



# TAS OFFSHORE BERHAD

(Company No : 810179-T)

## INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2010

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 NOVEMBER 2010**

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 30 NOV 2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 NOV 2009 RM'000	CURRENT YEAR TO DATE 30 NOV 2010 RM'000	PRECEDING YEAR TO DATE 30 NOV 2009 RM'000
<b>Revenue</b>	24,723	38,726	47,381	82,970
Cost of sales	(24,194)	(35,579)	(45,503)	(72,006)
<b>Gross profit</b>	529	3,147	1,878	10,964
Other income	370	277	1,993	641
Administrative expenses	(706)	(1,577)	(2,214)	(2,042)
<b>Operating profit</b>	193	1,847	1,657	9,563
Finance costs	(10)	(2)	(14)	(14)
<b>Profit before tax</b>	183	1,845	1,643	9,549
Income tax expense	(367)	(461)	(738)	(2,411)
<b>Profit for the period</b>	(184)	1,384	905	7,138
<b>Other comprehensive income</b>				
Gain on fair value changes of available-for-sale investments	1	-	7	-
<b>Total other comprehensive income</b>	1	-	7	-
<b>Total comprehensive income for the peirod</b>	(183)	1,384	912	7,138
Profit for the period attributable to owners of the Parent	(184)	1,384	905	7,138
Total comprehensive income attributable to owners of the Parent	(183)	1,384	912	7,138
Earnings per share (sen)				
- Basic	(0.10)	0.77	0.50	4.88
- Diluted	(0.10)	0.77	0.50	4.88

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 May 2010 and the accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2010**

	UNAUDITED AS AT 30 NOV 2010 RM'000	(Restated) AUDITED AS AT 31 MAY 2010 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	22,864	23,340
Available-for-sale investment	20,564	20,203
	<u>43,428</u>	<u>43,543</u>
<b>Current Assets</b>		
Inventories	37,477	32,903
Amount due from contract customers	37,315	54,525
Trade and other receivables	35,611	27,256
Tax recoverable	2,803	1,023
Deposits, cash and bank balances	26,810	16,863
	<u>140,016</u>	<u>132,570</u>
<b>Total Assets</b>	<u>183,444</u>	<u>176,113</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	90,001	90,001
Share premium	27,639	27,639
Reserves	11,127	13,824
<b>Total Equity</b>	<u>128,767</u>	<u>131,464</u>
<b>Non-Current Liabilities</b>		
Borrowings	500	656
Deferred tax liabilities	2,606	2,899
	<u>3,106</u>	<u>3,555</u>
<b>Current Liabilities</b>		
Trade and other payables	27,140	30,478
Dividend payables	3,600	-
Amount due to contract customers	1,234	3,396
Borrowings	18,380	7,113
Derivative financial liabilities	232	-
Current tax payable	985	107
	<u>51,571</u>	<u>41,094</u>
<b>Total Liabilities</b>	<u>54,677</u>	<u>44,649</u>
<b>Total Equity and Liabilities</b>	<u>183,444</u>	<u>176,113</u>
Net assets per share (sen)	<b>71.54</b>	<b>73.03</b>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 May 2010 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**For the quarter ended 30 November 2010**

	Share Capital RM'000	Attributable to Owners of the Parent			Total RM'000
		Share Premium RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	
Balance as at 1 June 2010	90,001	27,639	-	13,824	131,464
Effects of applying FRS 139	-	-	88	(97)	(9)
<b>Restated balance</b>	<b>90,001</b>	<b>27,639</b>	<b>88</b>	<b>13,727</b>	<b>131,455</b>
Profit for the period	-	-	-	905	905
Other comprehensive income	-	-	7	-	7
Total comprehensive income for the period	-	-	7	905	912
Final dividend of 2 sen per share in respect of the financial year ended 31 May 2010	-	-	-	(3,600)	(3,600)
Balance as at 30 Nov 2010	<u>90,001</u>	<u>27,639</u>	<u>95</u>	<u>11,032</u>	<u>128,767</u>

**For the quarter ended 30 November 2009**

	Share Capital RM'000	Attributable to Owners of the Parent			Total RM'000
		Share Premium RM'000	Fair Value Reserve RM'000	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)
Profit for the period	-	-	-	7,138	7,138
Total comprehensive income for the period	-	(3,161)	-	7,138	3,977
Balance as at 30 Nov 2009	<u>90,001</u>	<u>27,639</u>	<u>-</u>	<u>12,631</u>	<u>130,271</u>

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 May 2010 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 NOVEMBER 2010**

	CURRENT YEAR TO DATE 30 NOV 2010 RM'000	PRECEDING YEAR TO DATE 30 NOV 2009 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,643	9,549
Adjustments for:		
Non-cash items	739	695
Non-operating items (net of income)	(73)	200
Operating profit before changes in working capital	2,309	10,444
<u>Changes in working capital</u>		
Net change in current assets	4,410	(17,491)
Net change in current liabilities	(5,522)	(1,113)
Total changes in working capital	(1,112)	(18,604)
Net cash used in operations	1,197	(8,160)
Interest paid	(14)	(10)
Income tax paid	(1,933)	(4,006)
Net cash used in operating activities	(750)	(12,176)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	71	115
Dividend Received	266	-
Proceeds from disposal of plant and equipment	50	98
Purchase of property, plant and equipment	(287)	(1,253)
Purchase of other investment	(266)	-
Net cash used in investing activities	(166)	(1,040)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	-	(14,200)
Net proceeds from issuance of shares	-	66,139
Net movements in trade financing	11,403	(15,179)
Repayment of term loans	(174)	(174)
Repayment of hire purchase payables	(37)	(92)
Net cash from financing activities	11,192	36,494
<b>Net increase/(decrease) in cash and cash equivalents</b>	10,276	23,278
<b>Cash and cash equivalents at beginning of financial period</b>	14,584	12,310
<b>Effect of foreign exchange rate changes</b>	47	(29)
<b>Cash and cash equivalents at the end of financial period</b>	24,907	35,559
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits and cash and bank balances	26,810	36,337
Bank overdrafts	(1,903)	(778)
	24,907	35,559

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 May 2010 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 interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2010. The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the financial year ended 31 May 2010, except for the following :

**(i) Adoption of New and Revised FRSs, IC Interpretations and Amendments**

With effect from 1 June 2010, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations :

FRS 7	: Financial Instruments: Disclosures
FRS 8	: Operating Segments
FRS 101	: Presentation of Financial Statements (Revised)
FRS 123	: Borrowing Costs (Revised)
FRS 127	: Consolidated and Separate Financial Statements (Revised)
FRS 139	: Financial Instruments: Recognition and Measurement
IC Interpretation 9	: Reassessment of Embedded Derivatives
IC Interpretation 10	: Interim Financial Reporting and Impairment
Amendments to FRSs Classified as "Improvement to FRSs (2009)"	
Amendments to FRS 7	: Financial Instruments: Disclosures
Amendments to FRS 127	: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	: Financial Instruments: Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 139	: Financial Instruments: Recognition and Measurement

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

**A2. Summary of significant accounting policies (cont'd)**

(i) *Adoption of New and Revised FRSs, IC Interpretations and Amendments (cont'd)*

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below :

**FRS 101, Presentation of Financial Statements (Revised)**

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements.

With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented in the statement of comprehensive income as components in other comprehensive income. The change in presentation has no effect on the comparative interim financial statement for the preceding year corresponding period.

**Amendment to FRS 117, Leases**

Prior to the adoption of the Amendment to FRS 117, leasehold land that normally had an indefinite economic life and where title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land was accounted for as prepaid lease payments in the statement of financial position which were amortised over the lease term in accordance with the pattern of benefits provided.

With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. In making this judgement, the Directors have concluded that lands with an initial lease period of 50 years or more are finance leases because the present value of the minimum lease payments (i.e. the consideration paid or payable) is substantially equal to the fair value of the land. Accordingly, leasehold land which in substance is a finance lease has been reclassified to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendment to FRS 117 :

	<b>Consolidated Balance Sheet</b>	<b>Effects on</b>	<b>Consolidated Statement of Financial Position</b>
	<b>As previously reported</b>	<b>adoption of FRS 117</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	13,537	9,803	23,340
Prepaid lease payments	9,803	(9,803)	-

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

**A2. Summary of significant accounting policies (cont'd)**

(i) *Adoption of New and Revised FRSs, IC Interpretations and Amendments (cont'd)*

**FRS 139, Financial Instruments: Recognition and Measurement**

The adoption of FRS 139 has resulted in financial instruments of the Group to be categorised and measured using the accounting policies summarised below :-

**(a) Initial recognition and measurement**

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value. In the case of a financial instrument not categorised as fair value through profit or loss, the financial instrument is initially recognised at its fair value plus transaction costs that are directly attributable to acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. In the event that the embedded derivative is recognised separately, the host contract is accounted for in accordance with the policy applicable to the nature of the host contract.

**(b) Financial assets**

***Financial assets at fair value through profit or loss***

Fair value through profit or loss category comprises financial assets that are held for trading including derivatives, or are designated as such upon initial recognition. Financial assets at fair value through profit or loss are subsequently measured at fair value with gain or loss recognised in profit or loss.

***Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method. This category of financial assets is classified as current assets unless the maturities are greater than twelve months in which case they are classified as non-current assets.

***Available-for-sale financial assets***

Available-for-sale financial assets comprise investment in equity and debt securities that are not held for trading. Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other available-for-sale financial assets are subsequently measured at fair value with gain or loss recognised in other comprehensive income except for impairment losses, foreign exchange gains and losses on monetary items and interest calculated using the effective interest method which are recognised in profit or loss.

***Held-to-maturity investments***

Held-to-maturity investments category comprises debt instruments that are quoted on an active market and the Group has the positive intention and ability to hold to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at cost using the effective interest method.



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

**A2. Summary of significant accounting policies (cont'd)**

*(i) Adoption of New and Revised FRSs, IC Interpretations and Amendments (cont'd)*

**FRS 139, Financial Instruments: Recognition and Measurement (cont'd)**

**(b) Financial assets (cont'd)**

The Group assess, at each reporting date, whether there is any objective evidence that its financial assets, other than those measured at fair value through profit or loss, are impaired.

**(c) Financial liabilities**

Financial liabilities of the Group comprise trade and other payables, borrowings and derivative financial liabilities. All financial liabilities are subsequently measured at amortised cost using effective interest method other than derivative financial liabilities which are categorised as fair value through profit or loss. Derivative financial liabilities are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

Following the adoption of FRS 139, the changes to accounting policies relating to recognition and measurement of the Group's financial instruments are as follows :-

**(a) Investment in non-current equity and debt securities instruments**

Prior to the adoption of FRS 139, non-current investments in equity and debt securities instruments were stated at cost less allowance for diminution in value which was other than temporary in nature.

With the adoption of FRS 139, such investments are now categorised as available-for-sale financial assets and measured as follows :-

- (i) Quoted shares and debt instruments - at fair value with gain or loss recognised in other comprehensive income.
- (ii) Unquoted shares - at cost

**(b) Derivative financial instruments**

Prior to the adoption of FRS 139, outstanding financial derivatives as at balance sheet were not recognised in the financial statements. They were only recognised on settlement dates.

Upon the adoption of FRS 139, derivative financial instruments are recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of those instruments. A derivative financial instrument is categorised as fair value through profit or loss and measured at its fair value with gain or loss recognised in profit or loss.

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

**A2. Summary of significant accounting policies (cont'd)**

(i) *Adoption of New and Revised FRSs, IC Interpretations and Amendments (cont'd)*

**FRS 139, Financial Instruments: Recognition and Measurement (cont'd)**

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 January 2010 were recognised as adjustments of the opening balance of retained profits or other appropriate reserves. Comparatives are not adjusted.

Since FRS 139 is applied prospectively, its adoption does not affect the basic and diluted earnings per ordinary shares for prior periods.

The effects on adoption of FRS 139 on the opening reserves of the Group and other items of the consolidated statement of financial position as at 1 June 2010 are as follows :-

	Balance as at 1 June 2010 before the adoption of FRS 139 RM'000	Effects on adoption of FRS 139 RM'000	Balance as at 1 June 2010 after the adoption of FRS 139 RM'000
Retained profits	13,824	(97)	13,727
Fair value reserve	-	88	88
Other investments	20,203	(20,203)	-
Available-for-sale investments	-	20,291	20,291
Derivatives financial liabilities	-	97	97

The effects on adoption of FRS 139 on the current interim financial statements are as follows :-

	Increase/ (Decrease) RM'000
<b>Statement of financial position as at 30 November 2010</b>	
Retained profits	(232)
Other reserves	7
Available-for-sale investments	7
Derivative financial liabilities	232
<b>Statement of comprehensive income for the period ended 30 November 2010</b>	
Profit for the period	(135)
Other comprehensive income	7
Total comprehensive income	(128)

The adoption of other new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations has no financial impact on the current interim financial statements or on the consolidated financial statements of the previous financial year.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2010

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

**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 2010 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**

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 during the current period and year to date.

**A8. Dividends**

No dividend was paid in 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 30 Nov 2010 RM'000	Current Period to date 30 Nov 2010 RM'000
Malaysia	1,698	2,822
Singapore	3,965	9,158
United Arab Emirates	16,040	26,117
Indonesia	1,349	6,458
Papua New Guinea	-	77
Iran	1,671	2,749
	<u>24,723</u>	<u>47,381</u>

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2010

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

**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. Capital commitments**

Approved but not contracted for

**30.11.2010**  
**RM'000**  
8,320

**A12. 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.

**A13. Changes in composition of the group**

On 8 July 2010, the Company acquired the entire share capital, comprising 2 ordinary shares of RM1.00 each, of Western Realty Sdn Bhd ("WRSB") for a total cash consideration of RM2.00. WRSB is a company incorporated in Malaysia and has not commenced any business activities. The acquisition of WRSB does not have a material impact on the financial position and results of the Group.

**A14. Contingent Liabilities and Contingent Assets**

There were no material changes in the contingent liabilities or contingent assets since the last annual balance sheet date.

**A15. Significant related party transactions**

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

	Transaction value for 3 months ended 30 Nov 2010 <b>RM'000</b>	Current Period-To-Date 30 Nov 2010 <b>RM'000</b>
(i) Transaction with companies in which certain directors of the Company have substantial interest :		
Tuong Aik (Sarawak) Sdn Bhd		
- Purchase of marine paint	2	2
	2	2

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 30 NOVEMBER 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 RM24.7 million and profit before tax of RM0.2 million for the current quarter ended 30 November 2010.

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 2010 and the date of this report.

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

	Current quarter ended 30 Nov 2010	Preceding quarter ended 31 Aug 2010	Variance	
	RM'000	RM'000	RM'000	
Revenue	24,723	22,658	2,065	9%
Profit before tax	183	1,460	(1,277)	-87%

Profit before tax decreased by RM1.28 million, or 87% lower than preceding quarter mainly due to provision for expected loss on shipbuilding contract and the effects on adoption of FRS 139 as shown in Note A2 to this interim financial report.

**B3. Commentary on prospects for the current financial year**

A faster-than-expected recovery in the demand for oil has recently pushed its price around US\$90.00 per barrel. This encouraging price movement is good for the oil majors and will benefit the offshore support industries.

However, in view of the fresh concerns on the economic developments in the European region and the United States, we remain cautious about full global recovery and the demand growth on offshore support vessels. We will continue to improve our core competency in shipbuilding and are positive about the remaining quarters of the current financial year.

**B4. Variance between actual profit from forecast profit**

The Group did not issue any profit forecast for the current financial period or in the prior financial period and therefore no comparison is available.

**B5. Taxation**

Current tax expense:

	Current Quarter	Current Period to date
	RM'000	RM'000
Malaysian income tax	226	1,031
Deferred income tax	141	(293)
Total tax expense	<u>367</u>	<u>738</u>
Effective tax rate	196%	44%

The high effective tax rate for the current quarter and financial period to date was attributed to high disallowed expenses.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2010

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

**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 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	1,680	8,320	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	49,511	19,789	

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

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

**B9. Group borrowings and debt securities**

Total Group's borrowing as at 30 November 2010 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	1,903	1,903
- Revolving credit	12,000	12,000
- Term loan	306	306
- Bankers' Acceptance	4,171	4,171
	18,380	18,380
2. <u>Long term borrowings</u>		
- Term loan	500	500
	500	500
<b>Total Borrowings</b>	18,880	18,880

**B10. Derivative financial instruments**

The outstanding foreign currency forward contracts as at 30 November 2010 were as follows :-

Types of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
Currency Forward Contracts		
- Less than 1 year	8,996	8,764
- 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.

	Current Quarter RM'000	Current Period to date RM'000
Gains/(Losses) from fair value changes	(232)	(232)

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

**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 30 Nov 2010	Current Year-to-Date 30 Nov 2010
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>(184)</u>	<u>905</u>
Weighted average number of shares in issue ('000)	<u>180,002</u>	<u>180,002</u>
Basic earnings per share (sen)	(0.10)	0.50
Diluted earnings per share (sen)	(0.10)	0.50

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 dilutive potential ordinary shares to be issued as at the end of the reporting period.

**B14. Disclosure of realised and unrealised profits/losses**

	As At 30 Nov 2010 <b>RM'000</b>	As At 31 May 2010 <b>RM'000</b>
Total retained profits / (accumulated losses) of the group		
- Realised	11,810	*
- Unrealised	<u>106</u>	<u>*</u>
	11,916	*
Less : Consolidation adjustments	<u>(884)</u>	<u>*</u>
Total group retained profits / (accumulated losses) as per consolidated accounts	<u><u>11,032</u></u>	<u><u>*</u></u>

\* Note : Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure.