



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2013

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 NOVEMBER 2013

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 30 NOV 2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 NOV 2012 RM'000	CURRENT YEAR TO DATE 30 NOV 2013 RM'000	PRECEDING YEAR TO DATE 30 NOV 2012 RM'000
Revenue	49,042	30,719	78,686	48,491
Cost of sales	(37,977)	(24,808)	(61,733)	(37,868)
Gross profit	<u>11,065</u>	<u>5,911</u>	<u>16,953</u>	<u>10,623</u>
Other income	49	91	5,205	797
Administrative expenses	(1,547)	(2,391)	(2,326)	(4,085)
Operating profit	<u>9,567</u>	<u>3,611</u>	<u>19,832</u>	<u>7,335</u>
Finance costs	(104)	(18)	(151)	(21)
Profit before tax	<u>9,463</u>	<u>3,593</u>	<u>19,681</u>	<u>7,314</u>
Income tax expense	(2,201)	(1,173)	(3,887)	(2,189)
Profit for the period	<u>7,262</u>	<u>2,420</u>	<u>15,794</u>	<u>5,125</u>
Other comprehensive income / (loss)				
<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	29	171	(34)	279
- transfer to profit or loss on disposal	(13)	-	(13)	(26)
Foreign currency translation gain	(166)	36	535	53
Total other comprehensive income	<u>(150)</u>	<u>207</u>	<u>488</u>	<u>306</u>
Total comprehensive income for the period	<u>7,112</u>	<u>2,627</u>	<u>16,282</u>	<u>5,431</u>
Profit for the period attributable to owners of the Parent	7,262	2,420	15,794	5,125
Total comprehensive income attributable to owners of the Parent	7,112	2,627	16,282	5,431
Earnings per share (sen)				
- Basic	4.13	1.38	8.98	2.91
- Diluted	4.13	1.38	8.98	2.91

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 30 NOV 2013 RM'000	CURRENT YEAR TO DATE 30 NOV 2013 RM'000
Interest income	9	13
Other income including investment income	154	253
Interest expense	242	455
Depreciation & amortization	363	706
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)
Foreign exchange (gain)/loss - realised	265	(1,299)
Foreign exchange (gain)/loss - unrealised	(234)	(234)
(Gain)/loss on derivatives	(94)	26
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2013

	UNAUDITED AS AT 30 NOV 2013 RM'000	AUDITED AS AT 31 MAY 2013 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	26,627	26,311
Available-for-sale investment	11,352	15,258
Deferred tax assets	-	780
	37,979	42,349
Current Assets		
Inventories	49,875	48,805
Amount due from contract customers	99,055	51,885
Trade and other receivables	62,376	51,950
Deposits, cash and bank balances	9,123	26,840
	220,429	179,480
Total Assets	258,408	221,829
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	90,001	90,001
Share premium	27,639	27,639
Treasury shares	(1,631)	(1,613)
Reserves	48,991	36,226
Total Equity	165,000	152,253
Non-Current Liabilities		
Deferred tax liabilities	3,113	2,437
	3,113	2,437
Current Liabilities		
Trade and other payables	62,115	46,655
Amount due to contract customers	-	102
Borrowings	26,153	18,835
Derivative financial liabilities	62	36
Current tax payable	1,965	1,511
	90,295	67,139
Total Liabilities	93,408	69,576
Total Equity and Liabilities	258,408	221,829
 Net assets per share (sen)	91.67	84.58

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 30 November 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 2013	90,001	27,639	(1,613)	94	(62)	36,194	152,253
Shares repurchased during the period			(18)				(18)
Profit for the period						15,794	15,794
Other comprehensive income				(34)	535	(13)	488
Total comprehensive income for the period				(34)	535	15,781	16,282
Interim dividend of 2.0 sen per share in respect of the financial year ended 31 May 2013						(3,517)	(3,517)
Balance as at 30 November 2013	90,001	27,639	(1,631)	60	473	48,458	165,000

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)	25,376	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 30 NOVEMBER 2013

	CURRENT YEAR TO DATE 30 NOV 2013 RM'000	PRECEDING YEAR TO DATE 30 NOV 2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,681	7,314
Adjustments for:		
Depreciation of property, plant and equipment	706	711
Interest expense	455	50
Interest income	(13)	(46)
Dividend income	(212)	(272)
Reversal of impairment loss on trade receivables	(3,262)	-
Property, plant and equipment written off	-	5
Loss/(Gain) on disposal of investment	(41)	(27)
Unrealised foreign exchange (gain)/loss	(234)	128
Loss/(gain) on fair value changes of derivative financial liabilities	26	610
Operating profit before changes in working capital	<u>17,106</u>	<u>8,473</u>
<u>Changes in working capital</u>		
Increase in inventories	(1,070)	(6,805)
Decrease in amount due from contract customers	(47,169)	(3,069)
Decrease in amount due to contract customers	(103)	(2,522)
Decrease/(Increase) in trade and other receivables	(6,932)	11,259
Increase/(decrease) in trade and other payables	15,437	(8,307)
Net cash (used in)/from operations	<u>(22,731)</u>	<u>(971)</u>
Interest received	13	46
Interest paid	(73)	(12)
Tax refunded	-	241
Tax paid	<u>(1,979)</u>	<u>(1,242)</u>
Net cash (used in)/from operating activities	(24,770)	(1,938)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Received	212	272
Proceeds from disposal of available-for-sale investment	7,000	2,000
Purchase of property, plant and equipment	(1,021)	(683)
Purchase of available-for-sale investment	(3,102)	(6,188)
Net cash (used in)/from investing activities	<u>3,089</u>	<u>(4,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(3,517)	(2,638)
Repurchase of shares	(18)	(112)
Net movements in trade financing	9,598	5,049
Repayment of term loans	(5)	(174)
Net cash used in financing activities	<u>6,058</u>	<u>2,125</u>
Net (decrease)/increase in cash and cash equivalents	(15,623)	(4,412)
Cash and cash equivalents at beginning of financial period	24,183	20,771
Effect of foreign exchange rate changes	563	(27)
Cash and cash equivalents at the end of financial period	<u>9,123</u>	<u>16,332</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 NOVEMBER 2013 (CONT'D)

	CURRENT YEAR TO DATE 30 NOV 2013 RM'000	PRECEDING YEAR TO DATE 30 NOV 2012 RM'000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	9,123	16,935
Bank overdrafts	-	(603)
	<u>9,123</u>	<u>16,332</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 Malaysian Financial Reporting Standards ("MFRS").

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

For the period ended 30 November 2013, 20,000 ordinary shares of RM0.50 each were repurchased from the open market at an average price of RM0.898 per share. The total consideration paid for the repurchase including transaction costs amounted to RM18,081 was funded by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 30 November 2013, the total number of treasury shares held are 4,185,400 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.

(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 2.0 sen per ordinary share for the financial year ended 31 May 2013 amounted to RM3,516,732 on 27 September 2013.

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 30 Nov 2013 RM'000	Current Period to date 30 Nov 2013 RM'000
Malaysia	19,158	5,124
Singapore	10,970	29,959
United Arab Emirates	14,737	39,257
Indonesia	-	169
Saint Vincent Island	4,177	4,177
	<u>49,042</u>	<u>78,686</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

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 30 Nov 2013 RM'000	Current Period-To-Date 30 Nov 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	1	1
Nguong Mee Dockyard Sdn Bhd - Rental of slipway	40	40
	<u>41</u>	<u>41</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 30 NOVEMBER 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 RM49.0 million and profit before tax of RM9.5 million for the current quarter ended 30 November 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 30 Nov 2013 RM'000	Preceding quarter ended 31 Aug 2013 RM'000	Variance RM'000	
Revenue	49,042	29,644	19,398	65%
Profit before tax	9,463	10,218	(755)	-7%

The Group recorded higher revenue of RM49.0 million representing an increase of RM19.4 million or 65% above the preceding quarter. The higher revenue reported in current quarter was attributed to contract revenue recognised on sale of one unit harbour tug.

Profit before tax decreased by 7% when compared with preceding quarter figures mainly due to the reversal of impairment loss on trade receivable amounted to RM3.3 million during the preceding quarter.

B3. Commentary on prospects

Global economic prospects have improved in 2013 though the recovery pace remains subdued. In the European Union, the economy has slowly improved, the United Kingdom has posted positive economic outlook and the United States has also posted a slow growth.

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 have improved as the oil majors have increased their activities. This has benefited our Group so far as evident by the shipbuilding orders that we secured.

We foresee the oil and gas industry in Malaysia and Indonesia will require the provision of various offshore support vessels and are optimistic in our outlook that new demand for offshore support vessels with higher technical specifications suitable for deep sea operation will grow.

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 for vessel owners who require shorter delivery period for their vessels.

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 RM'000	Current Period to date RM'000
Malaysian income tax	1,959	2,949
Deferred income tax	242	938
Total tax expense	<u>2,201</u>	<u>3,887</u>
Effective tax rate	23%	20%

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 30 November 2013 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Revolving credit	24,389	24,389
- Bankers' Acceptance	1,764	1,764
Total Borrowings	<u>26,153</u>	<u>26,153</u>

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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 30 Nov 2013	Current Year-to-Date 30 Nov 2013
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>7,262</u>	<u>15,794</u>
Weighted average number of shares in issue ('000)	<u>175,837</u>	<u>175,837</u>
Basic earnings per share (sen)	4.13	8.98
Diluted earnings per share (sen)	4.13	8.98

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 30 Nov 2013 RM'000	As At 31 May 2013 RM'000
Total retained profits / (accumulated losses) of the group		
- Realised	92,249	78,569
- Unrealised	<u>(529)</u>	<u>814</u>
	91,720	79,383
Less : Consolidation adjustments	<u>(43,262)</u>	<u>(43,189)</u>
Total group retained profits / (accumulated losses) as per financial statements	<u>48,458</u>	<u>36,194</u>