



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 29 FEBRUARY 2012

<u>CONTENTS</u>	<u>PAGE</u>
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1 - 2
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5 - 6
NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134)	7 - 10
ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS	11 - 14



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 29 FEBRUARY 2012

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 29 FEB 2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 28 FEB 2011 RM'000	CURRENT YEAR TO DATE 29 FEB 2012 RM'000	PRECEDING YEAR TO DATE 28 FEB 2011 RM'000
Revenue	18,905	32,561	68,156	79,942
Cost of sales	(13,721)	(30,503)	(55,717)	(76,006)
Gross profit	<u>5,184</u>	<u>2,058</u>	<u>12,439</u>	<u>3,936</u>
Other income	(1,113)	51	223	1,890
Administrative expenses	(2,465)	(1,697)	(6,310)	(3,758)
Operating profit	<u>1,606</u>	<u>412</u>	<u>6,352</u>	<u>2,068</u>
Finance costs	(8)	(38)	(14)	(52)
Profit before tax	<u>1,598</u>	<u>374</u>	<u>6,338</u>	<u>2,016</u>
Income tax expense	(886)	30	(2,124)	(707)
Profit for the period	<u>712</u>	<u>404</u>	<u>4,214</u>	<u>1,309</u>
Other comprehensive income				
Gain on fair value changes of available-for-sale investments	49	66	(17)	73
Total other comprehensive income	<u>49</u>	<u>66</u>	<u>(17)</u>	<u>73</u>
Total comprehensive income for the period	<u>761</u>	<u>470</u>	<u>4,197</u>	<u>1,382</u>
Profit for the period attributable to owners of the Parent	712	404	4,214	1,309
Total comprehensive income attributable to owners of the Parent	761	470	4,197	1,382
Earnings per share (sen)				
- Basic	0.40	0.22	2.38	0.73
- Diluted	0.40	0.22	2.38	0.73

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 2011 and the accompanying explanatory notes attached to the interim financial statements.



TAS OFFSHORE BERHAD
(Company No : 810179-T)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT YEAR QUARTER 29 FEB 2012 RM'000	CURRENT YEAR TO DATE 29 FEB 2012 RM'000
Interest income	13	67
Other income including investment income	-	3
Interest expense	62	203
Depreciation & amortization	440	1,288
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
(Gain)/loss on disposal of quoted investments	-	-
(Gain)/loss on disposal of unquoted investments	-	-
(Gain)/loss on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss - realised	1,126	34
Foreign exchange (gain)/loss - unrealised	693	693
(Gain)/loss on derivatives	195	1,728
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2012

	UNAUDITED AS AT 29 FEB 2012 RM'000	AUDITED AS AT 31 MAY 2011 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	23,696	22,892
Available-for-sale investment	10,803	20,857
	<u>34,499</u>	<u>43,749</u>
Current Assets		
Derivatives financial assets	53	798
Inventories	37,722	27,536
Amount due from contract customers	31,392	46,472
Trade and other receivables	34,451	19,209
Tax recoverable	-	243
Deposits, cash and bank balances	31,416	29,419
	<u>135,034</u>	<u>123,677</u>
Total Assets	<u>169,533</u>	<u>167,426</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	90,001	90,001
Share premium	26,145	27,639
Reserves	18,500	14,303
Total Equity	<u>134,646</u>	<u>131,943</u>
Non-Current Liabilities		
Borrowings	93	343
Deferred tax liabilities	2,760	2,914
	<u>2,853</u>	<u>3,257</u>
Current Liabilities		
Trade and other payables	22,133	21,379
Amount due to contract customers	25	1,601
Borrowings	6,987	8,347
Derivative financial liabilities	1,832	849
Current tax payable	1,057	50
	<u>32,034</u>	<u>32,226</u>
Total Liabilities	<u>34,887</u>	<u>35,483</u>
Total Equity and Liabilities	<u>169,533</u>	<u>167,426</u>
Net assets per share (sen)	74.80	73.30

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 2011 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 29 Feb 2012

	Attributable to Owners of the Parent					Total RM'000
	Share Capital	Share Premium	Treasury Shares	Fair Value Reserve	Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 June 2011	90,001	27,639	-	125	14,178	131,943
Shares repurchased during the period			(1,494)			(1,494)
Profit for the period					4,214	4,214
Other comprehensive income				(17)		(17)
Total comprehensive income for the period				(17)	4,214	4,197
Balance as at 29 Feb 2012	90,001	27,639	(1,494)	108	18,392	134,646

For the period ended 31 May 2011

	Attributable to Owners of the Parent					Total RM'000
	Share Capital	Share Premium		Fair Value Reserve	Retained Profits	
	RM'000	RM'000		RM'000	RM'000	
Balance as at 1 June 2010	90,001	27,639		-	13,824	131,464
Effects of applying FRS 139	-	-		88	75	163
Restated balance	90,001	27,639		88	13,899	131,627
Profit for the period	-	-		-	3,879	3,879
Other comprehensive income				37		37
Total comprehensive income for the period	-	-		37	3,879	3,916
Final dividend of 2 sen per share in respect of the financial year ended 31 May 2010					(3,600)	(3,600)
Balance as at 31 May 2011	90,001	27,639		125	14,178	131,943

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 2011 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 29 FEBRUARY 2012

	CURRENT YEAR TO DATE 29 FEB 2012 RM'000	PRECEDING YEAR TO DATE 28 FEB 2011 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,338	2,115
Adjustments for:		
Depreciation of property, plant and equipment	1,289	1,018
Amortisation of prepaid land lease payments	-	127
Interest expense	203	509
Interest income	(67)	(95)
Dividend income	(318)	(345)
Property, plant and equipment written off	2	-
Loss/(Gain) on disposal of property, plant and equipment	-	(45)
Unrealised foreign exchange (gain)/loss	693	(2)
Loss on fair value changes of derivative financial liabilities	1,728	-
Operating profit before changes in working capital	9,868	3,282
<u>Changes in working capital</u>		
Increase in inventories	(10,186)	(2,070)
Decrease in amount due from contract customers	15,080	16,818
Decrease in amount due to contract customers	(1,576)	(3,112)
Increase in trade and other receivables	(15,573)	7,824
Increase in trade and other payables	776	(10,616)
Net cash used in operations	(1,611)	12,126
Interest received	16	-
Interest paid	(14)	(52)
Income tax paid	(1,028)	(2,008)
Net cash used in operating activities	(2,637)	10,066
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	51	95
Dividend Received	318	345
Proceeds from disposal of investment	13,268	50
Purchase of property, plant and equipment	(2,094)	(594)
Purchase of other investment	(3,231)	(345)
Net cash used in investing activities	8,312	(449)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	-	(3,600)
Repurchase of shares	(1,494)	-
Net movements in trade financing	(4,233)	4,136
Repayment of term loans	(261)	(261)
Repayment of hire purchase payables	-	(37)
Net cash from financing activities	(5,988)	238
Net (decrease)/increase in cash and cash equivalents	(313)	9,855
Cash and cash equivalents at beginning of financial period	29,419	14,584
Effect of foreign exchange rate changes	(384)	(74)
Cash and cash equivalents at the end of financial period	28,722	24,365

ANALYSIS OF CASH AND CASH EQUIVALENTS

Short term deposits and cash and bank balances	31,416	27,550
Bank overdrafts	<u>(2,694)</u>	<u>(3,185)</u>
	<u>28,722</u>	<u>24,365</u>

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 2011 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 2011. 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 2011, except for the following :

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

With effect from 1 June 2011, 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 1	: First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	: Business Combinations (Revised)
FRS 127	: Consolidated and Separate Financial Statements (Revised)
Amendments to FRSs Classified as "Improvement to FRSs (2010)"	
Amendments to FRS 1	: First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters - Additional Exemptions for First-time Adopters
Amendments to FRS 5	: Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary
Amendments to FRS 7	: Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments
Amendments to FRS 132	: Financial Instruments: Presentation - Classification of Rights Issues
Amendments to FRS 138	: Intangible Assets - Additional consequential amendments arising from revised FRS 3
IC Interpretation 4	: Determining whether an Arrangement contains a Lease
Amendments to IC Interpretation 9	: Reassessment of Embedded Derivatives - Scope of IC Interpretation 9 and revised FRS 3
IC Interpretation 16	: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	: Distributions of Non-cash Assets to Owners
IC Interpretation 18	: Transfers of Assets from Customers

The adoption of the new and revised FRSs and IC Interpretations and amendments to FRSs did not result in any significant effect on the results and financial position of the Group and of the Company nor any significant changes in the presentation and disclosure of amounts in the financial statements.

(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 other new and revised FRSs and IC Interpretations issued by the MASB that are effective from the beginning of the current financial year but are not applicable to the Group's operation are as follows :

Amendments to FRS 2	: Share-based Payment - Scope of FRS 2 and revised FRS 3 - Group Cash-settled Share-based Payment Transactions
IC Interpretation 12	: Service Concession Arrangements

(ii) New and Revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations That Are Not Yet Effective and Have Not Been Early Adopted

Amendments to IC Interpretation 14	: FRS119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction - Prepayments of a Minimum Funding Requirement
IC Interpretation 19	: Extinguishing Financial Liabilities with Equity Instruments
FRS 124	: Related Party Disclosures
Amendments to FRS 1	: Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters
Amendments to FRS 7	: Disclosures - Transfers of Financial Assets
Amendments to FRS 112	: Deferred Tax - Recovery of Underlying Assets
Amendments to FRS 101	: Presentation of Items of Other Comprehensive Income
Amendments to FRS 7	: Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 10	: Consolidated Financial Statements
FRS 11	: Joint Arrangements
FRS 12	: Disclosure of Interests in Other Entities
FRS 13	: Fair Value Measurement
FRS 119	: Employee Benefits
FRS 127	: Separate Financial Statements
FRS 128	: Investments in Associates and Joint Ventures
Amendments to FRS 132	: Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 9	: Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009)
FRS 9	: Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in October 2010)

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Company and its subsidiaries for the financial year ended 31 May 2011 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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 29 FEBRUARY 2012

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

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

During the current quarter ended 29 February 2012, the Company repurchased 29,000 units of its issued ordinary shares of RM0.50 each from the open market for a total consideration of RM10,829.62. The consideration paid was funded by internally generated funds and shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act , 1965.

As at 29 February 2012, the number of ordinary shares repurchased and retained as treasury shares are 3,861,500 shares. None of the treasury shares had been sold or cancelled.

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 29 Feb 2012 RM'000	Current Period to date 29 Feb 2012 RM'000
Malaysia	2,337	5,465
Singapore	9,868	36,663
United Arab Emirates	1,597	6,495
Indonesia	4,612	12,961
Papua New Guinea	-	64
Panama	491	6,508
	<u>18,905</u>	<u>68,156</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.

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

A11. Capital commitments

29.02.2012

RM'000

Approved but not contracted for

4,450

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

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

A14. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets that has arisen since the last annual reporting 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 28 Feb 2012 RM'000	Current Period-To-Date 28 Feb 2012 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	4	5
Nguong Mee Dockyard Sdn Bhd		
- Rental of slipway	-	40
	<u>4</u>	<u>45</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.

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

B1. Review of performance of the Company and its subsidiaries

The Group recorded a turnover of RM18.9 million and profit before tax of RM1.6 million for the current quarter ended 29 February 2012.

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 2011 and the date of this report.

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

	Current quarter ended 29 Feb 2012 RM'000	Preceding quarter ended 30 Nov 2011 RM'000	Variance RM'000	
Revenue	18,905	31,578	(12,673)	-40%
Profit before tax	1,598	3,175	(1,577)	-50%

The Group recorded lower revenue of RM18.9 million representing a decrease of RM12.7 million or 40% over the preceding quarter. The drop in revenue was attributed to lesser new shipbuilding contracts was signed during the current quarter as compared to the preceding quarter.

Profit before tax decreased by RM1.6 million, or 50% when compared with preceding quarter figures mainly due to loss on foreign exchange of RM1.8 million as United States Dollar strengthened and a lower revenue, partially offset by decreased loss on derivatives.

B3. Commentary on prospects

The sanction imposed by the United Nation on Iran which affected the global oil supply, signs of progress in the Eurozone sovereign debt crisis, the improvement in US economies, and the demand for crude oil which remains strong have caused the oil price to move upward. High crude oil price hovering around US\$105 per barrel makes it economically viable for the oil majors to carry out oil exploration and production activities in the deep seas where most of the world oil reserves are located. High oil prices also attract increased exploration activities in previously uneconomic areas including the deep waters of the US Gulf. We maintain our outlook of more building contracts will surface for the offshore support vessels.

The demand for tugboats from Indonesia caused by the growth in mining activities as a result of demand for alternative source of power supply is still very encouraging.

Barring any drastic adverse development in the world economies, we are on track to a better financial year for 2012.

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.

(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	769	2,278
Deferred income tax	117	(154)
Total tax expense	<u>886</u>	<u>2,124</u>
Effective tax rate	55%	34%

The high effective tax rate was attributed to high disallowed expenses, mainly arose from loss on derivatives and unrealised loss on foreign exchange.

B6. 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	5,550	4,450	Available for use
(ii) Working capital	within 36 months	56,300	54,338	1,962	Available for use
(iii) Estimated listing expenses	upon listing	3,000	3,161	(161)	*
		<u>69,300</u>	<u>63,049</u>	<u>6,251</u>	

* 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

B7. Group borrowings and debt securities

Total Group's borrowing as at 29 February 2012 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	2,694	2,694
- Revolving credit	2,000	2,000
- Term loan	329	329
- Bankers' Acceptance	1,964	1,964
	<u>6,987</u>	<u>6,987</u>
2. <u>Long term borrowings</u>		
- Term loan	93	93
	<u>93</u>	<u>93</u>
Total Borrowings	<u>7,080</u>	<u>7,080</u>

B8. 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.

B9. Dividends

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

B10. Earnings per share

	Current Quarter ended 29 Feb 2012	Current Year-to-Date 29 Feb 2012
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>712</u>	<u>4,214</u>
Weighted average number of shares in issue ('000)	<u>177,039</u>	<u>177,039</u>
Basic earnings per share (sen)	0.40	2.38
Diluted earnings per share (sen)	0.40	2.38

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.

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

B11. Disclosure of realised and unrealised profits/losses

	As At 29 Feb 2012	As At 31 May 2011
	RM'000	RM'000
Total retained profits / (accumulated losses) of the group		
- Realised	60,469	57,300
- Unrealised	956	(112)
	<u>61,425</u>	<u>57,188</u>
Less : Consolidation adjustments	<u>(43,033)</u>	<u>(43,010)</u>
Total group retained profits / (accumulated losses) as per consolidated accounts	<u>18,392</u>	<u>14,178</u>