



# TAS OFFSHORE BERHAD

(Company No : 810179-T)

## INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2019

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 NOVEMBER 2019**

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 30 NOV 2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 NOV 2018 RM'000	CURRENT YEAR TO DATE 30 NOV 2019 RM'000	PRECEDING YEAR TO DATE 30 NOV 2018 RM'000
Revenue	6,172	15,765	13,007	24,747
Cost of sales	(5,124)	(13,021)	(11,118)	(20,391)
<b>Gross profit/(loss)</b>	<b>1,048</b>	<b>2,744</b>	<b>1,889</b>	<b>4,356</b>
Other income	537	745	1,148	1,788
Administrative expenses	(2,144)	(1,408)	(2,751)	(2,574)
<b>Operating (loss)/profit</b>	<b>(559)</b>	<b>2,081</b>	<b>286</b>	<b>3,570</b>
Finance costs	(284)	(454)	(562)	(919)
<b>(Loss)/Profit before tax</b>	<b>(843)</b>	<b>1,627</b>	<b>(276)</b>	<b>2,651</b>
Income tax expense	(14)	(341)	(199)	(417)
<b>(Loss)/Profit for the period</b>	<b>(857)</b>	<b>1,286</b>	<b>(475)</b>	<b>2,234</b>
<b>Other comprehensive income / (loss)</b>				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects :</i>				
Gain/(Loss) on foreign currency translation	(48)	172	(22)	460
<b>Total other comprehensive (loss) / income</b>	<b>(48)</b>	<b>172</b>	<b>(22)</b>	<b>460</b>
<b>Total comprehensive (loss) / income for the peirod</b>	<b>(905)</b>	<b>1,458</b>	<b>(497)</b>	<b>2,694</b>
(Loss) / Profit for the period attributable to owners of the Parent	(857)	1,286	(475)	2,234
Total comprehensive (loss) / income attributable to owners of the Parent	(905)	1,458	(497)	2,694
Earnings per share (sen)				
- Basic	(0.49)	0.73	(0.27)	1.27

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 2019 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 30 NOV 2019 RM'000	CURRENT YEAR TO DATE 30 NOV 2019 RM'000
<i>Included in the profit/(loss) before tax are the following items:</i>		
Interest income	(131)	(157)
Other income including investment income	(199)	(355)
Interest expense	282	562
Depreciation & amortization	331	654
Net remeasurement of impairment allowance on trade receivables	(7)	(59)
Inventories written down	74	35
Property, plant & equipment written off	139	139
(Gain)/loss on disposal of quoted investments	-	-
(Gain)/loss on disposal of unquoted investments	-	-
(Gain)/loss on disposal of property, plant & equipment	(52)	(52)
Impairment of assets	-	-
Foreign exchange (gain)/loss - realised	(108)	(162)
Foreign exchange (gain)/loss - unrealised	723	258
(Gain)/loss on fair value changes of derivative financial instruments	51	240
(Gain)/loss on changes in fair value of financial assets at FVTPL	(148)	(695)
Exceptional items	-	-



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2019**

	UNAUDITED AS AT 30 NOV 2019 RM'000	AUDITED AS AT 31 MAY 2019 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	18,706	19,305
Investments at fair value through profit or loss	34,388	28,420
Deferred tax assets	222	273
	<u>53,316</u>	<u>47,998</u>
<b>Current Assets</b>		
Inventories	451,061	450,220
Contract assets	-	565
Trade and other receivables	31,520	29,238
Tax recoverable	295	496
Deposits, cash and bank balances	18,282	33,413
	<u>501,158</u>	<u>513,932</u>
<b>Total Assets</b>	<u>554,474</u>	<u>561,930</u>
<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	46,092	46,588
<b>Total Equity</b>	<u>161,955</u>	<u>162,451</u>
<b>Non-Current Liabilities</b>		
Bank borrowings	11,752	-
Retirement benefits	1,106	1,028
Deferred tax liabilities	2,037	2,061
	<u>14,895</u>	<u>3,089</u>
<b>Current Liabilities</b>		
Trade and other payables	366,770	364,345
Contract liabilities	656	-
Bank borrowings	9,705	31,878
Derivative financial liabilities	240	-
Current tax payable	253	167
	<u>377,624</u>	<u>396,390</u>
<b>Total Liabilities</b>	<u>392,519</u>	<u>399,479</u>
<b>Total Equity and Liabilities</b>	<u>554,474</u>	<u>561,930</u>
 Net assets per share (RM)	 <b>0.9223</b>	 <b>0.9251</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 2019 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 2019**

	Share Capital RM'000	Treasury Shares RM'000	Attributable to Owners of the Parent			Total RM'000
			Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Profits RM'000	
Balance as at 1 June 2019	117,640	(1,777)	-	7,968	38,621	162,452
Profit/(loss) for the period	-	-	-	-	(475)	(475)
Other comprehensive income	-	-	-	(22)	-	(22)
Total comprehensive income for the period	-	-	-	(22)	(475)	(497)
Balance as at 30 November 2019	117,640	(1,777)	-	7,946	38,146	161,955

**For the period ended 31 May 2019**

	Share Capital RM'000	Treasury Shares RM'000	Attributable to Owners of the Parent			Total RM'000
			Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Profits RM'000	
Balance as at 1 June 2018	117,640	(1,777)	1,273	7,578	35,470	160,184
Effect on adoption of MFRS 9, net of tax	-	-	(1,273)	-	715	(558)
Effect on adoption of MFRS 15, net of tax	-	-	-	-	(1,553)	(1,553)
Balance as at 1 June 2018, restated	117,640	(1,777)	-	7,578	34,632	158,073
Profit/(loss) for the period	-	-	-	-	3,989	3,989
Other comprehensive income	-	-	-	390	-	390
Total comprehensive income for the period	-	-	-	390	3,989	4,379
Balance as at 31 May 2019	117,640	(1,777)	-	7,968	38,621	162,452

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statement for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 NOVEMBER 2019**

	CURRENT YEAR TO DATE 30 NOV 2019 RM'000	PRECEDING FINANCIAL YEAR 31 MAY 2019 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(276)	5,344
Adjustments for:		
Defined benefit obligations	78	147
Depreciation of property, plant and equipment	654	1,313
Interest expense	562	1,762
Interest income	(157)	(153)
Income from unit trust funds	(355)	(682)
Property, plant and equipment written off	139	3
Net gain on remeasurement of ECLs on trade receivables	(59)	(386)
Loss/(Gain) on changes in fair value of financial assets at FVTPL	(695)	(67)
Loss/(Gain) on fair value changes of derivative financial instruments	240	-
Disposal of financial assets at FVTPL	-	(11)
Loss/(Gain) on disposal of property, plant and equipment	(52)	(4,392)
Unrealised (gain)/loss on foreign exchange	258	(1,437)
Write down in value of inventories	35	1,661
Waiver of debts	-	-
Operating profit before changes in working capital	372	3,102
<u>Changes in working capital</u>		
Decrease/(Increase) in inventories	(3,004)	13,091
(Increase)/Decrease in contract assets	565	(565)
(Decrease)/Increase in contract liabilities	656	-
(Increase)/Decrease in trade and other receivables	(2,308)	381
Increase/(decrease) in trade and other payables	4,276	1,966
Net cash from operations	557	17,975
Interest received	157	153
Interest paid	(2)	-
Tax refunded	413	475
Tax paid	(297)	(680)
Net cash from operating activities	828	17,923
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Income from unit trust funds	355	682
Proceeds from disposal of investments in unit trust funds	-	8,588
Proceeds from disposal of property, plant and equipment	52	19,293
Purchase of property, plant and equipment	(195)	(162)
Investments in unit trust funds	(5,273)	(19,462)
Fixed deposits pledged as security	-	(2,077)
Net cash used in investing activities	(5,061)	6,862

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 NOVEMBER 2019 (CONT'D)**

	CURRENT YEAR TO DATE 30 NOV 2019 RM'000	PRECEDING YEAR TO DATE 31 MAY 2019 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of revolving credits and bankers' acceptances	(25,938)	(9,393)
Interest paid on bankers' acceptances and revolving credit	(289)	(1,762)
Term loan obtained, net of repayment	14,886	-
Interest paid on term loan	(271)	-
Payments of hire-purchase instalments	-	(24)
Net cash used in financing activities	<u>(11,612)</u>	<u>(11,179)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(15,845)	13,606
<b>Cash and cash equivalents at beginning of financial period</b>	31,336	17,881
<b>Effect of foreign exchange rate changes</b>	<u>(15)</u>	<u>(151)</u>
<b>Cash and cash equivalents at the end of financial period</b>	<u>15,476</u>	<u>31,336</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits and cash and bank balances	18,282	33,413
Bank overdrafts	<u>(729)</u>	<u>-</u>
	17,553	33,413
Less : Fixed deposit pledged to a licensed bank	<u>(2,077)</u>	<u>(2,077)</u>
	<u>15,476</u>	<u>31,336</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 2019 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 preparation**

The unaudited interim financial statements have been prepared in accordance with 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 statements contain 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 TAS Offshore and its subsidiaries ("the Group"). The interim financial statements 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") and should be read in conjunction with the consolidated financial statements of the Group for the financial year ended 31 May 2019.

The accounting policies adopted by the Group in the preparation of these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 May 2019 except for changes arising from the adoption of the new MFRS and IC Interpretation and amendments to MFRSs as set out below.

**(a) New MFRS and IC Interpretation and amendments to MFRSs adopted by the Group**

The new MFRS and IC Interpretation and amendments to MFRSs, which became effective during the current reporting period, adopted by the Group are as follows :

MFRS 16, Leases

Amendments to MFRS 9 - Prepayment Features with Negative Compensation

Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 - Long-term interests in Associates and Joint Ventures

Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2015 - 2017 Cycle" :

- Amendments to MFRS 3, Business Combinations and MFRS 11, Joint Arrangements - Previously Held Interest in a Joint Operation

- Amendments to MFRS 112, Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity

- Amendments to MFRS 123, Borrowing Costs - Borrowing Costs Eligible for Capitalisation

IC Interpretation 23, Uncertainty over Income Tax Treatments

The adoption of the above pronouncements did not have any significant impact on the Group's financial statements.

**(b) New MFRS and amendments to MFRSs issued but not yet effective**

The Group has not early adopted the following new MFRS and amendments to MFRSs that have been issued but are not yet effective :

***Effective for annual periods beginning on or after 1 January 2020***

Amendments to MFRS 3 - Definition of a Business

Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of Material

***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



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

**A1. Basis of preparation (Cont'd)**

**(b) New MFRS and amendments to MFRSs issued but not yet effective (Cont'd)**

The Group will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective. The initial applications are not expected to have any significant impact on the Group's financial statements.

**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 2019 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 30 November 2019, 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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2019

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

**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 Quarter 30 Nov 2019 <b>RM'000</b>	Current Period to date 30 Nov 2019 <b>RM'000</b>
Malaysia	343	630
Singapore	3,031	5,350
Indonesia	2,798	7,027
	<u>6,172</u>	<u>13,007</u>

**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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2019

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

**A14. 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 2019 <b>RM'000</b>	Current Period-To-Date 30 Nov 2019 <b>RM'000</b>
<b>(i)</b> Transaction with companies in which certain directors of the Company have substantial interest :		
Tuong Aik (Sarawak) Sdn Bhd - Purchase of marine paint	2	7
<b>(ii)</b> Transaction with a Director :		
Tan Sri Dato' Seri Mohd Jamil Bin Johari - Disposal of used motor vehicle	14	14
	<u>16</u>	<u>21</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.

**A15. Review of Interim Financial Information**

This condensed consolidated interim financial information has been reviewed by the Company's auditors, Messrs. Folks DFK & Co.

**(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 RM6.17 million and loss before tax of RM0.84 million for the current quarter ended 30 November 2019.

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 2019 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 2019 <b>RM'000</b>	Preceding quarter ended 31 Aug 2019 <b>RM'000</b>	Variance <b>RM'000</b>	
Revenue	6,172	6,835	(663)	-10%
Profit/(Loss) before tax	(843)	566	(1,409)	-249%

The Group recorded lower revenue of RM6.17 million representing a decrease of RM0.66 million or 10% lower than the preceding quarter.

Loss before tax for the current quarter amounting to RM0.84 million as compared with preceding quarter profit of RM0.57 million representing a decrease of RM1.41 million over the preceding quarter. The lower profit recorded during current quarter was mainly attributable to higher unrealised foreign exchange loss.

**B3. Commentary on prospects**

Despite the uncertainty in oil and gas industry due to tensions in the Middle East, the industry players are optimistic on the long term outlook and potential surge in demand for offshore support vessels. According to *Global Market Insights* on industry trends for offshore support vessels, the cumulative fleet count is anticipated to grow over 8,000 units, worth USD66 billion by 2024.

The Indonesian coal sector continues to offer attractive prospects. The bright outlook for coal mining industry in Indonesia will bring positive impact on the mining support services industry such as transportation activities and is expected to trigger the demand for more tugboats. Our Group is looking forward to reap further benefit from this development.

We are optimistic about our prospects.

**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**

Income tax expense:	Current Quarter RM'000	Current Period to date RM'000
Current tax	44	171
Deferred tax expense/(income)	(30)	28
Total tax expense	14	199
Effective tax rate	-2%	-72%

**B6. Group borrowings and debt securities**

Total Group's borrowing as at 30 November 2019 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	730	730
- Revolving credit	5,841	5,841
- Term loan	3,134	3,134
2. <u>Long term borrowings</u>		
- Term loan	11,752	11,752
<b>Total Borrowings</b>	<b>21,457</b>	<b>21,457</b>

**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.

**B9. Earnings per share**

	Current Quarter ended 30 Nov 2019	Current Year-to-Date 30 Nov 2019
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(857)	(475)
Weighted average number of shares in issue ('000)	175,597	175,597
Basic earnings per share (sen)	(0.49)	(0.27)

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.