



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2009

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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 AUGUST 2009

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 AUG 2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 AUG 2008 RM'000	CURRENT YEAR TO DATE 31 AUG 2009 RM'000	PRECEDING YEAR TO DATE 31 AUG 2008 RM'000
Revenue	44,244	N/A	44,244	N/A
Cost of sales	(36,426)	N/A	(36,426)	N/A
Gross profit	7,818	N/A	7,818	N/A
Other income	789	N/A	789	N/A
Administrative expenses	(890)	N/A	(890)	N/A
Operating profit	7,717	N/A	7,717	N/A
Finance costs	(12)	N/A	(12)	N/A
Profit before tax	7,705	N/A	7,705	N/A
Income tax expense	(1,950)	N/A	(1,950)	N/A
Profit for the period	5,755	N/A	5,755	N/A
Attributable to:				
Equity holders of the Company	5,755	N/A	5,755	N/A
Weighted average number of shares in issue ('000)	113,045	N/A	113,045	N/A
Earnings per share (sen)				
- Basic	5.09	N/A	5.09	N/A
- Diluted	5.09	N/A	5.09	N/A

(i) The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 31 March 2009 as disclosed in the Prospectus dated 31 July 2009 and the accompanying explanatory notes attached to the interim financial statements.

(ii) This is the first interim financial report on the consolidated results for the 1st quarter ended 31 August 2009 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). As this is the first interim financial report being drawn up, there are no comparative figures for the preceding year's corresponding period.

(iii) In conjunction with the Initial Public Offering ("IPO"), a public issue of 77,000,000 new ordinary shares of RM0.50 each had been allocated and allotted to the Malaysian public, selected investors, eligible directors, employees and persons on 20 August 2009. The public issue had increased the issued and paid-up share capital of the Company from 103,002,000 to 180,002,000 ordinary shares of RM0.50 each. The listing and quotation of the Company's entire issued and paid-up share capital of RM90,001,000 comprising 180,002,000 ordinary shares of RM0.50 each on the Main Market of Bursa Securities was completed on 28 August 2009.



CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2009

	UNAUDITED AS AT 31 AUG 2009 RM'000	AUDITED AS AT 31 MAY 2009 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	12,631	12,681
Prepaid land lease payment	9,930	9,972
	<u>22,561</u>	<u>22,653</u>
CURRENT ASSETS		
Inventories	19,019	16,465
Amount due from contract customers	81,096	75,165
Trade and other receivables	99,903	28,691
Tax recoverable	*	*
Deposits, cash and bank balances	1,392	12,310
	<u>201,410</u>	<u>132,631</u>
TOTAL ASSETS	<u>223,971</u>	<u>155,284</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	90,001	51,501
Share premium	27,696	-
Reserves	11,248	5,493
TOTAL EQUITY	<u>128,945</u>	<u>56,994</u>
NON-CURRENT LIABILITIES		
Borrowings	888	997
Deferred tax liabilities	2,946	2,898
	<u>3,834</u>	<u>3,895</u>
CURRENT LIABILITIES		
Trade and other payables	53,423	45,576
Amount due to contract customers	5,102	7,864
Dividend payable	-	14,200
Borrowings	29,477	24,272
Current tax payable	3,190	2,483
	<u>91,192</u>	<u>94,395</u>
TOTAL LIABILITIES	<u>95,026</u>	<u>98,290</u>
TOTAL EQUITY AND LIABILITIES	<u>223,971</u>	<u>155,284</u>
 Net assets per share (sen)	 71.64	 55.33

* Negligible

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 31 March 2009 as disclosed in the Prospectus dated 31 July 2009 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 AUGUST 2009**

	Attributable to equity holders of the Company			Total RM'000
	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	
Balance as at 1 June 2009	51,501		5,493	56,994
Public Issue	38,500	30,800		69,300
Expenses related to flotation exercise		(3,104)		(3,104)
Total recognised income & expense for the period :				
- Profit for the period			5,755	5,755
Balance as at 31 August 2009	<u>90,001</u>	<u>27,696</u>	<u>11,248</u>	<u>128,945</u>

The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 31 March 2009 as disclosed in the Prospectus dated 31 July 2009 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 AUGUST 2009

	CURRENT YEAR TO DATE 31 AUG 2009 RM'000	PRECEDING YEAR TO DATE 31 AUG 2008 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	7,705	N/A
Adjustments for:		
Non-cash items	436	N/A
Non-operating items (net of income)	306	N/A
Operating profit before changes in working capital	8,447	N/A
<u>Changes in working capital</u>		
Net change in current assets	(79,778)	N/A
Net change in current liabilities	5,102	N/A
Total changes in working capital	(74,676)	N/A
Net cash used in operations	(66,229)	N/A
Interest paid	(10)	N/A
Income tax paid	(1,195)	N/A
Net cash used in operating activities	(67,434)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Paid	(14,200)	N/A
Addition of prepaid lease land payments	-	N/A
Purchase of property, plant and equipment	(268)	N/A
Net cash used in investing activities	(14,468)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	66,196	N/A
Net movements in trade financing	2,568	N/A
Repayment of term loans	(87)	N/A
Repayment of hire purchase payables	(43)	N/A
Net cash from financing activities	68,634	N/A
Net decrease in cash and cash equivalents	(13,268)	N/A
Cash and cash equivalents at beginning of financial period	12,310	N/A
Effect of foreign exchange rate changes	(11)	N/A
Cash and cash equivalents at the end of financial period	(969)	N/A
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	1,392	N/A
Bank overdrafts	(2,361)	N/A
	(969)	N/A

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 31 March 2009 as disclosed in the Prospectus dated 31 July 2009 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2009

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The unaudited interim financial statements have been prepared in accordance with the Financial Reporting Standards 134 (FRS 134): "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report contains condensed consolidated financial statement and selected explanatory notes. The notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group ("TAS Offshore and its subsidiary"). The interim financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with Financial Reporting Standards ("FRS").

A2. Summary of significant accounting policies

Significant accounting policies adopted are consistent with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 31 March 2009 as disclosed in the Prospectus dated 31 July 2009. The following new FRSs and Interpretations were issued but not yet effective and have not been early adopted by the Company:

	Effective for financial periods beginning on or after
FRS and Interpretation	
FRS 4 : Insurance Contracts	1 January, 2010
FRS 7 : Financial Instruments - Disclosure	1 January, 2010
FRS 8 : Operating Segments	1 July, 2009
FRS 101 : Presentation of Financial Statements	1 January, 2010
FRS 123 : Borrowing Costs	1 January, 2010
FRS 139 : Financial Instruments - Recognition and Measurement	1 January, 2010
Amendments to FRS 2 : Share-based Payment : Vesting Conditions and Cancellations	1 January, 2010
Amendments to FRS 1, : Cost of an Investment in a Subsidiary, Jointly Controlled First-time Adoption of Entity or Associate Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements	1 January, 2010
Amendments to FRS 132 : Presentation Financial Instruments	1 January, 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January, 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	1 January, 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January, 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January, 2010
IC Interpretation 11 : FRS 2 - Group and Treasury Share Transactions	1 January, 2010
IC Interpretation 13 : Customer Loyalty Programmes	1 January, 2010
IC Interpretation 14 : FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January, 2010

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Company and its subsidiary for the financial year ended 31 May 2009 were not qualified.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2009

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A4. Seasonal or cyclical factors

The Group do not experience any material seasonality in its business, as its business operations are relatively stable throughout the year, with the exception of minor slowdowns in business activity during the festive seasons at the beginning and end of each calendar year.

A5. Items of unusual nature and amount

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual in their nature, size or incidence for the current financial period under review.

A6. Material changes in estimates

There were no changes in the estimates that have had a material effect in the current financial period under review.

A7. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

The Public Issue of 77,000,000 new ordinary shares of RM0.50 each in the Company at an issue/offer price of RM0.90 per ordinary share was completed on 28 August 2009.

Save for the above, there were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period under review.

A8. Dividends paid

Other than the dividend of RM14.20 million paid to the then existing shareholders of Tuong Aik Shipyard Sdn Bhd prior to its acquisition by the Company, no dividend was paid during the current quarter and financial period to date.

A9. Segmental information

The Company's operations comprise mainly of shipbuilding and ship repairing activities which collectively are considered as one business segment. Accordingly, segment reporting by business segment has not been disclosed. The revenue from external customers by location of customers is set out below :-

	Current Quarter 31 August 2009 RM'000	Current Year to date 31 August 2009 RM'000
Malaysia	562	562
Singapore	14,903	14,903
United Arab Emirates	22,949	22,949
Bahrain	3,124	3,124
Indonesia	2,706	2,706
	<u>44,244</u>	<u>44,244</u>

(A) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134) : INTERIM FINANCIAL REPORTING

A10. Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without amendment from the audited financial statements for the financial year ended 31 May 2009.

A11. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current quarter and financial period to date.

A12. Changes in composition of the group

There were no changes in the composition of the Group during the current quarter and financial period to date.

A13. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets that has arisen since the last annual balance sheet date.

A14. Significant related party transactions

The Company entered into the following transactions with related parties during the financial period :

	Transaction value for 3 months ended 31 August 2009 RM'000	Current Year-To-Date 31 August 2009 RM'000
(i) Transaction with companies in which certain directors of the Company have substantial interest :		
Tuong Aik (Sarawak) Sdn Bhd - Purchase of marine paint	7	7
	<u>7</u>	<u>7</u>

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favourable than those transacted with unrelated parties.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2009

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS

B1. Review of performance of the Company and its subsidiary

The Group recorded a turnover of RM44.2 million and achieved profit before tax of RM7.7 million for the current quarter ended 31 August 2009.

In the opinion of the directors, the result for the current quarter and financial period to date have not been affected by any transactions or events of a material nature which has arisen between 31 May 2009 and the date of this report.

B2. Material changes in the quarterly results compared to the results of the preceding quarter

Not applicable as the consolidated results of the Group for the preceding quarter was prepared from the date of acquisition of its subsidiary. On 3 April 2009, the Company acquired the entire issued and paid-up share capital of Tuong Aik Shipyard Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM51,500.000.

B3. Commentary on prospects for the current financial year

The Board of TAS Offshore is cautiously optimistic about the offshore support industry. With the encouraging oil price currently, coupled with the reality that oil remains as one of the most sought-after energy resources and the depletion of global reserves, the oil majors will continue with their programmes to maintain, if not increase, the production level and reserves. This will help to maintain the demand level for offshore support vessels. The demand from the mining industry will also help to maintain the demand for tugboats.

Barring any unforeseen circumstances, the Board remain positive with the Group's prospect.

B4. Variance between actual profit from forecast profit

The Group has not issued any profit forecast for the current financial period and therefore no comparison is available.

B5. Taxation

Current tax expense:

	Current Quarter RM'000	Current Period to date RM'000
Malaysian income tax	1,902	1,902
Deferred income tax	48	48
Total tax expense	<u>1,950</u>	<u>1,950</u>

B6. Profit from sale of unquoted investments and/or properties

There were no disposal of unquoted investment and properties for the current quarter and financial period to date.

B7. Quoted securities

There was no purchase or disposal of quoted securities for the current quarter and financial period to date.

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS

B8. Status of corporate proposal

- i. In conjunction with the Listing of the Company on the Main Market of Bursa Malaysia Securities Berhad, the Company, had on 31 July 2009, launched the Prospectus in relation to the following :-

Public Issue of 77,000,000 new ordinary shares of RM0.50 each comprising :-

1. 3,500,000 shares available for application by our eligible directors, employees and persons who have contributed to the success of our Company;
2. 9,000,000 shares available for application by the Malaysian public;
3. 21,500,000 shares available for application by way of placement to identified investors; and
4. 43,000,000 shares available for application by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry.

The Company was listed on the Main Market of Bursa Securities on 28 August 2009.

ii. **Status of utilisation of proceeds**

As at the end of the current quarter and financial period to date, the status of utilisation of proceeds as compared to the proposed utilisation is as follows:

Purpose	Intended Timeframe for Utilisation RM'000	Proposed Utilisation RM'000	Actual Utilisation RM'000	Surplus / (Deficit) RM'000	Remarks
(i) Expansion of existing operations	within 36 months	10,000	-	10,000	*
(ii) Working capital	within 36 months	56,300	-	56,300	*
(iii) Estimated listing expenses	upon listing	3,000	-	3,000	*
		<u>69,300</u>	<u>-</u>	<u>69,300</u>	

* The proceeds from the public issue of RM69.3 million was subsequently received from the Issuing House, Malaysian Issuing House Sdn Bhd on 1 September 2009.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2009

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS

B9. Group borrowings and debt securities

Total Group's borrowing as at 31 August 2009 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
1. <u>Short term borrowings</u>			
- Bank overdraft	2,361	-	2,361
- Bankers' acceptance	977	-	977
- Revolving credit	25,697	-	25,697
- Term loan	293	-	293
- Hire purchase payable	-	149	149
	29,328	149	29,477
2. <u>Long term borrowings</u>			
- Term loan	873	-	873
- Hire purchase payable	-	15	15
	873	15	888
Total Borrowings	30,201	164	30,365

B10. Off balance sheet financial instruments

Foreign currency forward contracts outstanding as at 31 August 2009 were as follows :-

	Average contract rate RM	Settlement period within 6 months RM
Trade receivable - SGD1,000,000	2.428	2,428,000
- USD1,114,660	3.569	3,978,222
Anticipated sales - USD885,340	3.569	3,159,778
		9,566,000

B11. Material litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and our Board are not aware of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect our Group's financial position or business.

B12. Dividends

No interim dividend is proposed or declared for the current quarter and financial period to-date.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2009

(B) ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS

B13. Earnings per share

	Current Quarter ended 31 Aug 2009	Current Quarter ended 31 Aug 2008
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>5,755</u>	<u>N/A</u>
Weighted average number of shares in issue ('000)	<u>113,045</u>	<u>N/A</u>
Basic earnings per share (sen)	5.09	N/A
Diluted earnings per share (sen)	5.09	N/A

Basic earnings per share of the Company is calculated by dividing net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

The computation of diluted earnings per share is the same as basic earnings per share as there were no potential shares to be issued as at the end of the reporting period.