	23,102	1,098,185	-	1,035,369
- investment securities	-	121,372	-	-
Forfeiture of deposits	-	1,027,225	-	-
Gain on disposal:				
- investment securities	-	772,883	-	753,683
- plant and equipment	33,234,770	54,275	-	-
Gain on foreign exchange:				
- realised	10,694,375	379,309	8,951,478	-
- unrealised	9,080,486	1,162,057	8,329,042	-
Gain on lease modification	-	1,079	-	-
Income from investments	1,614,183	2,865,925	1,220,361	2,495,792
Insurance claim receipt	594,186	-	-	-
Late payment penalty and administrative charges	21,235,243	30,122,948	-	-
Lease income:				
- rental income from investment properties	243,394	216,429	-	-
- plant and equipment	5,002,713	-	-	-
- right-of-use asset	4,560	4,360	-	-
Premium income arising from guarantee contracts issued	-	-	8,757	11,892
Reversal of impairment loss on plant and equipment	6,920,126	-	-	-
Reversal of inventories written down	1,755,497	1,643	-	-
Service fee income	1,238,631	-	-	-
Sundry income	7,233,102	2,200,227	3,755	23,400
	98,887,686	40,039,630	18,526,446	4,331,320

7. Finance Costs

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Interest expense on:				
- Loans and borrowings	4,273,911	6,539,686	1,691,134	-
- Lease liabilities	36,000	46,877	225	235
	4,309,911	6,586,563	1,691,359	235
Amortisation of transaction costs capitalised	1,459,682	-	1,449,809	-
Bank facility fees	9,405,334	-	3,407,297	-
	15,174,927	6,586,563	6,548,465	235

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022 (cont'd.)

8. Net Impairment Loss/(Reversal of Impairment Loss) on Receivables

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Impairment loss during the financial year	3,454,798	4,420,270	-	87,516,253
Reversal of impairment loss	(1,897,292)	(3,864,952)	(12,841,194)	(1,781,440)
	1,557,506	555,318	(12,841,194)	85,734,813

9. Profit/(Loss) before Tax

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

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Employee benefits expenses (Note 10)	19,088,321	11,687,455	1,228,329	684,639
Auditors' remuneration:				
- statutory audits				
- current year	339,229	318,318	45,000	42,500
- underprovision in prior years	8,860	3,870	-	-
- other services	109,401	110,517	61,586	69,642
Depreciation:				
- property, plant and equipment (Note 16)	94,334,522	82,980,627	19,718	19,575
- right-of-use assets (Note 17)	1,215,274	1,194,182	5,771	5,767
- investment properties (Note 18)	82,024	82,025	-	-
Direct operating expenses on investment properties	27,525	19,458	-	-
Directors' remuneration: (Note 11)				
- Directors of the Company	3,838,653	1,646,953	248,460	102,960
- Directors of subsidiaries	6,877,004	3,506,918	-	-
Equipment hire	-	46,865	-	-
Fair value loss:				
- investment securities	1,005,502	716,290	983,851	716,290
- short-term investments	146,246	-	137,857	-
Impairment loss on investment in subsidiaries	-	-	34,834,215	27,232,798
Inventories written off	-	599	-	-
Inventories written down	31,566	-	-	-
Loss on foreign exchange:				
- realised	2,082,504	8,998,257	-	6,919,003
- unrealised	1,240,040	6,214,311	-	5,232,265
Plant and equipment written off	958	313,920	-	-
Prepayment written off	-	412,540	-	-
Rental expenses	11,102	2,075	-	-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022 (cont'd.)

10. Employee Benefits Expenses

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Salaries, wages and bonuses	11,252,099	10,652,252	655,200	604,608
Contributions to defined contribution plan	1,039,176	961,355	80,392	74,185
Contributions to employment insurance system	5,819	5,846	570	570
Social security contributions	67,962	68,002	5,276	5,276
Share-based payment expenses	6,723,265	-	486,891	-
	19,088,321	11,687,455	1,228,329	684,639

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	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Directors of the Company				
Executive:				
Salaries and other emoluments	1,601,693	1,543,993	-	-
Share-based payment expenses	1,988,500	-	-	-
	3,590,193	1,543,993	-	-
Non-Executive:				
Fees and allowances	102,960	102,960	102,960	102,960
Share-based payment expenses	145,500	-	145,500	-
	248,460	102,960	248,460	102,960
	3,838,653	1,646,953	248,460	102,960
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	3,845,754	3,506,918	-	-
Share-based payment expenses	3,031,250	-	-	-
	6,877,004	3,506,918	-	-

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 (2021: RM36,550 and RM13,325) respectively.

The estimated monetary value of benefits-in-kind provided by the Group to the Directors of the subsidiaries were RM38,216 (2021: RM40,997).

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022 (cont'd.)

12. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the year ended 30 June 2022 and 30 June 2021 are as follows:

	Group		Company	
	2022 **RM**	**2021** **RM**	**2022** **RM**	**2021** **RM**
Statements of profit or loss:				
Current tax:				
- Malaysian tax	46,301	17,417	45,540	17,417
- Labuan offshore business activity	249,619	-	-	-
- Foreign tax	26,184,031	18,259,934	17,736	20,159
	26,479,951	18,277,351	63,276	37,576
(Over)/Underprovision in prior years:				
- Malaysian tax	(9,244)	10,878	(9,244)	1,794
- Foreign tax	-	1,017,733	-	-
	(9,244)	1,028,611	(9,244)	1,794
	26,470,707	19,305,962	54,032	39,370
Deferred income tax (Note 29):				
- Origination and reversal of temporary differences	3,606,635	(22,753)	3,558,277	(896)
- Underprovision in prior years	147	266	147	266
	3,606,782	(22,487)	3,558,424	(630)
Income tax expense recognised in profit or loss	30,077,489	19,283,475	3,612,456	38,740

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 2022 and 30 June 2021 are as follows:

	Group		Company	
	2022 **RM**	**2021** **RM**	**2022** **RM**	**2021** **RM**
Profit/(Loss) before tax	213,702,712	51,903,910	130,887,386	(66,069,726)
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	51,288,651	12,456,938	31,412,973	(15,856,734)
Adjustments:				
Non-deductible expenses	3,543,862	3,525,836	10,916,558	30,966,727
Income not subject to taxation	(4,597,680)	(1,714,094)	(38,707,978)	(15,073,313)
Effect of different tax rates in Labuan	2,469,704	4,288,341	-	-
Effect of different tax rates in other jurisdictions	(23,707,723)	(2,198,961)	-	-
Deferred tax assets not recognised	1,089,772	1,896,538	-	-
(Over)/Underprovision in prior years:				
- current tax	(9,244)	1,028,611	(9,244)	1,794
- deferred tax	147	266	147	266
Income tax expense recognised in profit or loss	30,077,489	19,283,475	3,612,456	38,740

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

12. Income Tax Expense (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 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 Per Share

Basic earnings per share are calculated by dividing profit 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 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 and share data used in the computation of basic and diluted earnings per share for the financial year ended 30 June 2022 and 30 June 2021:

	Group	
	2022 RM	**2021 RM**
Profit net of tax attributable to owners of the Company used in the computation of basic and diluted earnings per share	180,195,670	32,375,524
	2022 Number of shares	**2021 Number of shares**
Weighted average number of ordinary shares for basic earnings per share computations*	523,715,631	524,550,980
Effects of dilution:		
- Share options	7,430,839	-
Weighted average number of ordinary shares for diluted earnings per share computations*	531,146,470	524,550,980
Basic earnings per ordinary share (sen)	34.41	6.17
Diluted earnings per ordinary share (sen)	33.93	6.17

* 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 last reporting date, the Company had not issued any dilutive potential ordinary shares and hence, the diluted earnings per share was equal to the basic earnings per share.

14. Investments in Subsidiaries

	Company	
	2022 RM	**2021 RM**
Unquoted shares, at cost	902,766,879	580,900,586
Accumulated impairment losses	(150,199,116)	(115,364,901)
	752,567,763	465,535,685

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

14. Investments in Subsidiaries (Cont'd)

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 2022 %	2021 %
(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	Investment holding, provision of vessel 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
Ace Capital Pte. Ltd.	Malaysia	Provision of vessel chartering and leasing services.	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

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

14. 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 2022 %	2021 %
(a) Subsidiaries of Coastal Contracts Bhd. (Cont'd)				
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
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	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.

(a) In the previous financial year, the Group had acquired 80% equity interests in Elite Point Pte. Ltd. ("EPPL"). The acquisition of EPPL was to enable the Group to expand its business into liftboat chartering business. The acquisition of EPPL had 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 RM34,834,215 (2021: RM27,232,798), representing the write-down of the cost of investment, was recognised in "Other expenses" line item of the statements of profit or loss.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

15. Investments in Joint Ventures

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unquoted shares, at cost	26,461,683	15,613	5,440	-
Share of post-acquisition	69,133,361	(15,613)	-	-
	95,595,044	-	5,440	-

The details of the joint ventures are as follows:

Name of Joint Venture	Principal Place of Business/Country of Incorporation	Principal Activities	Percentage of Effective Interest Held 2022 %	2021 %
CN Energy Holdings Pte. Ltd.	Singapore	Investment holding company.	50	50
Coastoil Dynamic, S.A. de C.V. @	Mexico	Operation of onshore gas processing facility.	100	-
Subsidiary of CN Energy Holdings Pte. Ltd.				
CN Energy Servicios, S.A. de C.V.	Mexico	Dormant.	50	50

@ 50% equity interest held by the Company and 50% equity interest held by Coastal Marine Pte. Ltd.

(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 these investments as joint ventures.

(b) Although the Group holds 100% of the voting power in Coastoil Dynamic, S.A. de C.V., the Group has determined that it does not have sole control over the investee considering that strategic and financial decisions of the relevant activities of the investee require unanimous consent by the joint venturers. Further details are disclosed in Note 40 to the financial statements.

(c) The summarised financial information after the alignment for the Group's accounting policies for the joint venture that is material to the Group is as follows:

	Coastoil Dynamic, S.A. de C.V. 2022 RM
At 30 June 2022	
Non-current assets	217,646,034
Current assets	706,133,495
Non-current liabilities	(16,115,498)
Current liabilities	(813,825,497)
Net assets	93,838,534
Included in assets and liabilities are:	
- cash and cash equivalents	59,012,721
- non-current liabilities (excluding trade and other payables)	16,115,448
- current liabilities (excluding trade and other payables)	672,068,136

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

15. Investments in Joint Ventures (Cont'd)

(c) The summarised financial information after the alignment for the Group's accounting policies for the joint venture that is material to the Group is as follows: (Cont'd)

	Coastoil Dynamic, S.A. de C.V. 2022 RM
12-month period ended 30 June	
Revenue	171,716,984
Depreciation and amortisation	6,902,254
Interest expense	16,457,319
Income tax expense	32,870,003
Profit for the financial year	62,453,423
Other comprehensive income	5,525,779
Total comprehensive income	67,979,202
Group's share of profit for the financial year	51,485,391
Group's share of other comprehensive income	6,551,860
Reconciliation of net assets to carrying amount	
Group's share of net assets above	93,838,534
Foreign exchange translation reserve	1,756,510
Carrying amount of the Group's interests in this joint venture	95,595,044

(d) Summarised financial information has not been presented for CN Energy Holdings Pte. Ltd. as this joint venture is not material to the Group.

(e) 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 RM227,374 (2021: RM210,561), of which RM16,813 (2021: RM7,679) relate to the share of the current financial year's losses. The Group has no obligation in respect of these losses.

(f) The Group's commitment in respect of the joint ventures is as follows:

	Group 2022 RM	Group 2021 RM
Commitment to provide funding for a joint venture's capital commitments	159,664,805	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

16. 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 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 and 1 July 2021	12,646,330	37,593,945	1,131,503,245	4,342,223	3,003,748	41,375,344	1,230,464,835
Additions	-	-	110,877	-	62,603	35,993,041	36,166,521
Transfer from inventories	-	-	101,589,892	-	-	-	101,589,892
Disposals	-	-	(91,746,225)	-	-	-	(91,746,225)
Written off	-	-	(44,144)	-	(23,987)	-	(68,131)
Reclassification	-	-	76,774,430	-	-	(76,774,430)	-
Loss of control in a subsidiary	-	-	(76,064,593)	-	-	-	(76,064,593)
Exchange differences	-	-	75,671,449	15,418	9,481	(593,955)	75,102,393
At 30 June 2022	12,646,330	37,593,945	1,217,794,931	4,357,641	3,051,845	-	1,275,444,692

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

16. 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	Telecom-munication and office equipment, furniture, fittings and renovations RM	Construction work-in-progress RM	Total RM
Group							
Accumulated depreciation and impairment loss							
At 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 and 1 July 2021	11,321,969	25,929,514	412,517,692	4,342,183	2,003,766	-	456,115,124
Depreciation charge for the year	529,669	1,448,714	92,234,298	-	121,841	-	94,334,522
Transfer from inventories	-	-	1,334,426	-	-	-	1,334,426
Reversal of impairment loss	-	-	(6,920,126)	-	-	-	(6,920,126)
Disposals	-	-	(11,149,050)	-	-	-	(11,149,050)
Written off	-	-	(43,199)	-	(23,974)	-	(67,173)
Loss of control in a subsidiary	-	-	(2,823,778)	-	-	-	(2,823,778)
Exchange differences	-	-	29,982,888	15,418	3,340	-	30,001,646
At 30 June 2022	11,851,638	27,378,228	515,133,151	4,357,601	2,104,973	-	560,825,591
Net carrying amount							
At 30 June 2021	1,324,361	11,664,431	718,985,553	40	999,982	41,375,344	774,349,711
At 30 June 2022	794,692	10,215,717	702,661,780	40	946,872	-	714,619,101

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022 (cont'd.)

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

	Motor Vehicles RM	Furniture, Fittings and Office Equipment RM	Total RM
Company			
Cost			
At 1 July 2020	412,145	111,838	523,983
Additions	-	3,480	3,480
At 30 June 2021 and 1 July 2021	412,145	115,318	527,463
Additions	-	10,125	10,125
At 30 June 2022	412,145	125,443	537,588
Accumulated depreciation			
At 1 July 2020	412,144	57,671	469,815
Depreciation charge for the year	-	19,575	19,575
At 30 June 2021 and 1 July 2021	412,144	77,246	489,390
Depreciation charge for the year	-	19,718	19,718
At 30 June 2022	412,144	96,964	509,108
Net carrying amount			
At 30 June 2021	1	38,072	38,073
At 30 June 2022	1	28,479	28,480

Impairment of assets

During the financial year, the Group has reassessed the estimated recoverable amount of its vessels within vessel chartering segment and RM6,920,126 of the initial recognised impairment loss has now been reversed. The reversal is recognised in profit or loss under the "Other income" line item as disclosed in Note 6 to the financial statements. 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 2022 (cont'd.)

16. 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	
	2022 RM	**2021 RM**
Slipway and shipyard infrastructure	9,129,497	10,308,211
Buildings and workshops	795,280	1,324,950
Vessels, offshore assets, heavy machinery and equipment	165,373,386	450,773,829
Motor vehicles	10	10
Telecommunication and office equipment, furniture, fittings and renovations	59,993	54,199
	175,358,166	462,461,199

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	
	2022 RM	**2021 RM**
Within 1 year	216,048,483	187,837,664
Between 1 and 2 years	165,182,248	155,498,085
Between 2 and 3 years	17,321,962	95,551,333
Between 3 and 4 years	2,400,000	-
Between 4 and 5 years	2,286,667	-
	403,239,360	438,887,082

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

17. Right-of-Use Assets

	Leasehold Land RM	Buildings RM	Motor Vehicle RM	Total RM
Group				
Cost				
At 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 and 1 July 2021	7,260,024	3,311,700	402,546	10,974,270
Modification of lease liabilities	-	52,256	-	52,256
Exchange differences	-	65,758	9,812	75,570
At 30 June 2022	7,260,024	3,429,714	412,358	11,102,096
Accumulated depreciation				
At 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 and 1 July 2021	767,791	1,324,154	14,376	2,106,321
Depreciation charge for the year	118,121	1,039,018	58,135	1,215,274
Exchange differences	-	39,897	1,123	41,020
At 30 June 2022	885,912	2,403,069	73,634	3,362,615
Net carrying amount				
At 30 June 2021	6,492,233	1,987,546	388,170	8,867,949
At 30 June 2022	6,374,112	1,026,645	338,724	7,739,481

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

	Building RM
Company	
Cost	
At 1 July 2020, 30 June 2021 and 1 July 2021	11,533
Modification of lease liabilities	11,551
At 30 June 2022	23,084
Accumulated depreciation	
At 1 July 2020	2,883
Depreciation charge for the year	5,767
At 30 June 2021 and 1 July 2021	8,650
Depreciation charge for the year	5,771
At 30 June 2022	14,421
Net carrying amount	
At 30 June 2021	2,883
At 30 June 2022	8,663

(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 RM4,052,595 (2021: RM4,125,638) 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 2022 (cont'd.)

18. Investment Properties

	Group	
	2022 **RM**	**2021** **RM**
Cost		
At beginning and end of year	4,101,213	4,101,213
Accumulated depreciation		
At beginning of year	779,230	697,205
Depreciation charge for the year	82,024	82,025
At end of year	861,254	779,230
Net carrying amount	3,239,959	3,321,983

<u>Properties pledged as security</u>

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

<u>Fair value of investment properties</u>

The fair value of investment properties as at the reporting date amounted to approximately RM6,500,000 (2021: RM6,500,000).

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.

<u>Properties leased under operating leases</u>

The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial periods ranging from 1 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.

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

	Group	
	2022 **RM**	**2021** **RM**
Within 1 year	246,200	123,239
Between 1 and 2 years	100,138	60,600
Between 2 and 3 years	-	32,493
	346,338	216,332

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

19. Investment Securities

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Quoted shares, at fair value	11,957,574	12,124,337	7,121,721	7,812,120

20. Inventories

	Group	
	2022 RM	**2021 RM**
Cost		
Finished goods	4,284,526	84,918,458
Raw materials	4,613,453	4,753,310
Work-in-progress	2,722,161	2,919,142
Spare parts	7,714	7,714
	11,627,854	92,598,624
Net realisable value		
Finished goods	-	4,032,023
Work-in-progress	13,389,300	23,680,056
	13,389,300	27,712,079
	25,017,154	120,310,703
Inventories written off	-	599
Inventories written down	31,566	-
Inventories recognised as an expense in cost of sales	7,534,430	14,774,899

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

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

21. Trade and Other Receivables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Current				
Trade receivables				
Third parties	122,318,545	179,901,236	-	-
Less: Allowance for impairment	(10,352,083)	(10,230,895)	-	-
Trade receivables, net	111,966,462	169,670,341	-	-
Other receivables				
Amounts due from subsidiaries	-	-	63,935,777	561,330,667
Amounts due from joint ventures	587,698	458,786	-	-
Deposits paid to suppliers and contractors	193,733,177	187,934,416	-	-
Deposits	4,060,696	3,653,359	3,400	3,400
Loans to a joint venture	650,332,498	-	-	-
Loans to a subsidiary	-	-	348,560,361	-
Prepayments	3,338,732	1,245,788	1,520,780	8,398
Sundry receivables	26,654,377	26,100,591	24,997,641	10,195,440
	878,707,178	219,392,940	439,017,959	571,537,905
Less: Allowance for impairment	(201,535,543)	(188,067,118)	(59,212,188)	(214,032,525)
Other receivables, net	677,171,635	31,325,822	379,805,771	357,505,380
	789,138,097	200,996,163	379,805,771	357,505,380
Non-Current				
Trade receivables				
Third parties	125,904,097	-	-	-
Other receivables				
Amounts due from subsidiaries	-	-	309,244,850	-
Less: Allowance for impairment	-	-	(141,979,143)	-
	-	-	167,265,707	-
	125,904,097	-	167,265,707	-
Total trade and other receivables	915,042,194	200,996,163	547,071,478	357,505,380

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Group				
Individually impaired:				
Receivables - nominal amounts	213,430,348	2,528,023	198,733,793	184,864,325
Less: Allowance for impairment	(9,880,863)	(2,528,023)	(198,707,013)	(184,864,325)
	203,549,485	-	26,780	-
Collectively impaired:				
Receivables - nominal amounts	34,792,294	177,373,213	672,995,637	22,829,020
Less: Allowance for impairment	(471,220)	(7,702,872)	(2,828,530)	(3,202,793)
	34,321,074	169,670,341	670,167,107	19,626,227

Movement in trade receivables' allowance accounts:

	2022 RM	**2021 RM**
Group		
At beginning of year	10,230,895	10,178,065
Charge for the year	1,429,248	3,633,918
Reversal of impairment loss	(1,854,301)	(143,332)
Written off	-	(3,167,166)
Exchange differences	546,241	(270,590)
At end of year	10,352,083	10,230,895

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

21. Trade and Other Receivables (Cont'd)

Receivables that are impaired (Cont'd)

Movement in other receivables' allowance accounts:

	Amounts Due From Joint Ventures RM	Deposits Paid RM	Other Loan RM	Sundry Receivables RM	Total RM
Group					
2022					
At 1 July 2021	363,051	178,823,263	-	8,880,804	188,067,118
Charge for the year	-	2,018,521	-	7,029	2,025,550
Reversal of impairment loss	-	(42,991)	-	-	(42,991)
Written off	-	-	-	(9,668)	(9,668)
Exchange differences	8,849	11,092,094	-	394,591	11,495,534
At 30 June 2022	371,900	191,890,887	-	9,272,756	201,535,543
2021					
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

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 2022 RM	Individually Impaired 2021 RM	Collectively Impaired 2022 RM	Collectively Impaired 2021 RM
Company				
Receivables - nominal amounts	509,764,343	186,003,393	236,974,286	385,522,714
Less: Allowance for impairment	(181,261,659)	(186,003,393)	(19,929,672)	(28,029,132)
	328,502,684	-	217,044,614	357,493,582

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

21. Trade and Other Receivables (Cont'd)

Receivables that are impaired (Cont'd)

Movement in allowance accounts:

	Amounts Due From Subsidiaries RM	Sundry Receivables RM	Total RM
Company			
2022			
At 1 July 2021	211,677,196	2,355,329	214,032,525
Reversal of impairment loss	(12,841,194)	-	(12,841,194)
At 30 June 2022	198,836,002	2,355,329	201,191,331
2021			
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

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 (2021: 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 (2021: RM9.5 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. The amounts are fully received subsequent after the financial year end.

(ii) Outstanding bareboat charter hire proceeds of the Group including interest charges of approximately RM131.8 million (2021: RM64.7 million) where recovery is secured under a charter earnings account managed by an independent trustee.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

21. Trade and Other Receivables (Cont'd)

(a) Trade receivables (Cont'd)

Ageing analysis of trade receivables

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

	2022 RM	2021 RM
Not past due	8,208,370	17,935,917
1 to 30 days past due	1,496,456	20,804,398
31 to 120 days past due	10,092,939	29,238,094
More than 121 days past due	14,994,529	109,394,804
	26,583,924	159,437,296
Total	34,792,294	177,373,213
Individually impaired	213,430,348	2,528,023
	248,222,642	179,901,236

(b) Other receivables

Other receivables comprised mainly:

(i) Loans to a subsidiary

Loans to a subsidiary are for the purpose of financing the construction of a gas conditioning plant in Mexico. The loans are interest bearing and are to be repaid within 12 months.

(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 (2021: RM10.2 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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

22. Contract Assets

	Group	
	2022 RM	**2021 RM**
Contract assets		
Contract assets relating to vessel repairing services	212,073	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.

23. Short-Term Investments

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Bond fund, at fair value	-	8,326,504	-	8,326,504
Fixed income fund, at fair value	2,388,602	61,086,710	-	50,956,279
Money market fund, at fair value	13,165,063	41,625,198	10,914,681	38,122,917
	15,553,665	111,038,412	10,914,681	97,405,700

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	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Cash on hand and at banks	144,009,993	144,695,477	92,431,142	38,389,800
Short-term deposits with licensed banks	79,104,315	19,007,484	66,196,933	6,168,050
Cash and cash equivalents	223,114,308	163,702,961	158,628,075	44,557,850

Short-term deposits of the Group are made for varying periods of between 1 and 91 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 2022 for the Group and the Company ranged from 0.15% to 1.67% p.a. (2021: 0.01% to 0.25% p.a.) and from 0.15% to 1.09% p.a. (2021: 0.17% to 0.18% p.a.) respectively.

Included in the short-term deposits with licensed banks of the Group and the Company at the end of the reporting period were amounts of RM66,693,877 (2021: RM500,449) and RM66,162,193 (2021: Nil) which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Note 25 to the financial statements.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

24. Cash and Cash Equivalents (Cont'd)

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

	Loans and Borrowings RM	Lease Liabilities RM	Total RM
Group			
2022			
At 1 July 2021	92,281,721	1,724,487	94,006,208
Changes in financing cash flows:			
- Proceeds from drawdown	427,363,861	-	427,363,861
- Repayment of principal	(73,151,967)	(1,053,158)	(74,205,125)
- Repayment of interest	(4,142,112)	(36,000)	(4,178,112)
	350,069,782	(1,089,158)	348,980,624
Non-cash changes:			
- Modification of leases	-	52,256	52,256
- Amortisation of transaction costs capitalised	1,459,682	-	1,459,682
- Interest expense recognised in profit or loss	4,273,911	36,000	4,309,911
- Accrual of interest	(117,750)	-	(117,750)
- Foreign exchange adjustment	15,319,791	30,771	15,350,562
	20,935,634	119,027	21,054,661
At 30 June 2022	463,287,137	754,356	464,041,493
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)
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

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

24. Cash and Cash Equivalents (Cont'd)

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

	Loans and Borrowings RM	Lease Liabilities RM	Total RM
Company			
2022			
At 1 July 2021	-	2,967	2,967
Changes in financing cash flows:			
- Proceeds from drawdown	353,639,215	-	353,639,215
- Repayment of principal	(7,920,563)	(5,775)	(7,926,338)
- Repayment of interest	(1,568,228)	(225)	(1,568,453)
	344,150,424	(6,000)	344,144,424
Non-cash changes:			
- Modification of leases	-	11,551	11,551
- Amortisation of transaction costs capitalised	1,449,809	-	1,449,809
- Interest expense recognised in profit or loss	1,691,134	225	1,691,359
- Accrual of interest	(122,906)	-	(122,906)
- Foreign exchange adjustment	9,691,305	-	9,691,305
	12,709,342	11,776	12,721,118
At 30 June 2022	356,859,766	8,743	356,868,509
2021			
At 1 July 2020	-	8,732	8,732
Changes in financing cash flows:			
- Repayment of principal	-	(5,765)	(5,765)
- Repayment of interest	-	(235)	(235)
	-	(6,000)	(6,000)
Non-cash changes:			
- Interest expense recognised in profit or loss	-	235	235
At 30 June 2021	-	2,967	2,967

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

24. Cash and Cash Equivalents (Cont'd)

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

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Payment of short-term leases	11,102	48,940	-	-
Interest paid on lease liabilities	36,000	46,877	225	235
Payment of lease liabilities	1,053,158	1,041,469	5,775	5,765
	1,100,260	1,137,286	6,000	6,000

25. Loans and Borrowings

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Current				
Secured:				
Revolving credits	6,313,665	-	-	-
Term loans	21,601,236	43,419,317	-	-
	27,914,901	43,419,317	-	-
Unsecured:				
Term loans	81,449,521	-	81,449,521	-
Trade facility	234,401,977	-	234,401,977	-
	315,851,498	-	315,851,498	-
	343,766,399	43,419,317	315,851,498	-
Non-Current				
Secured:				
Term loans	74,988,241	45,538,765	-	-
Unsecured:				
Loan from non-controlling interests	3,524,229	3,323,639	-	-
Term loan	41,008,268	-	41,008,268	-
	44,532,497	3,323,639	41,008,268	-
	119,520,738	48,862,404	41,008,268	-
Total loans and borrowings	463,287,137	92,281,721	356,859,766	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

25. Loans and Borrowings (Cont'd)

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

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
On demand or within one year	343,766,399	43,419,317	315,851,498	-
More than 1 year and less than 2 years	40,285,638	25,573,609	16,403,307	-
More than 2 years and less than 5 years	67,509,217	19,905,229	16,403,307	-
5 years or more	11,725,883	3,383,566	8,201,654	-
	463,287,137	92,281,721	356,859,766	-

(a) The borrowings of the Group are secured by:

(i) Legal charge over the investment properties, leasehold land and vessels of certain subsidiaries as disclosed in Notes 16, 17 and 18 to the financial statements;

(ii) A debenture covering fixed and floating charges over all present and future assets of a subsidiary as disclosed in Note 16 to the financial statements;

(iii) Legal charge over the shares of a subsidiary;

(iv) Pledge of the Company's and a subsidiary's fixed deposits with banks as disclosed in Note 24(a) to the financial statements; and

(v) Corporate guarantee given by the Company, a subsidiary and a joint venture.

(b) As at last reporting date, a term loan of RM55,384,242 had been hedged by an interest rate swap as disclosed in Note 28 to the financial statements.

(c) All the borrowings except loan from non-controlling interests bear floating interest/profit rate. The range of the interest rates and profit sharing (per annum) during the financial year for borrowings are as follows:

	2022	**2021**
Group		
RM revolving credits	1.25% above COF	-
RM term loan	1.85% below BLR	1.85% below BLR
USD term loans	2.30% - 3% above COF/LIBOR/SOFR	2.75% - 2.85% above LIBOR
USD trade facility	2.50% above COF	-
Company		
USD term loans	2.30% - 3% above COF/SOFR	-
USD trade facility	2.50% above COF	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

25. Loans and Borrowings (Cont'd)

(d) The currency exposure profile of borrowings is as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Ringgit Malaysia	7,320,074	1,209,000	-	-
United States Dollar	455,967,063	91,072,721	356,859,766	-
	463,287,137	92,281,721	356,859,766	-

26. Lease Liabilities

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
At beginning of year	1,724,487	189,704	2,967	8,732
Acquisition of new leases	-	2,530,839	-	-
Interest expense recognised in profit or loss (Note 7)	36,000	46,877	225	235
Changes due to lease modification	52,256	63,098	11,551	-
Derecognition due to lease modification	-	(42,978)	-	-
Repayment of principal	(1,053,158)	(1,041,469)	(5,775)	(5,765)
Repayment of interest expense	(36,000)	(46,877)	(225)	(235)
Exchange differences	30,771	25,293	-	-
At end of year	754,356	1,724,487	8,743	2,967
Analysed by:				
Current liabilities	571,051	1,012,450	5,775	2,967
Non-current liabilities	183,305	712,037	2,968	-
	754,356	1,724,487	8,743	2,967

A lease liability of the Group is secured by the Group's motor vehicle under the hire purchase arrangement as disclosed in Note 17(a)(iii) to the financial statements, with lease term of 7 (2021: 7) years and bears interest rate of 3.659% p.a. (2021: 3.659% p.a.).

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

27. Trade and Other Payables

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Current				
Trade payables				
Third parties	140,849,955	134,674,640	-	-
Other payables				
Amounts due to subsidiaries	-	-	59,992	50,194
Accruals	10,768,069	12,377,399	534,503	43,056
Deposits received from vessel charterers	4,133,627	1,540,477	-	-
Other deposits	118,357	105,601	-	-
Financial guarantees	-	-	5,457	8,757
Sundry payables	26,521,703	44,095,037	124,339	71,531
	41,541,756	58,118,514	724,291	173,538
	182,391,711	192,793,154	724,291	173,538
Non-Current				
Other payables				
Financial guarantees	-	-	1,992	7,449
Total trade and other payables	182,391,711	192,793,154	726,283	180,987

(a) Trade payables

These amounts are non-interest bearing. The terms granted by trade payables normally range from 30 days to 90 days (2021: 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 2022 (cont'd.)

28. Derivative Liabilities

	Group 2022 RM	Group 2021 RM
Interest rate swap		
- Cash flow hedge	-	26,074
Notional Amount		
Interest rate swap	-	27,692,148

The interest rate swap was 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 received floating interest equal to LIBOR + 2.85% p.a., paid a fixed rate of interest of 3.11% p.a. and had the same maturity terms as the USD term loan.

29. Deferred Tax Liabilities

Deferred income tax as at 30 June 2022 relates to the following:

	As at 1 July 2020 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2021 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2022 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	2,621,666	463,608	3,085,274	2,068,825	5,154,099
Right-of-use assets	421,152	36,794	457,946	(28,113)	429,833
Receivables	-	-	-	2,621,012	2,621,012
Others	13,569	(2,508)	11,061	46,961	58,022
	3,056,387	497,894	3,554,281	4,708,685	8,262,966
Deferred tax assets:					
Inventories	(532,292)	13,751	(518,541)	358,709	(159,832)
Receivables	(378,580)	(99,292)	(477,872)	477,872	-
Lease liabilities	(12,994)	(44,145)	(57,139)	20,206	(36,933)
Tax losses and unabsorbed capital allowances	(1,517,928)	(376,512)	(1,894,440)	(1,975,671)	(3,870,111)
Others	(2,860)	(14,183)	(17,043)	16,981	(62)
	(2,444,654)	(520,381)	(2,965,035)	(1,101,903)	(4,066,938)
	611,733	(22,487)	589,246	3,606,782	4,196,028

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

29. Deferred Tax Liabilities (Cont'd)

Deferred income tax as at 30 June 2022 relates to the following: (Cont'd)

	As at 1 July 2020 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2021 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2022 RM
Company					
Deferred tax liabilities:					
Property, plant and equipment	6,668	(610)	6,058	(1,748)	4,310
Right-of-use assets	2,096	(1,404)	692	1,387	2,079
Receivables	-	-	-	3,560,171	3,560,171
	8,764	(2,014)	6,750	3,559,810	3,566,560
Deferred tax assets:					
Lease liabilities	(2,096)	1,384	(712)	(1,386)	(2,098)
	6,668	(630)	6,038	3,558,424	3,564,462

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

	Group 2022 RM	Group 2021 RM
Unutilised tax losses	18,259,815	18,258,563
Unabsorbed capital allowances	19,431,914	16,936,189
Deductible temporary differences	3,049,701	3,229,385
	40,741,430	38,424,137

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 2022 (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 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 and 1 July 2021	535,350,031	(11,972,500)	307,049,826	(12,700,520)
Ordinary shares issued under ESOS	3,997,040	-	4,926,352	-
Purchase of treasury shares	-	(829,000)	-	(635,935)
At 30 June 2022	539,347,071	(12,801,500)	311,976,178	(13,336,455)

(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 16 December 2021. The ESOS is to be in force for a period of 5 years effective from 16 December 2021.

The salient features of the ESOS are as follows:

(i) the maximum number of options to be offered under the ESOS shall not exceed ten percent (10%) of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) 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 options that may be offered and allocated to the various grades of eligible employees shall be subject to the following:

(a) not more than eighty percent (80%) of the options 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 options 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 of the total number of issued ordinary shares of the Company (excluding treasury shares, if any).

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

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

The salient features of the ESOS are 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 not under a probationary period, 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 volume 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%.

(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 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 which may be declared, made or paid to shareholders of the Company, for which 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 Constitution of the Company.

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**	**1.7.2021**	**Granted**	**Forfeited**	**Exercised**	**30.6.2022**
16.12.2021	RM0.99	-	49,024,800	(92,200)	(3,997,040)	44,935,560

The options forfeited during the financial year were due to resignations and deceased 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 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 16.12.2021
Fair value at grant date (RM)	0.2425
Weighted average share price (RM)	1.10
Exercise price (RM)	0.99
Expected volatility (%)	5
Option life (years)	5
Expected dividend yield (%)	0
Risk free rate (%)	2.96

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

31. Other Reserves

Group	Foreign Currency Translation Reserve RM	Cash Flow Hedge Reserve RM	Share Option Reserve RM	Total RM
At 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 and 1 July 2021	266,169,063	(25,885)	-	266,143,178
Other comprehensive income:				
Foreign currency translation	48,454,597	-	-	48,454,597
Share of joint venture's foreign currency translation	6,551,860	-	-	6,551,860
Cash flow hedges:				
- fair value gain	-	25,885	-	25,885
Total other comprehensive income	55,006,457	25,885	-	55,032,342
Share options:				
- share-based payment expenses	-	-	11,888,514	11,888,514
- share options exercised	-	-	(969,282)	(969,282)
- value of options forfeited	-	-	(22,359)	(22,359)
At 30 June 2022	321,175,520	-	10,896,873	332,072,393

Company	Share Option Reserve RM
At 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 and 1 July 2021	-
Share options:	
- share-based payment expenses	11,888,514
- share options exercised	(969,282)
- value of options forfeited	(22,359)
At 30 June 2022	10,896,873

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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 comprised 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 comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

32. Retained Earnings

The Company may distribute dividends out of its entire retained earnings as at 30 June 2022 and 30 June 2021 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:

	2022 RM	2021 RM
Group		
Transactions with a company in which certain Directors of the Group are also directors and have financial interests:		
- Rental of premises	20,914	21,222
Transactions with Directors of the Company:		
- Rental of premises	56,192	69,164
Transactions with a joint venture:		
- Interest income	23,832,309	-
- Service fee income	15,222	-
Remuneration for employment services provided by close members of the family of Directors:*		
Salaries, wages and bonuses	889,414	670,397
Contributions to defined contribution plan	59,904	48,420
Contributions to employment insurance system	225	166
Social security contributions	1,961	1,444
Share-based payment expenses	694,472	-
	1,645,976	720,427

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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 RM28,918 (2021: RM31,699).

* 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.

	2022 RM	2021 RM
Company		
Transactions with subsidiaries:		
Coastal Transport (Sandakan) Sdn. Bhd.		
- Rental of premises	6,000	6,000
- Dividend income	8,000,000	-
Coastway Transport Sdn. Bhd.		
- Dividend income	680,000	-
Coastal Marine Pte. Ltd.		
- Legal and professional fees	8,276	50,271
Coastal Dynamic Pte. Ltd.		
- Dividend income	11,008,250	-
Coastal Energy Solutions Pte. Ltd.		
- Dividend income	110,042,085	56,235,200

(b) Compensation of key management personnel

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term employee benefits	5,977,806	5,696,726	336,000	318,000
Defined contribution plan	251,938	213,770	29,040	26,880
Share-based payment expenses	5,931,550	-	378,300	-
	12,161,294	5,910,496	743,340	344,880

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 RM74,766 and RM13,325 (2021: RM77,547 and RM13,325) respectively.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

34. Capital Commitments

	Group 2022 RM	Group 2021 RM
Property, plant and equipment	-	38,857,870
Share of capital commitment of joint venture	159,664,805	-

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 2022:

			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 2022	11,957,574	11,957,574	-	-
Short-term investments	30 June 2022	15,553,665	15,553,665	-	-
Assets for which fair values are disclosed:					
Investment properties: - Office properties	30 June 2022	6,500,000	-	6,500,000	-
Trade receivables (non-current)	30 June 2022	113,244,601	-	-	113,244,601
Company					
Assets measured at fair value:					
Investment securities	30 June 2022	7,121,721	7,121,721	-	-
Short-term investments	30 June 2022	10,914,681	10,914,681	-	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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 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	-	-

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 2022 (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	
	2022 RM	2021 RM	2022 RM	2021 RM
Group				
Financial assets				
Trade receivables (non-current)	125,904,097	-	113,244,601	-
Company				
Financial liabilities				
Financial guarantees	7,449	16,206	-*	-*

* 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, trade and other payables (current), trade and other receivables (current) 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>Receivables</u>

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

<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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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.

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 RM172,240,000 (2021: RM741,688,000) 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			
	2022		2021	
	RM	% of total	RM	% of total
By country:				
Indonesia	10,083,300	4%	9,497,700	5%
Mexico	210,246,700	85%	153,636,520	85%
Saudi Arabia	20,963,775	8%	12,229,980	7%
Others	6,928,867	3%	4,537,036	3%
	248,222,642	100%	179,901,236	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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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

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.

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:

	Gross amount RM	Lifetime loss allowance RM	Carrying amount RM
Group			
2022			
Not past due	8,208,370	(8,031)	8,200,339
1 to 30 days past due	1,496,456	-	1,496,456
31 to 120 days past due	10,092,939	(40,301)	10,052,638
More than 121 days past due	14,994,529	(422,888)	14,571,641
	34,792,294	(471,220)	34,321,074
Credit impaired:			
- Individually impaired	213,430,348	(9,880,863)	203,549,485
	248,222,642	(10,352,083)	237,870,559
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

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 2022 (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
2022			
Group			
Significant increase in credit risk	871,307,750	(201,535,543)	669,772,207
Company			
Significant increase in credit risk	24,997,641	(2,355,329)	22,642,312
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

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 2022 (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			
2022			
Significant increase in credit risk	211,976,645	(17,574,343)	194,402,302
Credit impaired	509,764,343	(181,261,659)	328,502,684
	721,740,988	(198,836,002)	522,904,986
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

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 74% (2021: 47%) 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 2022 (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				
2022				
Financial liabilities:				
Trade and other payables	182,391,711	-	-	182,391,711
Loans and borrowings	358,569,080	136,632,073	3,524,229	498,725,382
Lease liabilities	582,928	169,304	30,007	782,239
Total undiscounted financial liabilities	541,543,719	136,801,377	3,554,236	681,899,332
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

	On demand or within one year RM	One to five years RM	Total RM
Company			
2022			
Financial liabilities:			
Trade and other payables	718,834	-	718,834
Lease liabilities	6,000	3,000	9,000
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	5,457	1,992	7,449
Total undiscounted financial liabilities	730,291	4,992	735,283

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022 (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			
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

* 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 (2021: less than 6 months) from the reporting date.

Sensitivity analysis for interest rate risk

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

	2022		2021	
	Interest rate	Effect on profit net of tax RM	Interest rate	Effect on profit net of tax RM
Ringgit Malaysia	+ 0.50%	(27,816)	+ 0.25%	(2,297)
Ringgit Malaysia	- 0.50%	27,816	- 0.25%	2,297
United States Dollars	+ 1.50%	(5,501,371)	+ 0.10%	(32,157)
United States Dollars	- 1.50%	5,501,371	- 0.10%	32,157

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

(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.

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:

	2022		2021	
	USD/RM RM	**SGD/RM RM**	**USD/RM RM**	**SGD/RM RM**
Group				
Financial assets:				
Cash and cash equivalents	159,653,404	235,542	40,802,024	12,462,271
Investment securities	-	7,064,246	-	7,557,678
Short-term investments	-	-	8,328,747	-
Due from related companies	367,696,117	212,370	511,839,898	206,849
Trade receivables	7,171	-	6,754	-
Other receivables	10,159,197	99	10,195,487	-
	537,515,889	7,512,257	571,172,910	20,226,798
Financial liabilities:				
Loans and borrowings	356,859,766	-	-	-
Due to related companies	-	59,802	1,972	50,194
Trade payables	-	10,048	-	9,787
Other payables	46,195	48	-	-
	356,905,961	69,898	1,972	59,981
Currency exposure	180,609,928	7,442,359	571,170,938	20,166,817

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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:

	2022		2021	
	USD/SGD RM	**RM/SGD RM**	**USD/SGD RM**	**RM/SGD RM**
Group				
Financial assets:				
Cash and cash equivalents	18,400,334	764	4,572,831	764
Loan to subsidiary	43,597,067	-	54,839,555	-
Due from related companies	652,403,327	687	45,508,609	687
Other receivables	665,504	-	627,543	-
	715,066,232	1,451	105,548,538	1,451
Financial liabilities:				
Due to related companies	743,340,341	2,140,527	121,909,783	2,141,686
Other payables	66,224	33,993	69,577	33,993
	743,406,565	2,174,520	121,979,360	2,175,679
Currency exposure	(28,340,333)	(2,173,069)	(16,430,822)	(2,174,228)

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:

	2022	2021
	USD/MXN RM	**USD/MXN RM**
Group		
Financial assets:		
Cash and cash equivalents	1,566,752	2,980,412
Due from related companies	7,439,963	6,910,341
Other receivables	112,087	183,112
	9,118,802	10,073,865
Financial liabilities:		
Due to related companies	-	21,984,437
Trade payables	-	1,075,240
Other payables	-	5,191,155
	-	28,250,832
Currency exposure	9,118,802	(18,176,967)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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:

	2022		2021	
	SGD/USD RM	**RM/USD RM**	**SGD/USD RM**	**RM/USD RM**
Group				
Financial assets:				
Cash and cash equivalents	1,176,664	985,960	2,070,955	446,178
Due from related companies	1,413,823	80,660	1,897,538	80,660
Other receivables	5,796	-	-	-
	2,596,283	1,066,620	3,968,493	526,838
Financial liabilities:				
Due to related companies	3,498,355	508,119	7,046,739	901,140
Trade payables	4,976	26,054	359	85,779
Other payables	7,138	337,803	70,210	40,552
	3,510,469	871,976	7,117,308	1,027,471
Currency exposure	(914,186)	194,644	(3,148,815)	(500,633)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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 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 Net of Tax	
	Group	
	2022 RM	**2021 RM**
USD/RM		
- strengthened 3% (2021: 2%)	4,117,906	8,681,798
- weakened 3% (2021: 2%)	(4,117,906)	(8,681,798)
SGD/RM		
- strengthened 2% (2021: 1%)	113,124	153,268
- weakened 2% (2021: 1%)	(113,124)	(153,268)
SGD/USD		
- strengthened 2% (2021: 2%)	(13,896)	(47,862)
- weakened 2% (2021: 2%)	13,896	47,862
RM/USD		
- strengthened 3% (2021: 2%)	4,438	(7,610)
- weakened 3% (2021: 2%)	(4,438)	7,610
USD/SGD		
- strengthened 2% (2021: 2%)	(430,773)	(249,748)
- weakened 2% (2021: 2%)	430,773	249,748
RM/SGD		
- strengthened 2% (2021: 1%)	(33,031)	(16,524)
- weakened 2% (2021: 1%)	33,031	16,524
USD/MXN		
- strengthened 2% (2021: 4%)	138,606	(552,580)
- weakened 2% (2021: 4%)	(138,606)	552,580

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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 had the nominal value of RM27,692,148 as at 30 June 2021 and was settled monthly, consistent with the interest repayment schedule of the term loan.

The following table indicated the periods in which the cash flows associated with the IRS were 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

(f) Classification of Financial Instruments

	2022 Group RM	2022 Company RM
Financial assets		
Mandatorily at fair value through profit or loss		
Investment securities (Note 19)	11,957,574	7,121,721
Short-term investments (Note 23)	15,553,665	10,914,681
	27,511,239	18,036,402
Amortised cost		
Trade and other receivables (Note 21)	911,703,462	545,550,698
Cash and bank balances (Note 24)	223,114,308	158,628,075
	1,134,817,770	704,178,773
Financial liabilities		
Amortised cost		
Loans and borrowings (Note 25)	463,287,137	356,859,766
Trade and other payables (Note 27)	182,391,711	726,283
	645,678,848	357,586,049

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

(f) Classification of Financial Instruments (Cont'd)

	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

(g) Gains or Losses Arising from Financial Instruments

	2022 Group RM	2022 Company RM
Financial assets		
Fair value through profit or loss		
Net gains recognised in profit or loss by mandatorily required by accounting standard	485,537	98,653
Amortised cost		
Net gains recognised in profit or loss	25,623,694	28,051,615
Financial liabilities		
Amortised cost		
Net losses recognised in profit or loss	(4,273,911)	(1,691,134)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

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

(g) Gains or Losses Arising from Financial Instruments (Cont'd)

	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)	-

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 2022 and 30 June 2021.

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:

	Note	Group 2022 RM	Group 2021 RM
Loans and borrowings	25	463,287,137	92,281,721
Equity attributable to owners of the Company		1,354,171,506	1,103,733,845
Gearing ratio		34.21%	8.36%

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, 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 2022 (cont'd.)

39. Segment Information

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

(a)	Gas processing	-	Provision of onshore gas conditioning and jack-up gas compression services.
(b)	Vessels manufacturing and repairing services	-	Fabrication and sale of offshore support and marine transportation vessels, and provision of ship repairs and maintenance services.
(c)	Vessels chartering and equipment hire	-	Provision of vessels transportation and equipment hiring services.

During the financial year, the Group has identified a new reportable operating segment namely gas processing segment, as the business activities of this division have similar economic characteristics such as, the nature of the products and services, the nature of the production processes and the type of customer. The new segment comprises of its onshore gas conditioning business and its jack-up gas compression business (which was reported under vessel chartering and equipment hire segment in the previous financial years).

Following the change in the composition of the reportable segments, the Group has restated the corresponding items of segment information for the previous financial year.

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

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

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

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

39. Segment Information (Cont'd)

	Gas processing services RM	Vessels manufacturing and repairing services RM	Vessels chartering and equipment hire RM	Adjustments and elimination RM	Notes	Per consolidated financial statements RM
2022						
Revenue:						
External customers	166,754,814	1,857,075	64,086,665	-		232,698,554
Inter-segment	-	1,936,491	4,145,096	(6,081,587)	A	-
Total revenue	166,754,814	3,793,566	68,231,761	(6,081,587)		232,698,554
Represented by:						
Revenue recognised over time						
- Gas conditioning services	21,423,596	-	-	-		21,423,596
- Offshore asset chartering services	145,331,218	-	-	-		145,331,218
- Vessels repairing services	-	3,925,629	-	(2,068,554)		1,857,075
- Vessels chartering services	-	-	70,495,575	(6,408,910)		64,086,665
	166,754,814	3,925,629	70,495,575	(8,477,464)		232,698,554
Results:						
Interest income	26,870,378	11,910	202,857	96,055		27,181,200
Depreciation	65,543,182	2,285,391	27,783,529	19,718		95,631,820
Other non-cash expenses	1,020,482	8,852,439	6,111,002	1,783,701	B	17,767,624
Share of profit of joint venture	51,485,391	-	-	-		51,485,391
Segment profit/(loss)	197,327,324	(14,409,915)	31,383,598	(598,295)	C	213,702,712
Assets:						
Additions to non-current assets	35,993,041	71,229	92,126	10,125	D	36,166,521
Segment assets	1,309,805,428	80,769,031	411,936,128	209,832,712	E	2,012,343,299
Segment liabilities	1,919,939	170,011,967	9,779,636	471,768,086	F	653,479,628

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

39. Segment Information (Cont'd)

	Gas processing services RM	Vessels manufacturing and repairing services RM	Vessels chartering and equipment hire RM	Adjustments and elimination RM	Notes	Per consolidated financial statements RM
2021 (Restated)						
Revenue:						
External customers	141,735,394	2,947,232	16,888,799	-		161,571,425
Inter-segment	-	2,251,963	2,236,270	(4,488,233)	A	-
Total revenue	141,735,394	5,199,195	19,125,069	(4,488,233)		161,571,425
Represented by:						
Revenue recognised over time						
- Offshore asset chartering services	141,735,394	-	-	-		141,735,394
- Vessels repairing services	-	5,479,543	-	(2,532,311)		2,947,232
- Vessels chartering services	-	-	16,888,799	-		16,888,799
- Agency services	-	-	3,113,955	(3,113,955)		-
	141,735,394	5,479,543	20,002,754	(5,646,266)		161,571,425
Results:						
Interest income	78,957	47,931	2,542,846	512,083		3,181,817
Depreciation	60,899,921	2,622,370	20,714,968	19,575		84,256,834
Other non-cash expenses	2,633,344	745,065	2,649,598	6,049,923	B	12,077,930
Segment profit/(loss)	103,931,910	(24,769,666)	(11,497,677)	(15,760,657)	C	51,903,910
Assets:						
Additions to non-current assets	40,701,285	115,492	138,897,133	3,480	D	179,717,390
Segment assets	665,811,236	187,230,149	371,790,672	171,349,814	E	1,396,181,871
Segment liabilities	24,022,605	160,568,976	8,072,849	98,728,207	F	291,392,637

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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	2022 RM	2021 RM
Impairment loss on receivables	8	3,454,798	4,420,270
Fair value loss on investment securities	9	1,005,502	716,290
Fair value loss on short-term investments	9	146,246	-
Inventories written off	9	-	599
Inventories written down	9	31,566	-
Plant and equipment written off	9	958	313,920
Prepayment written off	9	-	412,540
Unrealised loss on foreign exchange	9	1,240,040	6,214,311
Share-based payment expenses		11,888,514	-
		17,767,624	12,077,930

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

	2022 RM	2021 RM
Finance costs	(15,174,927)	(6,586,563)
Unallocated corporate income/(loss)	14,576,632	(9,174,094)
	(598,295)	(15,760,657)

D Additions to non-current assets consist of:

	2022 RM	2021 RM
Property, plant and equipment	36,166,521	177,025,738
Right-of-use assets	-	2,691,652
	36,166,521	179,717,390

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

	2022 RM	2021 RM
Tax recoverable	252,746	237,095
Unallocated corporate assets	209,579,966	171,112,719
	209,832,712	171,349,814

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (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:

	2022 RM	2021 RM
Deferred tax liabilities	4,196,028	589,246
Income tax payable	2,850,396	3,977,955
Loans and borrowings	463,287,137	92,281,721
Lease liabilities	754,356	1,724,487
Unallocated corporate liabilities	680,169	154,798
	471,768,086	98,728,207

Geographical information

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

	Revenue		Non-current assets	
	2022 RM	2021 RM	2022 RM	2021 RM
China	16,387,322	-	-	-
Malaysia	4,370,408	5,347,232	305,923,161	283,809,019
Mexico	166,754,814	141,735,394	346,238,114	426,388,506
Saudi Arabia	41,498,964	11,863,188	49,706,181	51,413,550
Others	3,687,046	2,625,611	23,731,085	24,928,568
	232,698,554	161,571,425	725,598,541	786,539,643

The information on the disaggregation of revenue based on geographical location is summarised below:

	Over time	
	2022 RM	2021 RM
China	16,387,322	-
Malaysia	4,370,408	5,347,232
Mexico	166,754,814	141,735,394
Saudi Arabia	41,498,964	11,863,188
Others	3,687,046	2,625,611
	232,698,554	161,571,425

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022 (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.

	2022 RM	2021 RM
Property, plant and equipment	714,619,101	774,349,711
Right-of-use assets	7,739,481	8,867,949
Investment properties	3,239,959	3,321,983
	725,598,541	786,539,643

Information about major customers

There are two (2021: one) major customers from the gas processing and vessels chartering segment that contributed more than 10% to the Group's revenue.

40. Significant Event During The Financial Year

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

On 30 December 2021, the Joint Venture was completed as all the conditions precedents stipulated in the Transaction Documents have been fulfilled. The Company is in the progress of selling its 50% equity interests in the JVC to Alfair ("Shares Sale"), which would be delayed to second quarter of financial year 2023.

The JVC is accounted for as a "Joint Arrangement" using equity accounting method in accordance with MFRS 11 upon all the conditions precedents stipulated in the Transaction Documents are fulfilled (as mentioned in the previous paragraph). As the Shares Sale is not completed as at 30 June 2022, the Company is required to account the results of the JVC according to its current effective shareholdings in the JVC, which is 100% as at 30 June 2022 under equity accounting method.

Should the Shares Sale was completed on 30 June 2022 and the equity accounting method been applied in accordance with MFRS 11 based on the Company's eventual effective shareholdings in the JVC which is 50%, the Effect of the Shares Sale to the profit net of tax would have been as follows:

	2022 RM
Profit net of tax	183,625,223
Less: Effect of the Shares Sale	(34,574,379)
Adjusted profit net of tax	149,050,844

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022 (cont'd.)

40. Significant Event During The Financial Year (Cont'd)

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

41. Authorisation of Financial Statements for Issue

The financial statements for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 21 October 2022.

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 (30.06.2022) (RM)
CL 075512168 Off Mile 9, Sungai Seguntor, Labuk Road, Sandakan, Sabah.	18 to 35 years	Leasehold / 31.12.2073	Shipbuilding & Repairs Facility	17.66 acres/ 76,348.43 sq ft	24.04.1990	11.05.2001	3,407,753
1/50 undivided share of TL077508886 Lot 4A, 4th Floor, Wisma Wemin, Mile 1 1/2, Leila Road, Sandakan, Sabah.	36 years since 1987	Leasehold / 15.12.2910	1 unit residential flat	1.027 acres / 900 sq ft	14.12.1995	11.05.2001	19,085
1/2 undivided share of TL077534313 Lot 3A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	39 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	109,031
1/2 undivided share of TL077534313 Lot 3B, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	39 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	104,732
1/2 undivided share of TL077534304 Lot 4A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	39 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	105,817
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.	13 to 16 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	06.08.2004 ↓	22.03.2006 ↓	11,101,985
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	26.02.2007 ↓	N/A ↓	88,007

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 (30.06.2022) (RM)
CL 075350855 CL 075350864 CL 075350882 CL 075359652 Mile 9, Church Road, Off Jalan Labuk, Jalan Seguntur, Sandakan, Sabah.	14 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	1,619,798
CL 075366031 Sungai Seguntor, Sandakan, Sabah.	12 years	Leasehold / 31.12.2077	Shipbuilding & Repairs Facility	6.31 acres	18.05.2010	N/A	1,167,582
1/2 undivided share of TL077534322 Lot 2B, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	39 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	147,883
7/206 undivided share of CL075495340 Lot SO197 - SO203, Block A, One Avenue, Phase 8, Bandar Utama, Mile 6, Jalan Utara, Sandakan, Sabah.	11 years	Leasehold / 31.12.2081	7 units double storey shop office	1,475.60 sq m	17.12.2007	N/A	3,239,959

Analysis of Shareholdings
As at 23 September 2022

Statistics on Ordinary Shareholdings as at 23 September 2022

Total Number of Issued Shares Including Treasury Shares	539,485,231 Ordinary Shares
Type of Shares	Ordinary Shares
Voting Rights	One vote per Ordinary Share
No. of Treasury Shares Held	12,801,500 Ordinary Shares

Analysis of Shareholdings

Size of Shareholdings	**No. of Shareholders**	**No. of Shares**	**% of Issued Share**
Less than 100	242	9,908	0.00
100 to 1,000	862	454,470	0.09
1,001 to 10,000	2,242	10,739,292	2.04
10,001 to 100,000	948	29,216,748	5.55
100,001 to less than 5% of issued shares	180	250,229,121	47.51
5% and above of issued shares	4	236,034,192	44.81
Total	4,478	526,683,731	100.00

List of Thirty Largest Securities Accounts Holders

No.	**Name**	**No. of Shares**	**%**
1.	IVORY ASIA SDN. BHD.	84,746,660	16.09
2.	IVORY ASIA SDN. BHD.	66,666,666	12.66
3.	HSBC NOMINEES (ASING) SDN BHD QUINTET LUXEMBOURG FOR SAMARANG UCITS-SAMARANG ASIAN PROSPERITY	51,754,200	9.83
4.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG FONG THAU (KKINABALU-CL)	32,866,666	6.24
5.	ONG SENG HENG	24,275,100	4.61
6.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN KOK (B TINGGI-CL)	24,088,254	4.57
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN SHIN (KKINABALU-CL)	23,851,320	4.53
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN KEUAN (KKINABALU-CL)	23,691,587	4.50
9.	PANG FONG THAU	23,006,200	4.37
10.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN HENG (KKINABALU-CL)	18,971,500	3.60
11.	PANG FONG THAU	8,849,509	1.68
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN. BHD.	8,500,000	1.61
13.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	7,825,900	1.49
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN BHD (MY0507)	4,775,100	0.91
15.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	4,275,000	0.81
16.	SUSY DING	4,175,000	0.79
17.	NG CHIN HENG	3,733,333	0.71
18.	NG CHIN HENG	3,666,666	0.70
19.	NG CHIN HENG	3,335,201	0.63
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,316,300	0.44

Analysis of Shareholdings (cont'd.)
As at 23 September 2022

List of Thirty Largest Securities Accounts Holders (Cont'd)

No.	Name	No. of Shares	%
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (KLC/KEN)	2,195,000	0.42
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIOW MING YEW (KKINABALU-CL)	2,070,600	0.39
23.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,961,000	0.37
24.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,758,393	0.33
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)	1,750,000	0.33
26.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	1,568,800	0.30
27.	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	1,540,000	0.29
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	1,394,600	0.26
29.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	1,378,600	0.26
30.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YOONG KAH YIN (PB)	1,266,000	0.24

Substantial Shareholders

No.	Name	No. of Shares held		% of Issued Share	
		Direct	Indirect	Direct	Indirect
1.	IVORY ASIA SDN. BHD.	151,413,326	-	28.75	-
2.	PANG FONG THAU	64,722,375	[a]181,120,026	12.29	34.39
3.	SAMARANG UCITS – SAMARANG ASIAN PROSPERITY	51,754,200	-	9.83	-
4.	NG CHIN HENG	29,706,700	[b]216,135,701	5.64	41.04

Directors' Shareholdings

No.	Name	No. of Shares held		% of Issued Share	
		Direct	Indirect	Direct	Indirect
1.	NG CHIN HENG	29,706,700	[c]216,839,900	5.64	41.17
2.	NG CHIN SHIN	23,851,320	-	4.53	-
3.	NG CHIN KEUAN	23,691,587	[d]20,000	4.50	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/Passport No. .... of ....

or failing him/her .... NRIC/Passport 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 Second Annual General Meeting of the Company to be held at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Thursday, 1 December 2022 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 Mr Jacob O Pang Su Yin as Director.		
3.	To re-elect Mr Loh Thian Sang @ Lo Thian Siang 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 Independent Non-Executive Director, Mr Jacob O Pang Su Yin.		
6.	Proposed retention of Independent Non-Executive Director, Mr Loh Thian Sang @ Lo Thian Siang.		
7.	Authority to issue shares pursuant to the Companies Act 2016.		
8.	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 2022

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 25 November 2022 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.

FOLD THIS FLAP FOR SEALING

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STAMP

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

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

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