



# **TAS OFFSHORE BERHAD**

*(Company No : 810179-T)*

## **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2013**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MAY 2013**

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 MAY 2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAY 2012 RM'000	CURRENT YEAR TO DATE 31 MAY 2013 RM'000	PRECEDING YEAR TO DATE 31 MAY 2012 RM'000
Revenue	48,385	33,416	137,996	101,573
Cost of sales	(42,057)	(26,904)	(114,498)	(82,621)
<b>Gross profit</b>	<b>6,328</b>	<b>6,512</b>	<b>23,498</b>	<b>18,952</b>
Other income	1,088	3,445	2,124	2,650
Administrative expenses	(4,089)	(734)	(8,835)	(6,026)
<b>Operating profit</b>	<b>3,327</b>	<b>9,223</b>	<b>16,787</b>	<b>15,576</b>
Finance costs	(48)	(45)	(81)	(59)
<b>Profit before tax</b>	<b>3,279</b>	<b>9,178</b>	<b>16,706</b>	<b>15,517</b>
Income tax expense	(199)	(2,061)	(3,251)	(4,185)
<b>Profit for the period</b>	<b>3,080</b>	<b>7,117</b>	<b>13,455</b>	<b>11,332</b>
<b>Other comprehensive income</b>				
Available-for-sale financial assets				
- Net change in fair value	(20)	(224)	300	(241)
- Transfer to profit or loss on disposal	-	(64)	(25)	(64)
- Foreign currency translation	(54)	(236)	(62)	(236)
<b>Total other comprehensive income</b>	<b>(74)</b>	<b>(524)</b>	<b>213</b>	<b>(541)</b>
<b>Total comprehensive income for the period</b>	<b>3,006</b>	<b>6,593</b>	<b>13,668</b>	<b>10,791</b>
Profit for the period attributable to owners of the Parent	3,080	7,117	13,455	11,332
Total comprehensive income attributable to owners of the Parent	3,006	6,593	13,668	10,791
Earnings per share (sen)				
- Basic	1.75	4.02	7.65	6.40
- Diluted	1.75	4.02	7.65	6.40

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 31 MAY 2013 RM'000	CURRENT YEAR TO DATE 31 MAY 2013 RM'000
Interest income	360	415
Other income including investment income	145	569
Interest expense	180	351
Depreciation & amortization	357	1,426
Provision for and write off of receivables	-	-
Provision for and write off of inventories	43	43
(Gain)/loss on disposal of quoted investments	25	(2)
(Gain)/loss on disposal of unquoted investments	-	-
(Gain)/loss on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange (gain)/loss - realised	(55)	(977)
Foreign exchange (gain)/loss - unrealised	(35)	(35)
(Gain)/loss on derivatives	(1,412)	(727)
Exceptional items	-	-



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2013**

	UNAUDITED AS AT 31 MAY 2013 RM'000	AUDITED AS AT 31 MAY 2012 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	26,311	25,974
Available-for-sale investment	15,258	10,579
Deferrec tax assets	780	-
	<u>42,349</u>	<u>36,553</u>
<b>Current Assets</b>		
Inventories	48,805	22,338
Amount due from contract customers	51,885	39,540
Trade and other receivables	51,950	71,863
Deposits, cash and bank balances	26,840	21,057
	<u>179,480</u>	<u>154,798</u>
<b>Total Assets</b>	<u>221,829</u>	<u>191,351</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
Treasury shares	(1,613)	(1,494)
Reserves	36,226	25,196
<b>Total Equity</b>	<u>152,253</u>	<u>141,342</u>
<b>Non-Current Liabilities</b>		
Borrowings	-	7
Deferred tax liabilities	2,437	3,154
	<u>2,437</u>	<u>3,161</u>
<b>Current Liabilities</b>		
Trade and other payables	46,655	38,508
Amount due to contract customers	102	4,402
Borrowings	18,835	1,555
Derivative financial liabilities	36	760
Current tax payable	1,511	1,623
	<u>67,139</u>	<u>46,848</u>
<b>Total Liabilities</b>	<u>69,576</u>	<u>50,009</u>
<b>Total Equity and Liabilities</b>	<u>221,829</u>	<u>191,351</u>
 Net assets per share (sen)	 <b>84.58</b>	 <b>78.50</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 2012 and the accompanying explanatory notes attached to the interim financial statements.



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

**For the period ended 31 May 2013**

	Share Capital RM'000	Share Premium RM'000	Attributable to Owners of the Parent Foreign			Retained Profits RM'000	Total RM'000
			Treasury Shares RM'000	Fair Value Adjustment Reserve RM'000	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			(119)				(119)
Profit for the period						13,455	13,455
Other comprehensive income				274	(61)		213
Total comprehensive income for the period				274	(61)	13,455	13,668
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 31 May 2013	90,001	27,639	(1,613)	94	(62)	36,194	152,253

**For the period ended 31 May 2012**

	Share Capital RM'000	Share Premium RM'000	Attributable to Owners of the Parent Foreign			Retained Profits RM'000	Total RM'000
			Treasury Shares RM'000	Fair Value Adjustment Reserve RM'000	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 31 MAY 2013**

	CURRENT YEAR TO DATE 31 MAY 2013 RM'000	PRECEDING YEAR TO DATE 31 MAY 2012 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	16,706	15,517
Adjustments for:		
Depreciation of property, plant and equipment	1,426	1,717
Interest expense	351	246
Interest income	(415)	(72)
Dividend income	(569)	(331)
Impairment loss on trade receivables	3,261	-
Property, plant and equipment written off	13	7
Loss/(Gain) on disposal of investment	(2)	12
Loss/(Gain) on disposal of property, plant and equipment	-	1
Unrealised foreign exchange (gain)/loss	(35)	(864)
Loss/(gain) on fair value changes of derivative financial liabilities	(727)	710
Operating profit before changes in working capital	20,009	16,943
<u>Changes in working capital</u>		
Increase in inventories	(26,467)	5,198
Decrease in amount due from contract customers	(12,345)	6,932
Decrease in amount due to contract customers	(4,300)	2,800
Decrease/(Increase) in trade and other receivables	17,023	(51,890)
Increase/(decrease) in trade and other payables	8,143	17,169
Net cash (used in)/from operations	2,063	(2,848)
Interest received	93	72
Interest paid	(70)	(26)
Tax refunded	241	-
Tax paid	(5,100)	(2,129)
Net cash (used in)/from operating activities	(2,773)	(4,931)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend Received	569	331
Proceeds from disposal of available-for-sale investment	2,000	13,268
Proceeds from disposal of property, plant and equipment	-	5
Purchase of property, plant and equipment	(1,777)	(4,811)
Purchase of available-for-sale investment	(6,402)	(3,244)
Net cash (used in)/from investing activities	(5,610)	5,549
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(2,638)	-
Repurchase of shares	(119)	(1,494)
Net movements in trade financing	14,970	(7,288)
Repayment of term loans	(348)	(348)
Net cash used in financing activities	11,865	(9,130)
<b>Net (decrease)/increase in cash and cash equivalents</b>	3,482	(8,512)
<b>Cash and cash equivalents at beginning of financial period</b>	20,771	29,420
<b>Effect of foreign exchange rate changes</b>	(70)	(137)
<b>Cash and cash equivalents at the end of financial period</b>	24,183	20,771

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MAY 2013 (CONT'D)**

	CURRENT YEAR TO DATE 31 MAY 2013 RM'000	PRECEDING YEAR TO DATE 31 MAY 2012 RM'000
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits and cash and bank balances	26,840	21,058
Bank overdrafts	(2,657)	(287)
	<u>24,183</u>	<u>20,771</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**

For the period ended 31 May 2013, 20,000 ordinary shares of RM0.50 each were purchased from the open market at an average price of RM0.375 per share. The total consideration paid for the repurchase including transaction costs amounted to RM7,555 was funded by internally generated fund. The shares repurchased are retained as treasury shares of the Company. As at 31 May 2013, the total number of ordinary shares repurchased and retained as treasury shares are 4,165,400 ordinary shares of RM0.50 each.

Save as disclosed above, there were no other issue, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.



INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 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 31 May 2013 <b>RM'000</b>	Current Period to date 31 May 2013 <b>RM'000</b>
Malaysia	342	17,990
Singapore	31,157	57,725
United Arab Emirates	13,629	38,405
Indonesia	695	9,061
Panama	-	519
Papua New Guinea	2,562	14,296
	<u>48,385</u>	<u>137,996</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**

	<b>31.05.2013 RM'000</b>
Approved but not contracted for	<u>1,010</u>

**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 31 May 2013 <b>RM'000</b>	Current Period-To-Date 31 May 2013 <b>RM'000</b>
<b>(i)</b> Transaction with companies in which certain directors of the Company have substantial interest :		
Tuong Aik (Sarawak) Sdn Bhd		
- Purchase of marine paint	-	4
Nguong Mee Dockyard Sdn Bhd		
- Rental of slipway	-	27
	<u>-</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 31 MAY 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 RM48.4 million and profit before tax of RM3.3 million for the current quarter ended 31 May 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 31 May 2013 <b>RM'000</b>	Preceding quarter ended 28 Feb 2013 <b>RM'000</b>	Variance <b>RM'000</b>	
Revenue	48,385	41,120	7,265	18%
Profit before tax	3,279	6,114	(2,835)	-46%

The Group recorded higher revenue of RM48.4 million representing an increase of RM7.3 million or 18% over the preceding quarter. The favourable results in current quarter was attributed to contract revenue recognised on sale of one unit anchor handling supply vessel.

Profit before tax decreased by RM2.8 million, or 46% when compared with preceding quarter figures mainly due to impairment loss on trade receivable .

**B3. Commentary on prospects**

Global economic prospects have improved in 2013 though the recovery pace remains subdued. In the European Union, the strong actions by the European Union policymakers and the defusing of a breakup of the European Union have improved the confidence and financial situation in Europe. The United States has posted a slow growth while Japanese economy has slightly improved.

The expected growth in overall demand for oil and gas, driven by the growth in population and better living standard, together with the high resilient crude oil price of about US\$100 per barrel has continued to spur oil majors to increase their offshore deep sea exploration and production activities. The demand for offshore support vessels is expected to increase in tandem with the increase in offshore deep sea exploration and production activities.

We are optimistic in our outlook that new demand for offshore support vessels with higher technical specifications suitable for deep sea operation will grow.

Our current contracts on hand will continue to contribute positively to our financial years 2014 and 2015.

**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 <b>RM'000</b>	Current Period to date <b>RM'000</b>
Malaysian income tax	1,480	4,748
Deferred income tax	(1,281)	(1,497)
Total tax expense	<u>199</u>	<u>3,251</u>
Effective tax rate	6%	19%

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	8,829	1,171	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>68,290</u>	<u>1,010</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 31 May 2013 were as follows:

	Secured <b>RM'000</b>	Total <b>RM'000</b>
1. <u>Short term borrowings</u>		
- Bank overdraft	2,657	2,657
- Revolving credit	5,000	5,000
- Term loan	5	5
- Bankers' Acceptance	11,173	11,173
<b>Total Borrowings</b>	<u>18,835</u>	<u>18,835</u>

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 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**

The Board of Directors has declared a single-tier interim dividend of 2.0 sen per ordinary share for the financial year ended 31 May 2013, payable on 30 September 2013 to depositors whose names appear in the Record of Depositors on 28 August 2013.

**B10. Earnings per share**

	Current Quarter ended 31 May 2013	Current Year-to-Date 31 May 2013
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>3,080</u>	<u>13,455</u>
Weighted average number of shares in issue ('000)	<u>175,903</u>	<u>175,903</u>
Basic earnings per share (sen)	1.75	7.65
Diluted earnings per share (sen)	1.75	7.65

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 31 May 2013 <b>RM'000</b>	As At 31 May 2012 <b>RM'000</b>
Total retained profits / (accumulated losses) of the group		
- Realised	78,569	69,039
- Unrealised	<u>814</u>	<u>(598)</u>
	79,383	68,441
Less : Consolidation adjustments	<u>(43,189)</u>	<u>(43,064)</u>
Total group retained profits / (accumulated losses) as per financial statements	<u>36,194</u>	<u>25,377</u>