



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2015

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 28 FEBRUARY 2015

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 28 FEB 2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 28 FEB 2014 RM'000	CURRENT YEAR TO DATE 28 FEB 2015 RM'000	PRECEDING YEAR TO DATE 28 FEB 2014 RM'000
Revenue	74,372	114,290	201,972	192,976
Cost of sales	(73,650)	(99,906)	(189,665)	(161,639)
Gross profit	722	14,384	12,307	31,337
Other income	1,779	777	3,508	5,983
Administrative expenses	(1,706)	(2,710)	(3,941)	(5,036)
Operating profit	795	12,451	11,874	32,284
Finance costs	(217)	(171)	(565)	(322)
Profit before tax	578	12,280	11,309	31,962
Income tax expense	98	(1,825)	(1,031)	(5,709)
Profit for the period	676	10,455	10,278	26,253
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	166	12	375	(22)
- transfer to profit or loss on disposal	-	(30)	-	(44)
Foreign currency translation gain	1,911	309	3,064	844
Total other comprehensive income	2,077	291	3,439	778
Total comprehensive income for the period	2,753	10,746	13,717	27,031
Profit for the period attributable to owners of the Parent	676	10,455	10,278	26,253
Total comprehensive income attributable to owners of the Parent	2,753	10,746	13,717	27,031
Earnings per share (sen)				
- Basic	0.38	5.95	5.85	14.93
- Diluted	0.38	5.95	5.85	14.93

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 2014 and the accompanying explanatory notes attached to the interim financial statements.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	CURRENT YEAR QUARTER 28 FEB 2015 RM'000	CURRENT YEAR TO DATE 28 FEB 2015 RM'000
Interest income	15	232
Other income including investment income	120	386
Interest expense	328	808
Depreciation & amortization	341	1,017
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	-	-
Foreign exchange (gain)/loss - realised	(967)	(1,370)
Foreign exchange (gain)/loss - unrealised	(1,977)	(1,977)
(Gain)/loss on derivatives	-	-
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2015

	UNAUDITED AS AT 28 FEB 2015 RM'000	AUDITED AS AT 31 MAY 2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	25,529	26,224
Available-for-sale investment	15,022	14,385
	<u>40,551</u>	<u>40,609</u>
Current Assets		
Inventories	84,691	83,928
Amount due from contract customers	151,947	106,394
Trade and other receivables	123,175	102,216
Tax recoverable	2,816	41
Deposits, cash and bank balances	17,273	22,098
	<u>379,902</u>	<u>314,677</u>
Total Assets	<u>420,453</u>	<u>355,286</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	(1,654)	(1,645)
Reserves	72,409	58,692
Total Equity	<u>188,395</u>	<u>174,687</u>
Non-Current Liabilities		
Retirement benefits	557	557
Deferred tax liabilities	3,470	2,953
	<u>4,027</u>	<u>3,510</u>
Current Liabilities		
Trade and other payables	189,754	136,800
Amount due to contract customers	850	731
Dividend payable	-	3,516
Borrowings	37,411	35,783
Current tax payable	16	259
	<u>228,031</u>	<u>177,089</u>
Total Liabilities	<u>232,058</u>	<u>180,599</u>
Total Equity and Liabilities	<u>420,453</u>	<u>355,286</u>
 Net assets per share (RM)	 1.05	 0.97

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 2014 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 2015

	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 2014	90,001	27,639	(1,645)	132	614	57,946	174,687
Shares repurchased during the period			(9)				(9)
Profit for the period						10,278	10,278
Other comprehensive income				375	3,064		3,439
Total comprehensive income for the period				375	3,064	10,278	13,717
Balance as at 28 February 2015	90,001	27,639	(1,654)	507	3,678	68,224	188,395

For the period ended 31 May 2014

	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			(32)				(32)
Profit for the period						28,785	28,785
Other comprehensive income				38	676		714
Total comprehensive income for the period				38	676	28,785	29,499
Interim dividend of 2.0 sen per share in respect of the financial year ended 31 May 2013						(7,033)	(7,033)
Balance as at 31 May 2014	90,001	27,639	(1,645)	132	614	57,946	174,687

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 2014 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 28 FEBRUARY 2015

	CURRENT YEAR TO DATE 28 FEB 2015 RM'000	PRECEDING YEAR TO DATE 28 FEB 2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,309	31,962
Adjustments for:		
Retirement benefits	-	-
Depreciation of property, plant and equipment	1,017	1,058
Interest expense	808	676
Interest income	(232)	(38)
Dividend income	(386)	(324)
Reversal of impairment loss on trade receivables	-	(3,262)
Property, plant and equipment written off	10	5
Loss/(Gain) on disposal of investment	-	(75)
Loss/(Gain) on disposal of property, plant and equipment	-	-
Unrealised foreign exchange (gain)/loss	(1,977)	650
Loss/(gain) on fair value changes of derivative financial liabilities	-	(15)
Operating profit before changes in working capital	<u>10,549</u>	<u>30,637</u>
<u>Changes in working capital</u>		
Decrease/(Increase) in inventories	4,810	8,170
(Increase)/Decrease in amount due from contract customers	(36,752)	(46,003)
(Decrease)/Increase in amount due to contract customers	119	(102)
(Increase)/Decrease in trade and other receivables	(9,820)	(57,758)
Increase/(decrease) in trade and other payables	35,851	17,593
Net cash (used in)/from operations	<u>4,757</u>	<u>(47,463)</u>
Interest received	232	38
Interest paid	(130)	(87)
Tax paid	<u>(3,533)</u>	<u>(3,922)</u>
Net cash (used in)/from operating activities	1,326	(51,434)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Received	386	324
Proceeds from disposal of available-for-sale investment	-	9,218
Purchase of property, plant and equipment	(332)	(1,182)
Purchase of available-for-sale investment	(261)	(8,170)
Net cash (used in)/from investing activities	<u>(207)</u>	<u>190</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(3,516)	(3,517)
Repurchase of shares	(9)	(18)
Net movements in trade financing	(3,181)	36,713
Repayment of term loans	-	(5)
Net cash used in financing activities	<u>(6,706)</u>	<u>33,173</u>
Net (decrease)/increase in cash and cash equivalents	(5,587)	(18,071)
Cash and cash equivalents at beginning of financial period	18,449	24,183
Effect of foreign exchange rate changes	124	807
Cash and cash equivalents at the end of financial period	<u>12,986</u>	<u>6,919</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 28 FEBRUARY 2015 (CONT'D)

	CURRENT YEAR TO DATE 28 FEB 2015 RM'000	PRECEDING YEAR TO DATE 28 FEB 2014 RM'000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	17,273	8,491
Bank overdrafts	(4,287)	(1,572)
	<u>12,986</u>	<u>6,919</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

(A) NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 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 2014 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 period under review.

As at 28 February 2015, the total number of ordinary shares repurchased and retained as treasury shares are 4,205,400 ordinary shares of RM0.50 each.

(A) NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 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 2014 amounted to RM3,516,132 on 12 June 2014.

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 2015 RM'000	Current Period to date 28 Feb 2015 RM'000
Malaysia	5,061	11,525
Singapore	607	16,337
United Arab Emirates	(2,025)	6,793
Indonesia	192	44,097
Saint Vincent Island	70,537	123,220
	<u>74,372</u>	<u>201,972</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 MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 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 2015 RM'000	Current Period-To-Date 28 Feb 2015 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	2
	<u>1</u>	<u>2</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 RM74.4 million and profit before tax of RM0.6 million for the current quarter ended 28 February 2015.

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 2014 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 2015 RM'000	Preceding quarter ended 30 Nov 2014 RM'000	Variance RM'000	
Revenue	74,372	51,281	23,091	45%
Profit before tax	578	4,223	(3,645)	-86%

The Group recorded higher revenue of RM74.4 million representing an increase of RM23.1 million or 45% above the preceding quarter. The higher revenue reported in current quarter was attributable to contract revenue recognised on projects on hand.

Profit before tax decreased by 86% when compared with preceding quarter figures mainly due to changes in specifications for vessel during the current quarter.

B3. Commentary on prospects

The increase in the shale oil production in the United States coupled with the incompatible rise in demand of oil had caused the oil price to fall by about 50% over the past few months and it has affected the oil and gas industries adversely. Most of the oil majors have started cutting down their capital expenditures by about 20% or more and the deep sea drilling activities have been reduced substantially.

With the OPEC, United States and other oil producing countries unwilling to cut down their production, we foresee a fall in demand for oil and gas vessels in the short term. However, in the medium to long term, we expect the oil price to stabilise by market forces when the less efficient producers are forced out and we expect the demand for oil to increase as industrial activities increase in tandem with population growth.

We are cautiously optimistic in the long term outlook that demands for both the offshore support vessels with higher technical specifications suitable for deep sea operation and offshore support vessels for the Enhanced Oil Recovery projects which allow optimum extraction of oil resources, will return.

We are positive of our prospect and remain cautious in our operation.

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	(878)	513
Deferred income tax	780	518
Total tax expense	<u>(98)</u>	<u>1,031</u>
Effective tax rate	-17%	9%

The lower effective tax rate for the period to date under review was attributed to the different income tax rate applicable to subsidiary company in other jurisdictions.

B6. Group borrowings and debt securities

Total Group's borrowing as at 28 February 2015 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	4,287	4,287
- Revolving credit	31,812	31,812
- Bankers' Acceptance	1,312	1,312
Total Borrowings	<u>37,411</u>	<u>37,411</u>

B7. 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.

B8. Dividends

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

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

B9. Earnings per share

	Current Quarter ended 28 Feb 2015	Current Year-to-Date 28 Feb 2015
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>676</u>	<u>10,278</u>
Weighted average number of shares in issue ('000)	<u>175,801</u>	<u>175,801</u>
Basic earnings per share (sen)	0.38	5.85
Diluted earnings per share (sen)	0.38	5.85

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.

B10. Disclosure of realised and unrealised profits/losses

	As At 28 Feb 2015 RM'000	As At 31 May 2014 RM'000
Total retained profits / (accumulated losses) of the group		
- Realised	110,809	101,700
- Unrealised	<u>859</u>	<u>(419)</u>
	111,668	101,281
Less : Consolidation adjustments	<u>(43,444)</u>	<u>(43,335)</u>
Total group retained profits / (accumulated losses) as per financial statements	<u>68,224</u>	<u>57,946</u>