



# **TAS OFFSHORE BERHAD**

*(Company No : 810179-T)*

## **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2018**

| <b><u>CONTENTS</u></b>   | <b><u>PAGE</u></b> |
|--|--------------------|
| CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER<br>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 MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134)          | 7 - 9              |
| ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS           | 10 - 12            |



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 28 FEBRUARY 2018**

|  | INDIVIDUAL                                 |  | CUMULATIVE                                 |  |
|--|--|--|--|--|
|  | CURRENT YEAR QUARTER 28 FEB 2018<br>RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 28 FEB 2017<br>RM'000 | CURRENT YEAR TO DATE 28 FEB 2018<br>RM'000 | PRECEDING YEAR TO DATE 28 FEB 2017<br>RM'000 |
| <b>Revenue</b>   | 7,398                                      | 13,690   | 29,534                                     | 18,859                                       |
| Cost of sales  | 1,240                                      | (11,035)   | (16,754)                                   | (15,615)                                     |
| <b>Gross profit/(loss)</b>   | <u>8,638</u>                               | <u>2,655</u>   | <u>12,780</u>                              | <u>3,244</u>                                 |
| Other income   | 3,330                                      | 149  | 4,317                                      | 1,796  |
| Administrative expenses  | (2,248)                                    | (935)  | (5,618)                                    | (3,066)                                      |
| Other operating expenses   | (10,030)                                   | -  | (10,030)                                   | -  |
| <b>Operating profit/(loss)</b>   | <u>(310)</u>                               | <u>1,869</u>   | <u>1,449</u>                               | <u>1,974</u>                                 |
| Finance costs  | (412)                                      | (411)  | (1,302)                                    | (1,070)                                      |
| <b>Profit/(loss) before tax</b>  | <u>(722)</u>                               | <u>1,458</u>   | <u>147</u>                                 | <u>904</u>                                   |
| Income tax expense   | 153  | (163)  | (43)                                       | (249)  |
| <b>Profit/(Loss) for the period</b>                                      | <u>(569)</u>                               | <u>1,295</u>   | <u>104</u>                                 | <u>655</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                                      | (82)                                       | 342  | 158  | 657  |
| - transfer to profit or loss on disposal                                 | -  | -  | (637)                                      | (171)  |
| Foreign currency translation gain/(loss)                                 | (427)                                      | (104)  | (992)                                      | 1,716  |
| <b>Total other comprehensive income / (loss)</b>                         | <u>(509)</u>                               | <u>238</u>   | <u>(1,471)</u>                             | <u>2,202</u>                                 |
| <b>Total comprehensive income / (loss) for the peirod</b>                | <u>(1,078)</u>                             | <u>1,533</u>   | <u>(1,367)</u>                             | <u>2,857</u>                                 |
| Profit / (loss) for the period attributable to owners of the Parent      | (569)                                      | 1,295  | 104  | 655  |
| Total comprehensive income / (loss) attributable to owners of the Parent | (1,078)                                    | 1,533  | (1,367)                                    | 2,857  |
| Earnings per share (sen)   |  |  |  |  |
| - Basic  | (0.32)                                     | 0.74   | 0.06                                       | 0.37   |
| - Diluted  | (0.32)                                     | 0.74   | 0.06                                       | 0.37   |

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 2017 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<br>YEAR<br>QUARTER<br>28 FEB 2018<br>RM'000 | CURRENT<br>YEAR<br>TO DATE<br>28 FEB 2018<br>RM'000 |
|--|---|---|
| <i>Included in the profit/(loss) before tax are the following items:</i> |   |   |
| Interest income  | (6)   | (16)  |
| Other income including investment income                                 | (186)   | (440)   |
| Interest expense   | 412   | 1,453   |
| Depreciation & amortization  | 399   | 1,203   |
| Provision for and write off of receivables                               | -   | -   |
| Inventories written down   | -   | -   |
| (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 losses on trade receivables                       | (3,321)   | (3,321)   |
| Foreign exchange (gain)/loss - realised                                  | 63  | (191)   |
| Foreign exchange (gain)/loss - unrealised                                | 2,460   | 2,460   |
| Loss on termination of vessel sale agreements                            | 9,795   | 9,795   |
| (Gain)/loss on derivatives   | -   | -   |
| Exceptional items  | -   | -   |



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018**

|  | UNAUDITED<br>AS AT<br>28 FEB 2018<br>RM'000 | AUDITED<br>AS AT<br>31 MAY 2017<br>RM'000 |
|--|---|---|
| <b>ASSETS</b>                                      |   |   |
| <b>Non-Current Assets</b>                          |   |   |
| Property, plant and equipment                      | 20,861                                      | 22,065                                    |
| Available-for-sale investment                      | 14,526                                      | 26,388                                    |
| Deferred tax assets                                | 24  | 24  |
|  | 35,411                                      | 48,477                                    |
| <b>Current Assets</b>                              |   |   |
| Inventories  | 442,224                                     | 474,062                                   |
| Amount due from contract customers                 | 17,926                                      | 29,439                                    |
| Trade and other receivables                        | 41,916                                      | 36,172                                    |
| Tax recoverable                                    | 761   | 544                                       |
| Deposits, cash and bank balances                   | 3,127                                       | 3,722                                     |
|  | 505,954                                     | 543,939                                   |
| <b>Total Assets</b>                                | 541,365                                     | 592,416                                   |
| <b>EQUITY AND LIABILITIES</b>                      |   |   |
| <b>Equity Attributable to Owners of the Parent</b> |   |   |
| Share capital                                      | 117,640                                     | 117,640                                   |
| Treasury shares                                    | (1,777)                                     | (1,777)                                   |
| Reserves   | 43,486                                      | 44,852                                    |
| <b>Total Equity</b>                                | 159,349                                     | 160,715                                   |
| <b>Non-Current Liabilities</b>                     |   |   |
| Bank borrowings                                    | -   | 24  |
| Retirement benefits                                | 1,006                                       | 1,006                                     |
| Deferred tax liabilities                           | 2,119                                       | 2,153                                     |
|  | 3,125                                       | 3,183                                     |
| <b>Current Liabilities</b>                         |   |   |
| Trade and other payables                           | 338,399                                     | 375,346                                   |
| Amount due to contract customers                   | -   | -   |
| Bank borrowings                                    | 40,492                                      | 53,172                                    |
|  | 378,891                                     | 428,518                                   |
| <b>Total Liabilities</b>                           | 382,016                                     | 431,701                                   |
| <b>Total Equity and Liabilities</b>                | 541,365                                     | 592,416                                   |
| <br>Net assets per share (RM)                      | <b>0.9075</b>                               | <b>0.9152</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 2017 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 2018**

|   | Share Capital<br>RM'000 | Share Premium<br>RM'000 | Attributable to Owners of the Parent |   |   | Retained Profits<br>RM'000 | Total<br>RM'000 |
|---|-------------------------|-------------------------|--------------------------------------|---|---|----------------------------|-----------------|
|   |                         |                         | Treasury<br>Shares<br>RM'000         | Fair Value<br>Adjustment<br>Reserve<br>RM'000 | Foreign<br>Currency<br>Translation<br>Reserve<br>RM'000 |                            |                 |
| Balance as at 1 June 2017                 | 117,640                 | -                       | (1,777)                              | 1,853   | 8,406   | 34,594                     | 160,716         |
| Profit/(loss) for the period              |                         |                         |                                      |   |   | 104                        | 104             |
| Other comprehensive income                |                         |                         |                                      | (479)   | (992)   |                            | (1,471)         |
| Total comprehensive income for the period |                         |                         |                                      | (479)   | (992)   | 104                        | (1,367)         |
| Balance as at 28 February 2018            | 117,640                 | -                       | (1,777)                              | 1,374   | 7,414   | 34,698                     | 159,349         |

**For the period ended 31 May 2017**

|   | Share Capital<br>RM'000 | Share Premium<br>RM'000 | Attributable to Owners of the Parent |   |   | Retained Profits<br>RM'000 | Total<br>RM'000 |
|---|-------------------------|-------------------------|--------------------------------------|---|---|----------------------------|-----------------|
|   |                         |                         | Treasury<br>Shares<br>RM'000         | Fair Value<br>Adjustment<br>Reserve<br>RM'000 | Foreign<br>Currency<br>Translation<br>Reserve<br>RM'000 |                            |                 |
| Balance as at 1 June 2016                                       | 90,001                  | 27,639                  | (1,777)                              | 983   | 7,698   | 48,629                     | 173,173         |
| Adjustments for effects of Companies Act 2016 - <b>Note (a)</b> | 27,639                  | (27,639)                |                                      |   |   |                            | -               |
| Profit for the period   |                         |                         |                                      |   |   | (14,035)                   | (14,035)        |
| Other comprehensive income                                      |                         |                         |                                      | 870   | 708   |                            | 1,578           |
| Total comprehensive income for the period                       |                         |                         |                                      | 870   | 708   | (14,035)                   | (12,457)        |
| Balance as at 31 May 2017                                       | 117,640                 | -                       | (1,777)                              | 1,853   | 8,406   | 34,594                     | 160,716         |

**Note (a)**

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM27,639,472 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its rights to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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 2017 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 28 FEBRUARY 2018**

|  | CURRENT YEAR<br>TO DATE<br>28 FEB 2018<br>RM'000 | PRECEDING<br>FINANCIAL YEAR<br>31 MAY 2017<br>RM'000 |
|--|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>   |  |  |
| Profit before taxation   | 147  | (13,955)   |
| Adjustments for:   |  |  |
| Defined benefit obligations  | -  | 161  |
| Depreciation of property, plant and equipment  | 1,203  | 1,776  |
| Interest expense   | 1,453  | 1,522  |
| Interest income  | (16)   | (46)   |
| Income from unit trust funds   | (440)  | (978)  |
| Property, plant and equipment written off  | 8  | 2  |
| Loss/(Gain) on disposal of available-for-sale financial assets                                     | (675)  | (50)   |
| Impairment loss on trade and other receivables   | -  | 754  |
| Reversal of impairment loss on trade receivables   | (3,321)  | -  |
| Deposit forfeited  | -  | 76   |
| Loss/(Gain) on disposal of property, plant and equipment   | -  | (3)  |
| Unrealised foreign exchange (gain)/loss  | 2,460  | (556)  |
| Write down in value of inventories   | -  | 7,389  |
| Reversal of expenses over accrued  | -  | (7)  |
| Excess of fair value of assets and liabilities over purchase consideration for subsidiary acquired | (30)   | -  |
| Operating profit before changes in working capital   | 789  | (3,915)  |
| <u>Changes in working capital</u>  |  |  |
| Decrease/(Increase) in inventories   | (2,815)  | (58,068)   |
| (Increase)/Decrease in amount due from contract customers  | 11,513   | 27,997   |
| (Decrease)/Increase in amount due to contract customers  | -  | -  |
| (Increase)/Decrease in trade and other receivables   | (4,977)  | (5,683)  |
| Increase/(decrease) in trade and other payables  | (6,464)  | (3,596)  |
| Net cash from operations   | (1,954)  | (43,265)   |
| Interest received  | 16   | 46   |
| Interest paid  | (40)   | (17)   |
| Tax refunded   | 90   | 2,812  |
| Tax paid   | (384)  | (786)  |
| Net cash from operating activities   | (2,272)  | (41,210)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |  |
| Acquisition of subsidiary net of cash received   | 29   | -  |
| Income from unit trust funds   | 440  | 978  |
| Proceeds from disposal of available-for-sale investment  | 14,373   | 16,200   |
| Proceeds from disposal of property, plant and equipment  | -  | 3  |
| Purchase of property, plant and equipment  | (6)  | (47)   |
| Purchase of available-for-sale investment  | (2,316)  | (15,655)   |
| Net cash used in investing activities  | 12,520   | 1,479  |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 28 FEBRUARY 2018 (CONT'D)**

|  | CURRENT YEAR<br>TO DATE<br>28 FEB 2018<br>RM'000 | PRECEDING YEAR<br>TO DATE<br>31 MAY 2017<br>RM'000 |
|--|--|--|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                            |  |  |
| (Repayment of)/Proceeds from bankers' acceptances and revolving credit | (6,630)  | 16,320   |
| Interest paid on bankers' acceptances and revolving credit             | (1,409)  | (1,494)  |
| Payments of hire-purchase instalments                                  | (107)  | (143)  |
| Net cash used in financing activities                                  | <u>(8,146)</u>                                   | <u>14,683</u>                                      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            | 2,102  | (25,048)   |
| <b>Cash and cash equivalents at beginning of financial period</b>      | 1,491  | 26,398   |
| <b>Effect of foreign exchange rate changes</b>                         | (467)  | 141  |
| <b>Cash and cash equivalents at the end of financial period</b>        | <u>3,126</u>                                     | <u>1,491</u>                                       |
| <b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>                           |  |  |
| Short term deposits and cash and bank balances                         | 3,127  | 3,722  |
| Bank overdrafts  | (1)  | (2,231)  |
|  | <u>3,126</u>                                     | <u>1,491</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 2017 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").

The Group has applied the following new MFRSs and amendments to MFRSs that have been issued by MASB and are effective for annual periods beginning on or after 1 January 2017.

- Amendments to MFRS 107 - Disclosure Initiative
- Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycle" :
  - Amendments to MFRS 12, Disclosure of Interests in Other Entities

The application of the Amendments has no impact on the financial statements of the Group.

The Group has not early adopted the following new MFRSs and amendments to MFRSs that are not yet effective :-

***Effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- Amendments to MFRS 2 - Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4 - Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts
- Amendments to MFRS 140 - Transfers of Investment Property
- Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycle" :
  - Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
  - Amendments to MFRS 128, Investments in Associates and Joint Ventures
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

***Effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 128, Long -term Interests in Associates and Joint Ventures
- Amendments to MFRS 9, Prepayment Features with Negative Compensation

***Effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, Insurance Contracts

***Effective for annual periods beginning on or after a date to be determined by the MASB***

- Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will apply the above new MFRSs and IC Interpretations and amendments to MFRSs that are applicable once they become effective. The adoption of the above new MFRSs and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group.



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

**A2. 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 2017 were not qualified.

**A3. 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.

**A4. 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.

**A5. Material changes in estimates**

There were no changes in the estimates that have had a material effect in the current financial period under review.

**A6. 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 2018, the total number of ordinary shares repurchased and retained as treasury shares are 4,405,400 shares.

**A7. Dividends**

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

**A8. 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<br>Quarter<br>28 Feb 2018<br><b>RM'000</b> | Current<br>Period to date<br>28 Feb 2018<br><b>RM'000</b> |
|-------------|--|---|
| Malaysia    | 4,405  | 17,943  |
| Singapore   | (5,707)  | (5,707)   |
| Indonesia   | 8,700  | 13,781  |
| Switzerland | -  | 3,517   |
|             | <u>7,398</u>                                       | <u>29,534</u>   |

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

**A9. 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.

**A10. Capital commitments**

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

**A11. 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.

**A12. Changes in composition of the group**

There were no changes in composition of the Group during the quarter under review.

**A13. Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets that has arisen since the last annual reporting date.

**A14. Significant related party transactions**

The Company entered into the following transactions with related parties during the financial period :

|   | Transaction value for<br>3 months ended<br>28 Feb 2018<br><b>RM'000</b> | Current<br>Period-To-Date<br>28 Feb 2018<br><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  | 1   | 4   |
| HCF Services Sdn Bhd  |   |   |
| - Purchase of filtrations systems   | -   | 70  |
|   | <u>1</u>  | <u>74</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 28 FEBRUARY 2018

**(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 RM7.4 million and loss before tax of RM0.7 million for the current quarter ended 28 February 2018.

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 2017 and the date of this report.

**B2. Material changes in the quarterly results compared to the results of the preceding quarter**

|                          | Current quarter<br>ended 28 Feb 2018<br><b>RM'000</b> | Preceding quarter<br>ended 30 Nov 2017<br><b>RM'000</b> | Variance<br><b>RM'000</b> |      |
|--------------------------|---|---|---------------------------|------|
| Revenue                  | 7,398   | 11,707  | (4,309)                   | -37% |
| Profit/(Loss) before tax | (722)   | (1,418)   | 696                       | 49%  |

The Group recorded lower revenue of RM7.4 million representing a decrease of RM4.3 million or 37% lower than the preceding quarter. The lower revenue in current quarter is attributable to termination of shipbuilding contracts.

Loss before tax for the current quarter amounting to RM0.7 million as compared with preceding quarter loss of RM1.4 million. The loss recorded during current quarter is mainly due to loss on termination of shipbuilding contracts and unrealised loss on foreign exchange as Ringgit Malaysia strengthened.

**B3. Commentary on prospects**

Crude oil has been trading at sustainable levels of US\$60 and above per barrel since last November. According to recent articles by Bloomberg in April 2018, crude oil price rises most in more than two weeks as concerns over trade war ease. Amid the improving oil and gas industry climate with higher activity levels, the industry players became more optimistic on the prospect of a potential surge in new orders for offshore support vessels.

The domestic coal demand in Indonesia is estimated to reach 114.51 million tons in 2018, up around 6 percent from estimated demand in 2017 as reported by Indonesia-Investments. The coal price has been rising rapidly since the second half of 2016 and many new coal mining companies are now set to start operations. It was reported there are now about 2,000 mining permit holders in Indonesia that have completed their feasibility studies or construction at their facilities, and are ready to commence production. The positive outlook for coal mining industry in Indonesia is expected to spur demand for more tugboats and our Group is looking forward to reap further benefit from this development.

We are optimistic about our performance.

**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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2018

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

**B5. Taxation**

| Income tax expense:           | Current<br>Quarter<br><b>RM'000</b> | Current<br>Period to date<br><b>RM'000</b> |
|-------------------------------|-------------------------------------|--|
| Current tax                   | (141)                               | 78   |
| Deferred tax expense/(income) | (12)                                | (35)                                       |
| Total tax expense             | <u>(153)</u>                        | <u>43</u>                                  |
| Effective tax rate            | 21%                                 | 29%  |

**B6. Group borrowings and debt securities**

Total Group's borrowing as at 28 February 2018 were as follows:

|                              | Secured<br><b>RM'000</b> | Total<br><b>RM'000</b> |
|------------------------------|--------------------------|------------------------|
| <u>Short term borrowings</u> |                          |                        |
| - Bank overdraft             | 1                        | 1                      |
| - Revolving credit           | 40,432                   | 40,432                 |
| - Bankers' Acceptance        | -                        | -                      |
| - Hire purchase              | 59                       | 59                     |
| <b>Total Borrowings</b>      | <u>40,492</u>            | <u>40,492</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 is 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<br>ended 28 Feb 2018 | Current Year-to-Date<br>28 Feb 2018 |
|---|--------------------------------------|-------------------------------------|
| Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000) | <u>(569)</u>                         | <u>104</u>                          |
| Weighted average number of shares in issue ('000)                                 | <u>175,597</u>                       | <u>175,597</u>                      |
| Basic earnings per share (sen)  | (0.32)                               | 0.06                                |
| Diluted earnings per share (sen)  | (0.32)                               | 0.06                                |

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.