



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2020

<u>CONTENTS</u>	<u>PAGE</u>
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER 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 - 10
ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS	11 - 12



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 NOVEMBER 2020

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 30 NOV 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 NOV 2019 RM'000	CURRENT YEAR TO DATE 30 NOV 2020 RM'000	PRECEDING YEAR TO DATE 30 NOV 2019 RM'000
Revenue	3,347	6,172	6,531	13,007
Cost of sales	(2,938)	(5,124)	(5,729)	(11,118)
Gross profit	409	1,048	802	1,889
Other income	384	537	2,595	1,148
Administrative expenses	(2,829)	(2,144)	(6,948)	(2,751)
Operating (loss)/profit	(2,036)	(559)	(3,551)	286
Finance costs	(162)	(284)	(329)	(562)
Loss before tax	(2,198)	(843)	(3,880)	(276)
Income tax expense	4	(14)	(34)	(199)
Loss for the period	(2,194)	(857)	(3,914)	(475)
Other comprehensive income / (loss)				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects :</i>				
Gain/(Loss) on foreign currency translation	1,769	(48)	4,908	(22)
Total other comprehensive income / (loss)	1,769	(48)	4,908	(22)
Total comprehensive income / (loss) for the peirod	(425)	(905)	994	(497)
Loss for the period attributable to owners of the Parent	(2,194)	(857)	(3,914)	(475)
Total comprehensive income / (loss) attributable to owners of the Parent	(425)	(905)	994	(497)
Earnings per share (sen)				
- Basic	(1.25)	(0.49)	(2.23)	(0.27)

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 2020 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 2020 RM'000	CURRENT YEAR TO DATE 30 NOV 2020 RM'000
<i>Included in the profit/(loss) before tax are the following items:</i>		
Interest income	-	(1)
Other income including investment income	(128)	(284)
Interest expense	191	376
Depreciation & amortization	286	573
Net gain on remeasurement of ECLs on trade receivables	52	109
Inventories written down	-	-
Property, plant & equipment written off	-	-
(Gain)/loss on disposal of quoted investments	-	-
(Gain)/loss on disposal of unquoted investments	-	-
(Gain)/loss on disposal of property, plant & equipment	-	-
Foreign exchange (gain)/loss - realised	6	50
Foreign exchange (gain)/loss - unrealised	1,779	4,971
(Gain)/loss on fair value changes of derivative financial instruments	(102)	(136)
(Gain)/loss on changes in fair value of financial assets at FVTPL	(141)	(1,506)
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020

	UNAUDITED AS AT 30 NOV 2020 RM'000	AUDITED AS AT 31 MAY 2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	17,493	18,060
Investments at fair value through profit or loss	24,183	30,500
Deferred tax assets	807	554
	<u>42,483</u>	<u>49,114</u>
Current Assets		
Inventories	68,169	422,246
Contract assets	2,879	521
Trade and other receivables	7,685	14,871
Tax recoverable	971	778
Deposits, cash and bank balances	3,220	4,998
	<u>82,924</u>	<u>443,414</u>
Total Assets	<u>125,407</u>	<u>492,528</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	117,640	117,640
Treasury shares	(1,913)	(1,913)
Accumulated losses	(40,201)	(36,287)
Foreign currency translation reserve	11,643	6,735
Total Equity	<u>87,169</u>	<u>86,175</u>
Non-Current Liabilities		
Bank borrowings	8,267	10,062
Retirement benefits	1,239	1,184
Deferred tax liabilities	1,991	2,014
	<u>11,497</u>	<u>13,260</u>
Current Liabilities		
Trade and other payables	17,044	385,909
Contract liabilities	2,436	2,271
Bank borrowings	6,803	4,357
Derivative financial liabilities	398	534
Current tax payable	60	22
	<u>26,741</u>	<u>393,093</u>
Total Liabilities	<u>38,238</u>	<u>406,353</u>
Total Equity and Liabilities	<u>125,407</u>	<u>492,528</u>
Net assets per share (RM)	0.4969	0.4912

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 2020 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 2020

	Share Capital RM'000	Treasury Shares RM'000	Attributable to Owners of the Parent		Total RM'000
			Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	
Balance as at 1 June 2020	117,640	(1,913)	6,735	(36,287)	86,175
Loss for the period	-	-	-	(3,914)	(3,914)
Gain on foreign currency translation	-	-	4,908	-	4,908
Total comprehensive income for the period	-	-	4,908	(3,914)	994
Balance as at 30 November 2020	117,640	(1,913)	11,643	(40,201)	87,169

For the year ended 31 May 2020

	Share Capital RM'000	Treasury Shares RM'000	Attributable to Owners of the Parent		Total RM'000
			Foreign Currency Translation Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	
Balance as at 1 June 2019	117,640	(1,777)	7,969	38,620	162,452
Loss for the year	-	-	-	(74,907)	(74,907)
Loss on foreign currency translation	-	-	(1,234)	-	(1,234)
Total comprehensive loss for the year	-	-	(1,234)	(74,907)	(76,141)
Share repurchased	-	(136)	-	-	(136)
Balance as at 31 May 2020	117,640	(1,913)	6,735	(36,287)	86,175

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 2020 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 NOVEMBER 2020

	CURRENT YEAR TO DATE 30 NOV 2020 RM'000	PRECEDING FINANCIAL YEAR 31 MAY 2020 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(3,880)	(75,220)
Adjustments for:		
Defined benefit obligations	56	156
Depreciation of property, plant and equipment	573	1,309
Interest expense	376	1,053
Interest income	(1)	(322)
Income from unit trust funds	(284)	(1,242)
Property, plant and equipment written off	2	139
Loss/(Gain) on disposal of investments measured at FVTPL	105	356
Net loss/(gain) on remeasurement of ECLs on trade receivables	109	(1,256)
Loss/(Gain) on changes in fair value of financial assets at FVTPL	(1,505)	(170)
Loss/(Gain) on fair value changes of derivative financial instruments	(136)	534
Forfeiture of deposits on termination of a vessel sale agreement	-	(855)
Impairment loss on credit-impaired financial assets	-	17,141
Loss/(Gain) on disposal of property, plant and equipment	-	(52)
Unrealised (gain)/loss on foreign exchange	4,971	(2,419)
Write-down in value of inventories	-	58,307
Waiver of debts	-	(1)
Operating profit/(loss) before changes in working capital	<u>386</u>	<u>(2,542)</u>
<u>Changes in working capital</u>		
Decrease/(Increase) in inventories	342,391	(16,577)
(Increase)/Decrease in contract assets	(2,358)	44
(Decrease)/Increase in contract liabilities	165	2,271
(Increase)/Decrease in trade and other receivables	6,857	(1,218)
Increase/(decrease) in trade and other payables	(356,974)	9,488
Net cash utilised in operations	<u>(9,533)</u>	<u>(8,534)</u>
Interest received	1	322
Interest paid	(24)	(9)
Tax refunded	-	527
Tax paid	(465)	(968)
Net cash used in operating activities	<u>(10,021)</u>	<u>(8,662)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Income from unit trust funds	284	1,242
Proceeds from disposal of investments in unit trust funds	8,000	9,379
Proceeds from disposal of property, plant and equipment	-	52
Purchase of property, plant and equipment	(9)	(204)
Investments in unit trust funds	(284)	(11,644)
Fixed deposits pledged as security	146	(124)
Net cash from/(used in) investing activities	<u>8,137</u>	<u>(1,299)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 NOVEMBER 2020 (CONT'D)

	CURRENT YEAR TO DATE 30 NOV 2020 RM'000	PRECEDING YEAR TO DATE 31 MAY 2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares repurchased	-	(136)
Increase in of revolving credits and bankers' acceptances	1,745	(31,362)
Interest paid on bankers' acceptances and revolving credit	(46)	(432)
Repayment of term loan	(1,650)	13,321
Interest paid on term loan	(305)	(612)
Net cash used in financing activities	<u>(256)</u>	<u>(19,221)</u>
Net decrease in cash and cash equivalents	(2,140)	(29,182)
Cash and cash equivalents at beginning of financial period	2,797	31,336
Effect of foreign exchange rate changes	(48)	643
Cash and cash equivalents at the end of financial period	<u>609</u>	<u>2,797</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	3,220	4,998
Fixed deposit pledged to a licensed bank	(2,056)	(2,201)
Bank overdrafts	(555)	-
	<u>609</u>	<u>2,797</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 2020 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 2020.

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 2020 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 :

Amendments to MFRS 3 - Definition of a Business
Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform
Amendments to MFRS 16 - Covid-19-Related Rent Concessions

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 2022

Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 116 - Proceeds before intended use
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2018 - 2020 Cycle" :
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 9, Financial Instruments
- Amendments to MFRS 16, Leases
- Amendments to MFRS 141, Agriculture

Effective for annual periods beginning on or after 1 January 2023

MFRS 17, Insurance Contracts
Amendments to MFRS 17, Insurance Contracts
Amendments to MFRS 4 - Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current

(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)

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 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 2020 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 2020, the total number of ordinary shares repurchased and retained as treasury shares are 5,192,900 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 2020

(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 2020 RM'000	Current Period to date 30 Nov 2020 RM'000
Malaysia	102	425
Singapore	3,204	6,025
Indonesia	41	81
	<u>3,347</u>	<u>6,531</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.

(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 2020 RM'000	Current Period-To-Date 30 Nov 2020 RM'000
(i) Transaction with companies in which certain directors of the Company have substantial interest :		
HCF Services Sdn Bhd		
- Purchase of diesel filtration module	-	42
	<hr/>	<hr/>
	-	42

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 RM3.35 million and loss before tax of RM2.20 million for the current quarter ended 30 November 2020.

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 2020 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 2020 RM'000	Preceding quarter ended 31 Aug 2020 RM'000	Variance RM'000	
Revenue	3,347	3,184	163	5%
Loss before tax	(2,198)	(1,682)	(516)	31%

Loss before tax for the current quarter amounting to RM2.20 million as compared with preceding quarter loss of RM1.68 million representing an increase of RM0.52 million over the preceding quarter. The lower loss before tax recorded during preceding quarter was mainly due to higher gain on changes in fair value of financial assets.

B3. Commentary on prospects

The coal prices has surged in the past two months as key consumers in China, India, South Korea and Japan rushed for supplies. The demand for coal in Asia has started to pick up owing to the region's economic recovery and more recently a cold snap. As a result of an unofficial ban on Australia coal due to a diplomatic spat, Chinese buyers have turned to producers in Indonesia, Russia and South Africa. The Indonesia Coal Mining Association (APBI-ICMA) has signed a memorandum of understanding with China Coal Transportation and Distribution Association (CCTDA) to facilitate the export of coal from Indonesia to China where China will buy thermal coal worth IDR20.6bn (US\$1.46bn) from Indonesia in 2021. According to APBI-ICMA, the cooperation period between the two companies lasts for three years. In 2021, coal exports to China will be increased by 200MT. (Source: www.mining-technology.com) The bright outlook for coal mining industry in Indonesia will bring positive impacts on the transportation activities and is expected to trigger more demands for tugboats. Our Group is looking forward to reap further benefits from this development.

In view of the current challenging global economic condition, the Group is focusing on improving the efficiency of the current operation and concentrating efforts on building the vessels under contracts, exploring new markets and new business opportunities, while prudently manage the operational costs to weather the current economic turbulence.

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	165	310
Deferred tax expense/(income)	(169)	(276)
Total tax expense/(income)	<u>(4)</u>	<u>34</u>

B6. Group borrowings and debt securities

Total Group's borrowing as at 30 November 2020 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bankers acceptance	2,843	2,843
- Bank overdraft	555	555
- Term loan	3,405	3,405
2. <u>Long term borrowings</u>		
- Term loan	8,267	8,267
Total Borrowings	<u>15,070</u>	<u>15,070</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.

B9. Earnings per share

	Current Quarter ended 30 Nov 2020	Current Year-to-Date 30 Nov 2020
Net loss attributable to ordinary equity holders of the Company (RM'000)	<u>(2,194)</u>	<u>(3,914)</u>
Weighted average number of shares in issue ('000)	<u>175,433</u>	<u>175,433</u>
Basic earnings per share (sen)	(1.25)	(2.23)

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.