



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2021

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 AUGUST 2021

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 AUG 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 AUG 2020 RM'000	CURRENT YEAR TO DATE 31 AUG 2021 RM'000	PRECEDING YEAR TO DATE 31 AUG 2020 RM'000
Revenue	8,925	3,184	8,925	3,184
Cost of sales	(6,994)	(2,791)	(6,994)	(2,791)
Gross profit	1,931	393	1,931	393
Other income	100	2,211	100	2,211
Administrative expenses	(1,673)	(4,119)	(1,673)	(4,119)
Operating profit / (loss)	358	(1,515)	358	(1,515)
Finance costs	(121)	(167)	(121)	(167)
Profit / (Loss) before tax	237	(1,682)	237	(1,682)
Income tax expense	(331)	(38)	(331)	(38)
Profit / (Loss) for the period	(94)	(1,720)	(94)	(1,720)
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects :</i>				
Gain on foreign currency translation	-	3,139	-	3,139
Total other comprehensive income	-	3,139	-	3,139
Total comprehensive income / (loss) for the period	(94)	1,419	(94)	1,419
Profit / (Loss) for the period attributable to owners of the Parent	(94)	(1,720)	(94)	(1,720)
Total comprehensive income / (loss) attributable to owners of the Parent	(94)	1,419	(94)	1,419
Earnings per share (sen)				
- Basic	(0.05)	(0.98)	(0.05)	(0.98)

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 2021 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 AUG 2021 RM'000	CURRENT YEAR TO DATE 31 AUG 2021 RM'000
<i>Included in the profit/(loss) before tax are the following items:</i>		
Interest income	(4)	(4)
Other income including investment income	(260)	(260)
Interest expense	121	121
Depreciation & amortization	274	274
Net gain on remeasurement of ECLs on trade and other receivables	-	-
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	(40)	(40)
Foreign exchange (gain)/loss - realised	4	4
Foreign exchange (gain)/loss - unrealised	118	118
(Gain)/loss on fair value changes of derivative financial instruments	(41)	(41)
(Gain)/loss on changes in fair value of investments measured at FVTPL	735	735
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2021

	UNAUDITED AS AT 31 AUG 2021 RM'000	AUDITED AS AT 31 MAY 2021 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	17,367	17,360
Investments at fair value through profit or loss	29,607	30,225
Deferred tax assets	1,104	770
	<u>48,078</u>	<u>48,355</u>
Current Assets		
Inventories	56,438	58,292
Contract assets	-	1,913
Trade and other receivables	9,969	7,081
Tax recoverable	34	423
Deposits, cash and bank balances	9,358	11,677
	<u>75,799</u>	<u>79,386</u>
Total Assets	<u><u>123,877</u></u>	<u><u>127,741</u></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	(34,495)	(34,401)
Foreign currency translation reserve	11,682	11,682
Total Equity	<u>92,914</u>	<u>93,008</u>
Non-Current Liabilities		
Bank borrowings	5,779	6,523
Retirement benefits	1,295	1,295
Deferred tax liabilities	1,956	1,968
	<u>9,030</u>	<u>9,786</u>
Current Liabilities		
Trade and other payables	16,888	21,179
Bank borrowings	4,618	3,454
Derivative financial liabilities	228	269
Current tax payable	199	45
	<u>21,933</u>	<u>24,947</u>
Total Liabilities	<u>30,963</u>	<u>34,733</u>
Total Equity and Liabilities	<u><u>123,877</u></u>	<u><u>127,741</u></u>
Net assets per share (RM)	0.5315	0.5321

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 2021 and the accompanying explanatory note attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 31 August 2021

	Attributable to Owners of the Parent				Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	
Balance as at 1 June 2021	117,640	(1,913)	11,682	(34,401)	93,008
Profit for the period	-	-	-	(94)	(94)
Gain on foreign currency translation	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(94)	(94)
Balance as at 31 August 2021	117,640	(1,913)	11,682	(34,495)	92,914

For the year ended 31 May 2021

	Attributable to Owners of the Parent				Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Foreign Currency Translation Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	
Balance as at 1 June 2020	117,640	(1,913)	6,735	(36,288)	86,174
Profit for the period	-	-	-	1,887	1,887
Gain on foreign currency translation	-	-	4,947	-	4,947
Total comprehensive income for the period	-	-	4,947	1,887	6,834
Balance as at 31 May 2021	117,640	(1,913)	11,682	(34,401)	93,008

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 2021 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 AUGUST 2021

	CURRENT YEAR TO DATE 31 AUG 2021 RM'000	PRECEDING FINANCIAL YEAR 31 MAY 2021 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	237	2,831
Adjustments for:		
Defined benefit obligations	-	112
Depreciation of property, plant and equipment	274	1,197
Interest expense	121	660
Interest income	(4)	(16)
Income from unit trust funds	(260)	(586)
Property, plant and equipment written off	-	3
Loss/(Gain) on disposal of investments measured at FVTPL	62	(1)
Net loss/(gain) on remeasurement of ECLs on trade and other receivables	-	(43)
Loss/(Gain) on changes in fair value of financial assets at FVTPL	735	(2,138)
Loss/(Gain) on fair value changes of derivative financial instruments	(41)	(265)
Loss/(Gain) on disposal of property, plant and equipment	(40)	(2)
Unrealised (gain)/loss on foreign exchange	118	4,758
Write-down in value of inventories	-	1,095
Waiver of debts	-	(708)
Operating profit/(loss) before changes in working capital	1,202	6,897
Changes in working capital		
Decrease/(Increase) in inventories	1,854	354,404
(Increase)/Decrease in contract assets	1,913	(1,392)
(Decrease)/Increase in contract liabilities	-	(2,271)
(Increase)/Decrease in trade and other receivables	(2,931)	7,833
Increase/(decrease) in trade and other payables	(4,280)	(355,411)
Net cash from/(used in) operations	(2,242)	10,060
Interest received	4	16
Interest paid	(2)	(29)
Tax refunded	-	-
Tax paid	(133)	(830)
Net cash from/(used in) operating activities	(2,373)	9,217
CASH FLOWS FROM INVESTING ACTIVITIES		
Income from investments in unit trust funds	260	586
Proceeds from disposal of investments in unit trust funds	985	13,000
Proceeds from disposal of property, plant and equipment	40	2
Purchase of property, plant and equipment	(280)	(500)
Investments in unit trust funds	(1,165)	(10,586)
Fixed deposits pledged as security	(20)	96
Net cash from/(used in) investing activities	(180)	2,598



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 AUGUST 2021 (CONT'D)

	CURRENT YEAR TO DATE 31 AUG 2021 RM'000	PRECEDING YEAR TO DATE 31 MAY 2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bank borrowings	(659)	(4,442)
Interest paid on bank borrowings	(120)	(631)
Net cash used in financing activities	<u>(779)</u>	<u>(5,073)</u>
Net decrease in cash and cash equivalents	(3,332)	6,742
Cash and cash equivalents at beginning of financial period	9,572	2,797
Effect of foreign exchange rate changes	(86)	33
Cash and cash equivalents at the end of financial period	<u>6,154</u>	<u>9,572</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	9,358	11,677
Fixed deposit pledged to a licensed bank	(2,125)	(2,105)
Bank overdrafts	<u>(1,079)</u>	<u>-</u>
	<u>6,154</u>	<u>9,572</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 2021 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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments to MFRSs 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 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 - Disclosure of Accounting Policies
Amendments to MFRS 108 - Definition of Accounting Estimates
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(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 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 31 August 2021, 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.

(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 31 Aug 2021 RM'000	Current Period to date 31 Aug 2021 RM'000
Malaysia	344	344
Singapore	1,244	1,244
Indonesia	7,337	7,337
	<u>8,925</u>	<u>8,925</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 31 Aug 2021 RM'000	Current Period-To-Date 31 Aug 2021 RM'000
(i) Transaction with companies in which certain directors of the Company have substantial interest :		
HCF Services Sdn Bhd - Filter installation	35	35
	<hr/> <hr/>	<hr/> <hr/>
	35	35

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 AUGUST 2021

(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 RM8.92 million and profit before tax of RM0.24 million for the current quarter ended 31 August 2021.

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 2021 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 Aug 2021	Preceding quarter ended 31 May 2021	Variance	
	RM'000	RM'000	RM'000	
Revenue	8,925	12,100	(3,175)	-26%
Profit/(Loss) before tax	237	1,891	(1,654)	-87%

The Group recorded lower revenue of RM8.92 million representing a decrease of RM3.18 million or 26% lower than the preceding quarter. The lower revenue was due to less vessels were delivered during the current quarter.

Profit before tax for the current quarter amounting to RM0.24 million as compared with preceding quarter profit of RM1.89 million representing a decrease of RM1.65 million over the preceding quarter. The lower profit before tax recorded during current quarter was mainly due to less vessels were delivered and loss on changes in fair value of investments measured at fair value through profit or loss.

B3. Commentary on prospects

Coal prices in Indonesia have surged to a historical high, boosted by strong demand from China, which is the world's biggest coal importer. Coal producers in Indonesia are looking to maximise revenue from their coal sales. The bright outlook for coal mining industry in Indonesia is expected to spur demand for more tugboats which are essential in transporting coal. Our Group is looking forward to reap further benefits from this latest development.

In view of the expected recovery of the global economy, the Group is actively prospecting for new clients from new market segments to add to our customer base in efforts to enhance the sales growth. At the same time, the Group is focusing on workforce optimization 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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2021

(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	676	676
Deferred tax expense/(income)	(345)	(345)
Total tax expense/(income)	331	331

B6. Group borrowings and debt securities

Total Group's borrowing as at 31 August 2021 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	1,079	1,079
- Term loan	3,480	3,480
- Hire purchase payable	59	59
2. <u>Long term borrowings</u>		
- Term loan	5,643	5,643
- Hire purchase payable	136	136
Total Borrowings	10,397	10,397

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 a 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 31 Aug 2021	Current Year-to-Date 31 Aug 2021
Net loss attributable to ordinary equity holders of the Company (RM'000)	(94)	(94)
Weighted average number of shares in issue ('000)	174,809	174,809
Basic earnings per share (sen)	(0.05)	(0.05)

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.