



TAS OFFSHORE BERHAD
(Company No : 810179-T)

**INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 28 FEBRUARY 2010**

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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 28 FEBRUARY 2010

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 28 FEB 2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 28 FEB 2009 RM'000	CURRENT YEAR TO DATE 28 FEB 2010 RM'000	PRECEDING YEAR TO DATE 28 FEB 2009 RM'000
Revenue	22,197	N/A	105,167	N/A
Cost of sales	(20,717)	N/A	(92,722)	N/A
Gross profit	1,480	N/A	12,445	N/A
Other income	1,317	N/A	1,957	N/A
Administrative expenses	(1,684)	N/A	(3,726)	N/A
Operating profit	1,113	N/A	10,676	N/A
Finance costs	(4)	N/A	(18)	N/A
Profit before tax	1,109	N/A	10,658	N/A
Income tax expense	(312)	N/A	(2,723)	N/A
Profit for the period	797	N/A	7,935	N/A
Attributable to:				
Equity holders of the Company	797	N/A	7,935	N/A
Weighted average number of shares in issue ('000)	180,002	N/A	157,438	N/A
Earnings per share (sen)				
- Basic	0.44	N/A	5.04	N/A
- Diluted	0.44	N/A	5.04	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 third interim financial report on the consolidated results for the 3rd quarter ended 28 February 2010 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). Hence, 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 28 FEBRUARY 2010

	UNAUDITED AS AT 28 FEB 2010 RM'000	AUDITED AS AT 31 MAY 2009 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	13,225	12,681
Prepaid land lease payment	9,845	9,972
	<u>23,070</u>	<u>22,653</u>
CURRENT ASSETS		
Inventories	28,532	16,465
Amount due from contract customers	44,825	75,165
Trade and other receivables	56,722	28,691
Tax recoverable	170	*
Deposits, cash and bank balances	28,047	12,310
	<u>158,296</u>	<u>132,631</u>
TOTAL ASSETS	<u>181,366</u>	<u>155,284</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	90,001	51,501
Share premium	27,639	-
Reserves	13,428	5,493
TOTAL EQUITY	<u>131,068</u>	<u>56,994</u>
NON-CURRENT LIABILITIES		
Borrowings	728	997
Deferred tax liabilities	2,809	2,898
	<u>3,537</u>	<u>3,895</u>
CURRENT LIABILITIES		
Trade and other payables	36,241	45,576
Amount due to contract customers	5,212	7,864
Dividend payable	-	14,200
Borrowings	5,308	24,272
Current tax payable	-	2,483
	<u>46,761</u>	<u>94,395</u>
TOTAL LIABILITIES	<u>50,298</u>	<u>98,290</u>
TOTAL EQUITY AND LIABILITIES	<u>181,366</u>	<u>155,284</u>
Net assets per share (sen)	72.82	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 28 FEBRUARY 2010**

	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		(3,161)		(3,161)
Total recognised income & expense for the period :				
- Profit for the period			7,935	7,935
Balance as at 28 February 2010	<u>90,001</u>	<u>27,639</u>	<u>13,428</u>	<u>131,068</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 28 FEBRUARY 2010

	CURRENT YEAR TO DATE 28 FEB 2010 RM'000	PRECEDING YEAR TO DATE 28 FEB 2009 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	10,658	N/A
Adjustments for:		
Non-cash items	1,345	N/A
Non-operating items (net of income)	344	N/A
Operating profit before changes in working capital	12,347	N/A
<u>Changes in working capital</u>		
Net change in current assets	(10,007)	N/A
Net change in current liabilities	(11,958)	N/A
Total changes in working capital	(21,965)	N/A
Net cash used in operations	(9,618)	N/A
Interest paid	(13)	N/A
Income tax paid	(5,464)	N/A
Net cash used in operating activities	(15,095)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	242	N/A
Proceeds from disposal of plant and equipment	98	N/A
Addition of prepaid lease land payments	-	N/A
Purchase of property, plant and equipment	(1,703)	N/A
Net cash used in investing activities	(1,363)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(14,200)	N/A
Net proceeds from issuance of shares	66,139	N/A
Net movements in trade financing	(19,749)	N/A
Repayment of term loans	(260)	N/A
Repayment of hire purchase payables	(128)	N/A
Net cash from financing activities	31,802	N/A
Net increase in cash and cash equivalents	15,344	N/A
Cash and cash equivalents at beginning of financial period	12,310	N/A
Effect of foreign exchange rate changes	(38)	N/A
Cash and cash equivalents at the end of financial period	27,616	N/A
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	28,047	N/A
Bank overdrafts	(431)	N/A
	27,616	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.

(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 subsidiaries"). 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

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 May 2009.

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.

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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2010

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

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 28 Feb 2010 RM'000	Current Period to date 28 Feb 2010 RM'000
Malaysia	262	1,006
Singapore	2,830	30,846
United Arab Emirates	8,195	46,136
Bahrain	2,017	9,102
Indonesia	6,870	15,395
Papua New Guinea	1,485	2,144
Iran	538	538
	<u>22,197</u>	<u>105,167</u>

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current quarter under review and financial year-to-date.

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

During the current quarter and financial period to date, the Company has incorporated a wholly owned subsidiary company , TA Ventures (L) Ltd ("TAV").

TAV was incorporated in the Federal Territory of Labuan on 8 January 2010 under the Offshore Companies Act, 1990. Its principal activities are investment holding, ship owning and trading. Its present authorised share capital is US\$10,000 comprising 10,000 ordinary shares of US\$1.00 each, of which 1 ordinary share of US\$1.00 has been issued and fully paid-up.

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

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 28 Feb 2010 RM'000	Current Period-To-Date 28 Feb 2010 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	1	9
	<u>1</u>	<u>9</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 QUARTER ENDED 28 FEBRUARY 2010

(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 RM22.2 million and profit before tax of RM1.1 million for the current quarter ended 28 February 2010.

For the financial period to date, the Group recorded a pre-tax profit of RM10.7 million on the back of revenue of RM105.2 million.

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

	Current quarter ended 28 February 2010 RM'000	Preceding quarter ended 30 November 2009 RM'000	Variance RM'000	
Revenue	22,197	38,726	(16,529)	-43%
Profit before tax	1,109	1,844	(735)	-40%

The lower revenue in the current quarter as compared to the preceding quarter is mainly due to the slowdown in business activity during the festive seasons at the beginning and end of each calendar year.

Whilst revenue reduced by RM16.5 million ie. 43%, profit before tax decreased by RM0.7 million ie. 40%. The decrease was a result of the lower revenue being recognised as explained above.

B3. Commentary on prospects for the current financial year

2010 will be a very challenging year despite the current encouraging oil price as the world economic recovery path is still very uncertain. The oil majors are awarding contracts for the OSV services but the competition among both the vessels operators and shipbuilders are very keen.

Under such circumstances, the Group will continue to improve its core competencies in ship building. The Board is positive with the Group's prospect but remains cautiously optimistic about the development in the offshore support demand.

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.

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

B5. Taxation

Current tax expense:

	Current Quarter RM'000	Current Period to date RM'000
Malaysian income tax	327	2,811
Deferred income tax	(15)	(88)
Total tax expense	<u>312</u>	<u>2,723</u>
Effective tax rate	28%	25%

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.

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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2010

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

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	1,059	8,941	Available for use
(ii) Working capital	within 36 months	56,300	43,080	13,220	Available for use
(iii) Estimated listing expenses	upon listing	3,000	3,161	(161)	*
		69,300	47,300	22,000	

* The excess of actual utilisation over proposed utilisation will be deducted from the funds available for use in (ii).

B9. Group borrowings and debt securities

Total Group's borrowing as at 28 February 2010 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	431	431
- Bankers' acceptance	-	-
- Revolving credit	4,500	4,500
- Term loan	296	296
- Hire purchase payable	80	80
	5,308	5,308
2. <u>Long term borrowings</u>		
- Term loan	728	728
- Hire purchase payable	-	-
	728	728
Total Borrowings	6,036	6,036

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2010

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

B10. Off balance sheet financial instruments

Foreign currency forward contracts outstanding as at 28 February 2010 were as follows :-

		Average contract rate RM	Settlement period within 6 months RM
Trade receivable	- SGD1,000,000	2.453	2,453,000
			2,453,000

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.

B13. Earnings per share

	Current Quarter ended 28 Feb 2010	Preceding Year Corresponding Quarter ended 28 Feb 2009
Net profit attributable to ordinary equity holders of the Company (RM'000)	797	N/A
Weighted average number of shares in issue ('000)	180,002	N/A
Basic earnings per share (sen)	0.44	N/A
Diluted earnings per share (sen)	0.44	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.