



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2013

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 28 FEBRUARY 2013

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 28 FEB 2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 28 FEB 2012 RM'000	CURRENT YEAR TO DATE 28 FEB 2013 RM'000	PRECEDING YEAR TO DATE 28 FEB 2012 RM'000
Revenue	41,120	18,905	89,612	68,156
Cost of sales	(34,572)	(13,721)	(72,441)	(55,717)
Gross profit	6,548	5,184	17,171	12,439
Other income	240	(1,113)	1,036	223
Administrative expenses	(662)	(2,465)	(4,746)	(6,310)
Operating profit	6,126	1,606	13,461	6,352
Finance costs	(12)	(8)	(33)	(14)
Profit before tax	6,114	1,598	13,428	6,338
Income tax expense	(864)	(886)	(3,052)	(2,124)
Profit for the period	5,250	712	10,376	4,214
Other comprehensive income				
Available-for-sale financial assets				
- Net change in fair value	41	49	320	(17)
- Transfer to profit or loss on disposal	-	-	(26)	-
- Foreign currency translation	(61)	-	(8)	-
Total other comprehensive income	(20)	49	286	(17)
Total comprehensive income for the peirod	5,230	761	10,662	4,197
Profit for the period attributable to owners of the Parent	5,250	712	10,376	4,214
Total comprehensive income attributable to owners of the Parent	5,230	761	10,662	4,197
Earnings per share (sen)				
- Basic	2.98	0.40	5.90	2.38
- Diluted	2.98	0.40	5.90	2.38

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 2012 and the accompanying explanatory notes attached to the interim financial statements.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT YEAR QUARTER 28 FEB 2013 RM'000	CURRENT YEAR TO DATE 28 FEB 2013 RM'000
Interest income	9	55
Other income including investment income	152	424
Interest expense	121	171
Depreciation & amortization	358	1,069
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
(Gain)/loss on disposal of quoted investments	-	(27)
(Gain)/loss on disposal of unquoted investments	-	-
(Gain)/loss on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss - realised	(1,014)	(922)
Foreign exchange (gain)/loss - unrealised	229	229
(Gain)/loss on derivatives	75	685
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2013

	UNAUDITED AS AT 28 FEB 2013 RM'000	AUDITED AS AT 31 MAY 2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	26,163	25,974
Available-for-sale investment	15,174	10,579
	<u>41,337</u>	<u>36,553</u>
Current Assets		
Inventories	40,775	22,338
Amount due from contract customers	27,502	39,540
Trade and other receivables	54,364	71,863
Deposits, cash and bank balances	26,901	21,057
	<u>149,542</u>	<u>154,798</u>
Total Assets	<u>190,879</u>	<u>191,351</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	90,001	90,001
Share premium	27,639	27,639
Treasury shares	(1,606)	(1,494)
Reserves	33,220	25,196
Total Equity	<u>149,254</u>	<u>141,342</u>
Non-Current Liabilities		
Borrowings	-	7
Deferred tax liabilities	2,938	3,154
	<u>2,938</u>	<u>3,161</u>
Current Liabilities		
Trade and other payables	22,877	38,508
Amount due to contract customers	4,939	4,402
Borrowings	7,626	1,555
Derivative financial liabilities	1,438	760
Current tax payable	1,807	1,623
	<u>38,687</u>	<u>46,848</u>
Total Liabilities	<u>41,625</u>	<u>50,009</u>
Total Equity and Liabilities	<u>190,879</u>	<u>191,351</u>
Net assets per share (sen)	82.92	78.50

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 2012 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 28 February 2013

	Share Capital RM'000	Share Premium RM'000	Attributable to Owners of the Parent			Retained Profits RM'000	Total RM'000
			Treasury Shares RM'000	Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve RM'000		
Balance as at 1 June 2012	90,001	27,639	(1,494)	(180)	(1)	25,377	141,342
Shares repurchased during the period			(112)				(112)
Profit for the period						10,376	10,376
Other comprehensive income				294	(8)		286
Total comprehensive income for the period				294	(8)	10,376	10,662
Interim dividend of 1.5 sen per share in respect of the financial year ended 31 May 2012						(2,638)	(2,638)
Balance as at 28 February 2013	90,001	27,639	(1,606)	114	(9)	33,115	149,254

For the period ended 31 May 2012

	Share Capital RM'000	Share Premium RM'000	Attributable to Owners of the Parent			Retained Profits RM'000	Total RM'000
			Treasury Shares RM'000	Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve 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				-		11,199	11,199
Other comprehensive income				(305)	(1)		(306)
Total comprehensive income for the period				(305)	(1)	11,199	10,893
Balance as at 31 May 2012	90,001	27,639	(1,494)	(180)	(1)	25,377	141,342

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 2012 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 28 FEBRUARY 2013

	CURRENT YEAR TO DATE 28 FEB 2013 RM'000	PRECEDING YEAR TO DATE 29 FEB 2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	13,428	6,338
Adjustments for:		
Depreciation of property, plant and equipment	1,069	1,289
Interest expense	171	203
Interest income	(55)	(67)
Dividend income	(424)	(318)
Property, plant and equipment written off	13	2
Loss/(Gain) on disposal of investment	(27)	-
Unrealised foreign exchange (gain)/loss	229	693
Loss/(gain) on fair value changes of derivative financial liabilities	685	1,728
Operating profit before changes in working capital	15,089	9,868
Changes in working capital		
Increase in inventories	(18,438)	(10,186)
Decrease in amount due from contract customers	12,038	15,080
Decrease in amount due to contract customers	537	(1,576)
Decrease/(Increase) in trade and other receivables	17,445	(15,573)
Increase/(decrease) in trade and other payables	(15,623)	776
Net cash (used in)/from operations	11,048	(1,611)
Interest received	55	67
Interest paid	(22)	(14)
Tax refunded	241	-
Tax paid	(3,325)	(1,028)
Net cash (used in)/from operating activities	7,997	(2,586)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Received	424	318
Proceeds from disposal of available-for-sale investment	2,000	13,268
Purchase of property, plant and equipment	(1,271)	(2,094)
Purchase of available-for-sale investment	(6,298)	(3,231)
Net cash (used in)/from investing activities	(5,145)	8,261
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(2,638)	-
Repurchase of shares	(112)	(1,494)
Net movements in trade financing	5,584	(4,233)
Repayment of term loans	(261)	(261)
Net cash used in financing activities	2,573	(5,988)
Net (decrease)/increase in cash and cash equivalents	5,425	(313)
Cash and cash equivalents at beginning of financial period	20,771	29,419
Effect of foreign exchange rate changes	(175)	(384)
Cash and cash equivalents at the end of financial period	26,021	28,722

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 AUGUST 2012 (CONT'D)

	CURRENT YEAR TO DATE 28 FEB 2013 RM'000	PRECEDING YEAR TO DATE 29 FEB 2012 RM'000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	26,901	31,416
Bank overdrafts	<u>(880)</u>	<u>(2,694)</u>
	<u>26,021</u>	<u>28,722</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 2012 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. Changes in accounting policies

The Group has adopted MFRSs with effect from current period. There is no significant financial effects arising from the adoption of MFRSs.

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 2012 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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter under review.

As at 28 February 2013, the total number of ordinary shares repurchased and retained as treasury shares are 4,145,400 ordinary shares of RM0.50 each.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2013

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

A8. Dividends

The Company has paid a single tier interim dividend of 1.5 sen per ordinary share for the financial year ended 31 May 2012 amounted to RM2,637,850 on 10 October 2012.

A9. Segmental information

The Group'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 2013 RM'000	Current Period to date 28 Feb 2013 RM'000
Malaysia	9,755	17,648
Singapore	6,407	26,568
United Arab Emirates	22,011	24,776
Indonesia	2,184	8,367
Panama	-	519
Papua New Guinea	763	11,734
	<u>41,120</u>	<u>89,612</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. Capital commitments

Approved but not contracted for

28.02.2013
RM'000
1,752

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.

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

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 2013 RM'000	Current Period-To-Date 28 Feb 2013 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	3	4
Nguong Mee Dockyard Sdn Bhd		
- Rental of slipway	-	27
	<u>3</u>	<u>31</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 2013

(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 RM41.1 million and profit before tax of RM6.1 million for the current quarter ended 28 February 2013.

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 2012 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 Feb 2013 RM'000	Preceding quarter ended 30 Nov 2012 RM'000	Variance RM'000	
Revenue	41,120	30,719	10,401	34%
Profit before tax	6,114	3,593	2,521	70%

The Group recorded higher revenue of RM41.1 million representing an increase of RM10.4 million or 34% over the preceding quarter. The favourable results in current quarter was attributed to contract revenue recognised on sale of two units anchor handling supply vessel.

Profit before tax increased by RM2.5 million, or 70% when compared with preceding quarter figures mainly due to profit recognised on the abovementioned vessels and gain on foreign exchange of RM1.0 million as United States Dollar strengthened.

B3. Commentary on prospects

The global recovery pace remains subdued. The high unemployment rate and uncertainties in the Euro Zone, the slow economic recovery in the United States, and the slowdown in some of the major economies like China, India and Japan are still subjects of concern. However, with high resilient crude oil price of above US\$90 per barrel and the ever growing demand for energy, we foresee the prospects of the offshore oil and gas industry to remain bright.

Our healthy order book is expected to contribute positively to our revenue and profits for financial year 2013 and 2014. We remain positive of securing new orders for offshore support vessels.

The demand for tugboats from Indonesia is sustainable judging from the orders we received from those related to coal and iron ore industries.

2013 remains to be challenging as the global recovery is still uncertain. However, we are of the opinion that 2013 will be a better year compared to 2012 and the Board will continue to cautiously work towards securing better and more projects and profits for the shareholders.

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	901	3,268
Deferred income tax	(37)	(216)
Total tax expense	<u>864</u>	<u>3,052</u>
Effective tax rate	14%	23%

The lower effective tax rate for the current quarter under review was attributed to the lower tax rate applicable to subsidiary company incorporated in the Federal Territory of Labuan .

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	Proposed Utilisation RM'000	Actual Utilisation RM'000	Surplus / (Deficit) RM'000	Remarks
(i) Expansion of existing operations	within 36 months	10,000	8,087	1,913	Available for use
(ii) Working capital	within 36 months	56,300	56,300	-	Available for use
(iii) Estimated listing expenses	upon listing	3,000	3,161	(161)	*
		<u>69,300</u>	<u>67,548</u>	<u>1,752</u>	

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

B7. Group borrowings and debt securities

Total Group's borrowing as at 28 February 2013 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	880	880
- Revolving credit	5,000	5,000
- Term loan	91	91
- Bankers' Acceptance	1,655	1,655
Total Borrowings	<u>7,626</u>	<u>7,626</u>

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2013

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

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 has been proposed or declared for the current quarter and financial period to-date.

B10. Earnings per share

	Current Quarter ended 28 Feb 2013	Current Year-to-Date 28 Feb 2013
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>5,250</u>	<u>10,376</u>
Weighted average number of shares in issue ('000)	<u>175,905</u>	<u>175,905</u>
Basic earnings per share (sen)	2.98	5.90
Diluted earnings per share (sen)	2.98	5.90

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.

B11. Disclosure of realised and unrealised profits/losses

	As At 28 Feb 2013 RM'000	As At 31 May 2012 RM'000
Total retained profits / (accumulated losses) of the group		
- Realised	77,672	69,039
- Unrealised	<u>(1,404)</u>	<u>(598)</u>
	76,268	68,441
Less : Consolidation adjustments	<u>(43,153)</u>	<u>(43,064)</u>
Total group retained profits / (accumulated losses) as per financial statements	<u>33,115</u>	<u>25,377</u>