



# **TAS OFFSHORE BERHAD**

*(Company No : 810179-T)*

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

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
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 - 9
ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS	10 - 12



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

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 AUG 2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 AUG 2012 RM'000	CURRENT YEAR TO DATE 31 AUG 2013 RM'000	PRECEDING YEAR TO DATE 31 AUG 2012 RM'000
<b>Revenue</b>	29,644	17,772	29,644	17,772
Cost of sales	(23,756)	(13,060)	(23,756)	(13,060)
<b>Gross profit</b>	<u>5,888</u>	<u>4,712</u>	<u>5,888</u>	<u>4,712</u>
Other income	5,574	705	5,574	705
Administrative expenses	(1,197)	(1,694)	(1,197)	(1,694)
<b>Operating profit</b>	<u>10,265</u>	<u>3,723</u>	<u>10,265</u>	<u>3,723</u>
Finance costs	(47)	(3)	(47)	(3)
<b>Profit before tax</b>	<u>10,218</u>	<u>3,720</u>	<u>10,218</u>	<u>3,720</u>
Income tax expense	(1,686)	(1,015)	(1,686)	(1,015)
<b>Profit for the period</b>	<u>8,532</u>	<u>2,705</u>	<u>8,532</u>	<u>2,705</u>
<b>Other comprehensive income / (loss)</b>				
<i>Items that may be subsequently reclassified to profit or loss :</i>				
Net gain/(loss) on available-for-sale financial assets				
- gain/(loss) on fair value changes	(63)	108	(63)	108
- transfer to profit or loss on disposal	-	(26)	-	(26)
Foreign currency translation gain	701	16	701	16
<b>Total other comprehensive income</b>	<u>638</u>	<u>98</u>	<u>638</u>	<u>98</u>
<b>Total comprehensive income for the period</b>	<u>9,170</u>	<u>2,803</u>	<u>9,170</u>	<u>2,803</u>
Profit for the period attributable to owners of the Parent	8,532	2,705	8,532	2,705
Total comprehensive income attributable to owners of the Parent	9,170	2,803	9,170	2,803
Earnings per share (sen)				
- Basic	4.85	1.54	4.85	1.54
- Diluted	4.85	1.54	4.85	1.54

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 2013 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 AUG 2013 RM'000	CURRENT YEAR TO DATE 31 AUG 2013 RM'000
Interest income	4	4
Other income including investment income	99	99
Interest expense	213	213
Depreciation & amortization	343	343
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	-	-
Reversal of impairment loss on trade receivable	(3,262)	(3,262)
Foreign exchange (gain)/loss - realised	(1,564)	(1,564)
Foreign exchange (gain)/loss - unrealised	(258)	(258)
(Gain)/loss on derivatives	120	120
Exceptional items	-	-



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

	UNAUDITED AS AT 31 AUG 2013 RM'000	AUDITED AS AT 31 MAY 2013 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	26,386	26,311
Available-for-sale investment	18,252	15,258
Deferrec tax assets	72	780
	<u>44,710</u>	<u>42,349</u>
<b>Current Assets</b>		
Inventories	60,807	48,805
Amount due from contract customers	82,513	51,885
Trade and other receivables	52,976	51,950
Deposits, cash and bank balances	11,667	26,840
	<u>207,963</u>	<u>179,480</u>
<b>Total Assets</b>	<u>252,673</u>	<u>221,829</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)	(1,613)
Reserves	45,396	36,226
<b>Total Equity</b>	<u>161,423</u>	<u>152,253</u>
<b>Non-Current Liabilities</b>		
Borrowings	-	-
Deferred tax liabilities	2,425	2,437
	<u>2,425</u>	<u>2,437</u>
<b>Current Liabilities</b>		
Trade and other payables	61,365	46,655
Amount due to contract customers	351	102
Borrowings	25,552	18,835
Derivative financial liabilities	157	36
Current tax payable	1,400	1,511
	<u>88,825</u>	<u>67,139</u>
<b>Total Liabilities</b>	<u>91,250</u>	<u>69,576</u>
<b>Total Equity and Liabilities</b>	<u>252,673</u>	<u>221,829</u>
 Net assets per share (sen)	 <b>89.68</b>	 <b>84.58</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 2013 and the accompanying explanatory notes attached to the interim financial statements.



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

**For the period ended 31 August 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 2013	90,001	27,639	(1,613)	94	(62)	36,194	152,253
Shares repurchased during the period							-
Profit for the period						8,532	8,532
Other comprehensive income				(63)	701		638
Total comprehensive income for the period				(63)	701	8,532	9,170
Balance as at 31 August 2013	90,001	27,639	(1,613)	31	639	44,726	161,423

**For the period ended 31 May 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)	25,376	141,341
Shares repurchased during the period			(119)				(119)
Profit for the period				-		13,456	13,456
Other comprehensive income				274	(61)		213
Total comprehensive income for the period				274	(61)	13,456	13,669
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

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 2013 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 AUGUST 2013**

	CURRENT YEAR TO DATE 31 AUG 2013 RM'000	PRECEDING YEAR TO DATE 31 AUG 2012 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,218	3,720
Adjustments for:		
Depreciation of property, plant and equipment	343	343
Interest expense	213	19
Interest income	(4)	(14)
Dividend income	(99)	(166)
Reversal of impairment loss on trade receivables	(3,262)	-
Property, plant and equipment written off	-	5
Loss/(Gain) on disposal of investment	-	(27)
Loss/(Gain) on disposal of property, plant and equipment	-	-
Unrealised foreign exchange (gain)/loss	(258)	405
Loss/(gain) on fair value changes of derivative financial liabilities	120	105
Operating profit before changes in working capital	7,271	4,390
<u>Changes in working capital</u>		
Increase in inventories	(12,002)	(9,483)
Decrease in amount due from contract customers	(30,628)	11,528
Decrease in amount due to contract customers	249	(1,347)
Decrease/(Increase) in trade and other receivables	2,492	11,740
Increase/(decrease) in trade and other payables	14,641	(6,963)
Net cash (used in)/from operations	(17,977)	9,865
Interest received	4	14
Interest paid	(34)	(3)
Tax refunded	-	241
Tax paid	(1,103)	(717)
Net cash (used in)/from operating activities	(19,110)	9,400
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend Received	99	166
Proceeds from disposal of available-for-sale investment	-	2,000
Proceeds from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(418)	(306)
Purchase of available-for-sale investment	(3,058)	(2,123)
Net cash (used in)/from investing activities	(3,377)	(263)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	-	-
Repurchase of shares	-	(112)
Net movements in trade financing	4,685	146
Repayment of term loans	(5)	(87)
Net cash used in financing activities	4,680	(53)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(17,807)	9,084
<b>Cash and cash equivalents at beginning of financial period</b>	24,183	20,771
<b>Effect of foreign exchange rate changes</b>	775	(73)
<b>Cash and cash equivalents at the end of financial period</b>	7,151	29,782

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

	CURRENT YEAR TO DATE 31 AUG 2013 RM'000	PRECEDING YEAR TO DATE 31 AUG 2012 RM'000
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits and cash and bank balances	11,667	29,782
Bank overdrafts	(4,516)	-
	<u>7,151</u>	<u>29,782</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 2013 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 Malaysian Financial Reporting Standards 134 (MFRS 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**

TAS has adopted MFRSs in previous financial year. 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 2013 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, cancellation, repurchase, resale and repayment of debt and equity securities during the financial quarter under review.

As at 31 August 2013, the total number of ordinary shares repurchased and retained as treasury shares are 4,165,400 ordinary shares of RM0.50 each.



INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2013

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

**A8. Dividends**

No dividend was paid in the current quarter and financial period to-date.

**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 Aug 2013 <b>RM'000</b>	Current Period to date 31 Aug 2013 <b>RM'000</b>
Malaysia	(14,034) *	(14,034)
Singapore	18,989	18,989
United Arab Emirates	24,520	24,520
Indonesia	169	169
	<u>29,644</u>	<u>29,644</u>

\* Due to reversal of contract revenue recognised of RM16.1 million on rescission of shipbuilding contract.

**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**

There was no material capital commitment as at the end of the current quarter.

**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 Aug 2013 <b>RM'000</b>	Current Period-To-Date 31 Aug 2013 <b>RM'000</b>
<b>(i) Transaction with companies in which certain directors of the Company have substantial interest :</b>		
Tuong Aik (Sarawak) Sdn Bhd		
- Purchase of marine paint	*	*
	<u>          *</u>	<u>          *</u>
	<u>          *</u>	<u>          *</u>

\* Negligible

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 AUGUST 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 RM29.6 million and profit before tax of RM10.2 million for the current quarter ended 31 August 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 2013 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 Aug 2013 <b>RM'000</b>	Preceding quarter ended 31 May 2013 <b>RM'000</b>	Variance <b>RM'000</b>	
Revenue	29,644	48,385	(18,741)	-39%
Profit before tax	10,218	3,279	6,939	212%

The Group recorded lower revenue of RM29.6 million representing a decrease of RM18.7 million or 39% below the preceding quarter. The higher revenue reported in previous quarter was attributed to contract revenue recognised on sale of one unit anchor handling supply vessel.

Profit before tax increased by RM6.9 million, or 212% when compared with preceding quarter figures mainly due to the reversal of impairment loss on trade receivable amounted to RM3.3 million provided in previous quarter and the gain on foreign exchange of RM1.8 million recognised during current quarter as United States Dollar and Singapore Dollar strengthened.

**B3. Commentary on prospects**

The demand for offshore support vessels have improved as the oil majors have increased their activities. This has benefited our Group so far as evidenced by the shipbuilding orders that we secured.

In addition, our involvement with build-to-stock model has also placed the Group in a favourable situation to meet the market demand for offshore support vessels as we will be able to meet the demand of vessel owners who require shorter delivery period for their vessels.

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

While our current contracts on hand will continue to contribute positively to our financial years 2014 and 2015, we will remain cautious in our business operations as the global economic climate remains unsettled and challenging.

**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	990	990
Deferred income tax	696	696
Total tax expense	<u>1,686</u>	<u>1,686</u>
Effective tax rate	17%	17%

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	9,839	161	Available for use
(ii) Working capital	within 36 months	56,300	56,300	-	
(iii) Estimated listing expenses	upon listing	3,000	3,161	(161)	*
		<u>69,300</u>	<u>69,300</u>	<u>-</u>	

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

**B7. Group borrowings and debt securities**

Total Group's borrowing as at 31 August 2013 were as follows:

	Secured <b>RM'000</b>	Total <b>RM'000</b>
1. <u>Short term borrowings</u>		
- Bank overdraft	4,516	4,516
- Revolving credit	19,897	19,897
- Bankers' Acceptance	1,139	1,139
<b>Total Borrowings</b>	<u>25,552</u>	<u>25,552</u>

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 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 on 24 July 2013 declared a single-tier interim dividend of 2.0 sen per ordinary share for the financial year ended 31 May 2013, payable on 27 September 2013 to depositors whose names appear in the Record of Depositors on 28 August 2013.

**B10. Earnings per share**

	Current Quarter ended 31 Aug 2013	Current Year-to-Date 31 Aug 2013
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>8,532</u>	<u>8,532</u>
Weighted average number of shares in issue ('000)	<u>175,837</u>	<u>175,837</u>
Basic earnings per share (sen)	4.85	4.85
Diluted earnings per share (sen)	4.85	4.85

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 Aug 2013 <b>RM'000</b>	As At 31 May 2013 <b>RM'000</b>
Total retained profits / (accumulated losses) of the group		
- Realised	87,521	78,569
- Unrealised	<u>431</u>	<u>814</u>
	87,952	79,383
Less : Consolidation adjustments	<u>(43,226)</u>	<u>(43,189)</u>
Total group retained profits / (accumulated losses) as per financial statements	<u>44,726</u>	<u>36,194</u>