



TAS OFFSHORE BERHAD
(Company No : 810179-T)

**INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MAY 2010**

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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 MAY 2010

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 MAY 2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAY 2009 RM'000	CURRENT YEAR TO DATE 31 MAY 2010 RM'000	PRECEDING YEAR TO DATE 31 MAY 2009 RM'000
Revenue	34,744	N/A	139,912	54,917
Cost of sales	(32,268)	N/A	(124,991)	(48,285)
Gross profit	2,476	N/A	14,921	6,632
Other income	(461)	N/A	1,496	1,247
Administrative expenses	(1,299)	N/A	(5,025)	(926)
Operating profit	716	N/A	11,392	6,953
Finance costs	(12)	N/A	(30)	(17)
Profit before tax	704	N/A	11,362	6,936
Income tax expense	(317)	N/A	(3,040)	(1,440)
Profit for the period	387	N/A	8,322	5,496
Attributable to:				
Equity holders of the Company	387	N/A	8,322	5,496
Weighted average number of shares in issue ('000)	180,002	N/A	163,125	16,651
Earnings per share (sen)				
- Basic	0.21	N/A	5.10	33.00
- Diluted	0.21	N/A	5.10	33.00

(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 fourth interim financial report on the consolidated results for the 4th quarter ended 31 May 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 31 MAY 2010

	UNAUDITED AS AT 31 MAY 2010 RM'000	AUDITED AS AT 31 MAY 2009 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	13,537	12,681
Prepaid land lease payment	9,803	9,972
Other investment	20,202	
	<u>43,542</u>	<u>22,653</u>
CURRENT ASSETS		
Inventories	32,903	16,465
Amount due from contract customers	54,525	75,165
Trade and other receivables	27,256	28,691
Tax recoverable	1,023	*
Deposits, cash and bank balances	16,864	12,310
	<u>132,571</u>	<u>132,631</u>
TOTAL ASSETS	<u>176,113</u>	<u>155,284</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	90,001	51,501
Share premium	27,639	-
Reserves	13,815	5,493
TOTAL EQUITY	<u>131,455</u>	<u>56,994</u>
NON-CURRENT LIABILITIES		
Borrowings	656	997
Deferred tax liabilities	2,899	2,898
	<u>3,555</u>	<u>3,895</u>
CURRENT LIABILITIES		
Trade and other payables	30,487	45,576
Amount due to contract customers	3,396	7,864
Dividend payable	-	14,200
Borrowings	7,113	24,272
Current tax payable	107	2,483
	<u>41,103</u>	<u>94,395</u>
TOTAL LIABILITIES	<u>44,658</u>	<u>98,290</u>
TOTAL EQUITY AND LIABILITIES	<u>176,113</u>	<u>155,284</u>
Net assets per share (sen)	73.03	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 MAY 2010**

	Attributable to equity holders of the Company			
	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
Balance as at 1 June 2008	1	-	(3)	(2)
Issuance of shares during the year	51,500	-	-	51,500
Total recognised income & expense for the financial year :				
- Profit for the financial year	-	-	5,496	5,496
Balance as at 31 May 2009	<u>51,501</u>	<u>-</u>	<u>5,493</u>	<u>56,994</u>

	Attributable to equity holders of the Company			
	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total 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)
Profit for the year	-	-	8,322	8,322
Total recognised income & expense for the year	-	(3,161)	8,322	5,161
Balance as at 31 May 2010	<u>90,001</u>	<u>27,639</u>	<u>13,815</u>	<u>131,455</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 MAY 2010

	CURRENT YEAR TO DATE 31 MAY 2010 RM'000	PRECEDING YEAR TO DATE 31 MAY 2009 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	11,362	6,936
Adjustments for:		
Non-cash items	1,658	(678)
Non-operating items (net of income)	349	174
Operating profit before changes in working capital	13,369	6,432
<u>Changes in working capital</u>		
Net change in current assets	5,669	(28,586)
Net change in current liabilities	(19,548)	13,541
Total changes in working capital	(13,879)	(15,045)
Net cash used in operations	(510)	(8,613)
Interest paid	(24)	(15)
Income tax paid	(6,437)	(1,170)
Net cash used in operating activities	(6,971)	(9,798)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary	-	19,091
Dividend received	202	-
Interest Received	89	-
Proceeds from disposal of plant and equipment	98	1
Acquisition of other investment	(20,202)	-
Preliminary expenses incurred	(7)	-
Purchase of property, plant and equipment	(2,413)	(207)
Net cash used in investing activities	(22,233)	18,885
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(14,200)	-
Net proceeds from issuance of shares	66,139	-
Net movements in trade financing	(19,796)	3,377
Repayment of term loans	(348)	(58)
Repayment of hire purchase payables	(172)	(34)
Net cash from financing activities	31,623	3,285
Net increase in cash and cash equivalents	2,419	12,372
Cash and cash equivalents at beginning of financial period	12,310	*
Effect of foreign exchange rate changes	(145)	(62)
Cash and cash equivalents at the end of financial period	14,584	12,310
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	16,863	12,310
Bank overdrafts	(2,279)	-
	14,584	12,310

* Negligible

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 Paragraph 9.22 of the Main Market 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 31 MAY 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 31 May 2010 RM'000	Current Period to date 31 May 2010 RM'000
Malaysia	2,003	3,009
Singapore	8,289	38,919
United Arab Emirates	20,083	66,219
Bahrain	290	9,393
Indonesia	2,816	18,428
Papua New Guinea	635	2,779
Iran	628	1,165
	<u>34,744</u>	<u>139,912</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

On 8 July 2010, the Company acquired 100% equity interest representing two ordinary shares of RM1.00 each in Western Realty Sdn Bhd for a total consideration of RM2.00 satisfied by cash.

A12. Changes in composition of the group

During the 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 Labuan Companies Act, 1990. Its principal activities are investment holding, ship owning and trading. Its present authorised share capital is US\$10,000 and the issued and fully paid up share capital is US\$1.00.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2010

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

A13. Contingent Liabilities and Contingent Assets

The contingent liabilities of the Group as at 31 May 2010 were as follows:

	RM'000
- Estimated compensation for liquidated damages pending negotiation	<u>935</u>

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 May 2010 RM'000	Current Period-To-Date 31 May 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	-	9
	<u>-</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 31 MAY 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 RM34.7 million and profit before tax of RM0.7 million for the current quarter ended 31 May 2010.

For the financial year, the Group recorded a pre-tax profit of RM11.4 million on the back of revenue of RM139.9 million.

In the opinion of the directors, the result for the current quarter and financial year 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 31 May 2010 RM'000	Preceding quarter ended 28 February 2010 RM'000	Variance RM'000	
Revenue	34,744	22,197	12,547	57%
Profit before tax	704	1,109	(405)	-37%

The higher revenue in the current quarter as compared to the preceding quarter was mainly attributed to contract revenue recognised on sale of six units of vessels under construction.

Profit before tax decreased by RM0.4 million, or 37% lower than preceding quarter was particularly due to lower gross profit from sale of vessels and realised forex losses of RM0.7 million arising from appreciation in Malaysian Ringgit against foreign currency such as United States Dollar and Singapore Dollar.

B3. Commentary on prospects

The current encouraging crude oil price range of US\$75 to US\$80 per barrel is deemed favourable for the oil major to expand their offshore deep sea projects and production activities.

The demand for offshore support vessels is expected to increase as the Malaysian national oil company, Petronas, and other oil majors award out the contracts. This augurs well for our shipbuilding arm.

2011 remains to be challenging as the global recovery is still uncertain due to the shaky economic situation in several European countries and the United States of America. However, we believe 2011 will be a better year and the Board will continue to cautiously work towards securing better projects and profits for the shareholders.

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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2010

(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	227	3,038
Deferred income tax	90	2
Total tax expense	<u>317</u>	<u>3,040</u>
Effective tax rate	44%	27%

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

The investment in quoted securities were as follows :-

	Current Quarter RM'000	Current Period to date RM'000
Unit Trust, at cost		
Opening balance	20,125	-
Add : Purchases	77	20,203
Less : Disposals	-	-
Closing balance	<u>20,202</u>	<u>20,203</u>
Market Value at 31 May 2010	20,291	20,291

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 :-

- 3,500,000 shares available for application by our eligible directors, employees and persons who have contributed to the success of our Company;
- 9,000,000 shares available for application by the Malaysian public;
- 21,500,000 shares available for application by way of placement to identified investors; and
- 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 31 MAY 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 year, 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	1,469	8,531	Available for use
(ii) Working capital	within 36 months	56,300	44,670	11,630	Available for use
(iii) Estimated listing expenses	upon listing	3,000	3,161	(161)	*
		69,300	49,300	20,000	

* 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 31 May 2010 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
1. <u>Short term borrowings</u>			
- Bank overdraft	-	2,279	2,279
- Revolving credit	-	4,500	4,500
- Term loan	-	297	297
- Hire purchase payable	37	-	37
	37	7,076	7,113
2. <u>Long term borrowings</u>			
- Term loan	-	656	656
	-	656	656
Total Borrowings	37	7,732	7,769

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2010

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

B10. Derivative financial instruments

The outstanding foreign currency forward contracts as at 31 May 2010 were as follows :-

Types of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
Currency Forward Contracts		
- Less than 1 year	12,958	13,055
- 1 year to 3 years	-	-
- More than 3 years	-	-

The foreign exchange forward contracts are transacted with the Group's bankers to hedge the Group's exposure to foreign exchange risk in respect of its export sales. The Group's trade receivables denominated in foreign currencies are exposed to currency risk. The Group's strategy for minimising this risk is to hedge the foreign trade receivable by a forward sale contract.

There are no cash requirements for these derivatives.

Foreign exchange forward contracts are recognised on the contract dates and are subsequently measured at fair value with gain or loss recognised in the income statement.

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

For the financial year ended 31 May 2010, the Board of Directors recommends a single tier final dividend of 2 sen per ordinary share.

The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting. The entitlement date to the final dividend shall be determined by the Board of Directors at the subsequent date.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2010

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

B13. Earnings per share

	Current Quarter ended 31 May 2010	Preceding Year Corresponding Quarter ended 31 May 2009
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>387</u>	<u>N/A</u>
Weighted average number of shares in issue ('000)	<u>180,002</u>	<u>N/A</u>
Basic earnings per share (sen)	0.21	N/A
Diluted earnings per share (sen)	0.21	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.