



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2015

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MAY 2015

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 MAY 2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAY 2014 RM'000	CURRENT YEAR TO DATE 31 MAY 2015 RM'000	PRECEDING YEAR TO DATE 31 MAY 2014 RM'000
Revenue	73,902	61,295	275,873	254,271
Cost of sales	(68,887)	(57,444)	(258,551)	(219,083)
Gross profit	5,015	3,851	17,322	35,188
Other income	(417)	204	3,092	5,940
Administrative expenses	(2,681)	(1,766)	(6,623)	(6,555)
Operating profit	1,917	2,289	13,791	34,573
Finance costs	(294)	53	(859)	(269)
Profit before tax	1,623	2,342	12,932	34,304
Income tax expense	641	190	(389)	(5,519)
Profit for the period	2,264	2,532	12,543	28,785
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	189	104	564	82
- transfer to profit or loss on disposal	(63)	-	(63)	(44)
Foreign currency translation gain	462	(169)	3,525	675
Total other comprehensive income	588	(65)	4,026	713
Total comprehensive income for the period	2,852	2,467	16,569	29,498
Profit for the period attributable to owners of the Parent	2,264	2,532	12,543	28,785
Total comprehensive income attributable to owners of the Parent	2,852	2,467	16,569	29,498
Earnings per share (sen)				
- Basic	1.29	1.44	7.13	16.37
- Diluted	1.29	1.44	7.13	16.37

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 31 MAY 2015 RM'000	CURRENT YEAR TO DATE 31 MAY 2015 RM'000
Interest income	2	234
Other income including investment income	212	598
Interest expense	423	1,231
Depreciation & amortization	730	1,747
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	(325)	(1,695)
Foreign exchange (gain)/loss - unrealised	(1,177)	(1,177)
(Gain)/loss on derivatives	-	-
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2015

	UNAUDITED AS AT 31 MAY 2015 RM'000	AUDITED AS AT 31 MAY 2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	24,811	26,224
Available-for-sale investment	15,206	14,385
Deferred tax assets	17	-
	<u>40,034</u>	<u>40,609</u>
Current Assets		
Inventories	167,987	83,928
Amount due from contract customers	160,736	106,394
Trade and other receivables	87,693	102,216
Tax recoverable	2,852	41
Deposits, cash and bank balances	26,810	22,098
	<u>446,078</u>	<u>314,677</u>
Total Assets	<u>486,112</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	(1,661)	(1,645)
Reserves	75,261	58,692
Total Equity	<u>191,240</u>	<u>174,687</u>
Non-Current Liabilities		
Retirement benefits	695	557
Deferred tax liabilities	3,044	2,953
	<u>3,739</u>	<u>3,510</u>
Current Liabilities		
Trade and other payables	248,801	136,800
Amount due to contract customers	-	731
Dividend payable	-	3,516
Borrowings	42,311	35,783
Current tax payable	21	259
	<u>291,133</u>	<u>177,089</u>
Total Liabilities	<u>294,872</u>	<u>180,599</u>
Total Equity and Liabilities	<u>486,112</u>	<u>355,286</u>
Net assets per share (RM)	1.0624	0.9705

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 31 May 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			(16)				(16)
Profit for the period						12,543	12,543
Other comprehensive income				501	3,525		4,026
Total comprehensive income for the period				501	3,525	12,543	16,569
Balance as at 28 February 2015	90,001	27,639	(1,661)	633	4,139	70,489	191,240

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 31 MAY 2015

	CURRENT YEAR TO DATE 31 MAY 2015 RM'000	PRECEDING YEAR TO DATE 31 MAY 2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,932	34,304
Adjustments for:		
Retirement benefits	139	557
Depreciation of property, plant and equipment	1,747	1,547
Interest expense	1,231	1,046
Interest income	(234)	(840)
Dividend income	(598)	(428)
Reversal of impairment loss on trade receivables	-	(3,262)
Property, plant and equipment written off	10	5
Loss/(Gain) on disposal of investment	-	(74)
Loss/(Gain) on disposal of property, plant and equipment	-	-
Unrealised foreign exchange (gain)/loss	(1,177)	52
Loss/(gain) on fair value changes of derivative financial liabilities	-	(36)
Operating profit before changes in working capital	14,050	32,871
<u>Changes in working capital</u>		
Decrease/(Increase) in inventories	(72,993)	(35,392)
(Increase)/Decrease in amount due from contract customers	(42,068)	(53,359)
(Decrease)/Increase in amount due to contract customers	(731)	(102)
(Increase)/Decrease in trade and other receivables	16,021	(46,893)
Increase/(decrease) in trade and other payables	95,288	90,136
Net cash (used in)/from operations	9,567	(12,739)
Interest received	234	840
Interest paid	(156)	(244)
Tax refunded	241	-
Tax paid	(3,608)	(5,516)
Net cash (used in)/from operating activities	6,278	(17,659)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Received	598	428
Proceeds from disposal of available-for-sale investment	2,913	9,219
Purchase of property, plant and equipment	(345)	(1,466)
Purchase of available-for-sale investment	(3,233)	(8,233)
Net cash (used in)/from investing activities	(67)	(52)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(3,516)	(3,517)
Repurchase of shares	(16)	(32)
Net movements in trade financing	2,496	15,009
Repayment of term loans	-	(5)
Net cash used in financing activities	(1,036)	11,455
Net (decrease)/increase in cash and cash equivalents	5,175	(6,256)
Cash and cash equivalents at beginning of financial period	18,449	24,183
Effect of foreign exchange rate changes	666	522
Cash and cash equivalents at the end of financial period	24,290	18,449

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MAY 2015 (CONT'D)

	CURRENT YEAR TO DATE 31 MAY 2015 RM'000	PRECEDING YEAR TO DATE 31 MAY 2014 RM'000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	26,810	22,098
Bank overdrafts	<u>(2,520)</u>	<u>(3,649)</u>
	<u>24,290</u>	<u>18,449</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

For the period ended 31 May 2015, 10,000 ordinary shares of RM0.50 each were repurchased from the open market at an average price of RM0.700 per share. The total consideration paid for the repurchase including transaction costs amounted to RM7,003 was funded by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 31 May 2015, the total number of ordinary shares repurchased and retained as treasury shares are 4,215,400 ordinary shares of RM0.50 each.

Save as disclosed above, there were no other issuance, 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 2015

(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 31 May 2015 RM'000	Current Period to date 31 May 2015 RM'000
Malaysia	4,723	16,248
Singapore	990	17,327
United Arab Emirates	1,010	7,802
Indonesia	4,265	48,362
Saint Vincent Island	62,914	186,134
	<u>73,902</u>	<u>275,873</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 31 May 2015 RM'000	Current Period-To-Date 31 May 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	-	2
	<u>-</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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2015

(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 RM73.9 million and profit before tax of RM1.6 million for the current quarter ended 31 May 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 31 May 2015 RM'000	Preceding quarter ended 28 Feb 2015 RM'000	Variance RM'000	
Revenue	73,902	74,372	(470)	-1%
Profit before tax	1,623	578	1,045	181%

Profit before tax increased by 181% when compared with preceding quarter figures mainly due to the gain on foreign exchange recorded during current quarter as United States Dollar and Singapore Dollar strengthened.

B3. Commentary on prospects

The oil price has recovered from the low of US\$45 per barrel to current level of about US\$55 per barrel. However, with the OPEC, United States and other oil producing countries unwilling to cut down their production, coupled with the incompatible rise in demand of oil, we expect that it will take some time for the oil price to return to the US\$80 level and 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 improve as market forces will force out the less efficient producers 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	(197)	315
Deferred income tax	(444)	74
Total tax expense	<u>(641)</u>	<u>389</u>
Effective tax rate	-39%	3%

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 31 May 2015 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	2,520	2,520
- Revolving credit	39,791	39,791
Total Borrowings	<u>42,311</u>	<u>42,311</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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2015

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

B9. Earnings per share

	Current Quarter ended 31 May 2015	Current Year-to-Date 31 May 2015
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>2,264</u>	<u>12,543</u>
Weighted average number of shares in issue ('000)	<u>175,800</u>	<u>175,800</u>
Basic earnings per share (sen)	1.29	7.13
Diluted earnings per share (sen)	1.29	7.13

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 31 May 2015 RM'000	As At 31 May 2014 RM'000
Total retained profits / (accumulated losses) of the group		
- Realised	113,479	101,700
- Unrealised	<u>490</u>	<u>(419)</u>
	113,969	101,281
Less : Consolidation adjustments	<u>(43,480)</u>	<u>(43,335)</u>
Total group retained profits / (accumulated losses) as per financial statements	<u>70,489</u>	<u>57,946</u>