



TAS OFFSHORE BERHAD

(Company No : 810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2022

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 28 FEBRUARY 2022

| | INDIVIDUAL | | CUMULATIVE | |
|---|--|--|--|--|
| | CURRENT YEAR QUARTER 28 FEB 2022 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 28 FEB 2021 RM'000 | CURRENT YEAR TO DATE 28 FEB 2022 RM'000 | PRECEDING YEAR TO DATE 28 FEB 2021 RM'000 |
| Revenue | 8,606 | 16,272 | 22,442 | 22,803 |
| Cost of sales | (7,561) | (11,047) | (18,574) | (16,775) |
| Gross profit | 1,045 | 5,225 | 3,868 | 6,028 |
| Other income | 77 | 831 | 235 | 3,425 |
| Administrative expenses | (2,953) | (1,079) | (6,242) | (8,027) |
| Operating loss | (1,831) | 4,977 | (2,139) | 1,426 |
| Finance costs | (104) | (144) | (350) | (473) |
| Loss before tax | (1,935) | 4,833 | (2,489) | 953 |
| Income tax expense | 9 | (224) | (328) | (259) |
| Loss for the period | (1,926) | 4,609 | (2,817) | 694 |
| Other comprehensive income | | | | |
| <i>Items that will be reclassified subsequently to profit or loss, net of tax effects :</i> | | | | |
| Gain on foreign currency translation | - | 386 | - | 5,295 |
| Total other comprehensive income | - | 386 | - | 5,295 |
| Total comprehensive (loss) / income for the period | (1,926) | 4,995 | (2,817) | 5,989 |
| Loss for the period attributable to owners of the Parent | (1,926) | 4,609 | (2,817) | 694 |
| Total comprehensive (loss) / income attributable to owners of the Parent | (1,926) | 4,995 | (2,817) | 5,989 |
| Earnings/(Loss) per share (sen) | | | | |
| - Basic | (1.10) | 2.63 | (1.61) | 0.40 |

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 28 FEB 2022 RM'000 | CURRENT YEAR TO DATE 28 FEB 2022 RM'000 |
|--|---|---|
| <i>Included in the profit/(loss) before tax are the following items:</i> | | |
| Interest income | (3) | (10) |
| Other income including investment income | (236) | (631) |
| Interest expense | 106 | 358 |
| Depreciation & amortization | 275 | 822 |
| 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) |
| Foreign exchange (gain)/loss - realised | 1 | 59 |
| Foreign exchange (gain)/loss - unrealised | 185 | 163 |
| (Gain)/loss on fair value changes of derivative financial instruments | (85) | (145) |
| (Gain)/loss on changes in fair value of investments measured at FVTPL | 1,612 | 3,147 |
| Exceptional items | - | - |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022

| | UNAUDITED AS AT 28 FEB 2022 RM'000 | AUDITED AS AT 31 MAY 2021 RM'000 |
|--|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 16,826 | 17,360 |
| Investments at fair value through profit or loss | 31,566 | 30,225 |
| Deferred tax assets | 1,141 | 770 |
| | <u>49,533</u> | <u>48,355</u> |
| Current Assets | | |
| Inventories | 52,804 | 58,292 |
| Contract assets | - | 1,913 |
| Trade and other receivables | 13,540 | 7,081 |
| Tax recoverable | 544 | 423 |
| Deposits, cash and bank balances | 7,998 | 11,677 |
| | <u>74,886</u> | <u>79,386</u> |
| Total Assets | <u><u>124,419</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 | (37,218) | (34,401) |
| Foreign currency translation reserve | 11,682 | 11,682 |
| Total Equity | <u>90,191</u> | <u>93,008</u> |
| Non-Current Liabilities | | |
| Bank borrowings | 3,970 | 6,523 |
| Retirement benefits | 1,295 | 1,295 |
| Deferred tax liabilities | 1,933 | 1,968 |
| | <u>7,198</u> | <u>9,786</u> |
| Current Liabilities | | |
| Trade and other payables | 23,305 | 21,179 |
| Bank borrowings | 3,595 | 3,454 |
| Derivative financial liabilities | 124 | 269 |
| Current tax payable | 6 | 45 |
| | <u>27,030</u> | <u>24,947</u> |
| Total Liabilities | <u>34,228</u> | <u>34,733</u> |
| Total Equity and Liabilities | <u><u>124,419</u></u> | <u><u>127,741</u></u> |
| Net assets per share (RM) | 0.5159 | 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 notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 28 February 2022

| | 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 |
| Loss for the period | - | - | - | (2,817) | (2,817) |
| Total comprehensive loss for the period | - | - | - | (2,817) | (2,817) |
| Balance as at 28 February 2022 | 117,640 | (1,913) | 11,682 | (37,218) | 90,191 |

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 28 FEBRUARY 2022

| | CURRENT YEAR TO DATE 28 FEB 2022 RM'000 | PRECEDING FINANCIAL YEAR 31 MAY 2021 RM'000 |
|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| (Loss) / Profit before taxation | (2,489) | 2,831 |
| Adjustments for: | | |
| Defined benefit obligations | - | 112 |
| Depreciation of property, plant and equipment | 822 | 1,197 |
| Interest expense | 358 | 660 |
| Interest income | (10) | (16) |
| Income from unit trust funds | (631) | (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 | 3,147 | (2,138) |
| Loss/(Gain) on fair value changes of derivative financial instruments | (145) | (265) |
| Loss/(Gain) on disposal of property, plant and equipment | (40) | (2) |
| Unrealised (gain)/loss on foreign exchange | 163 | 4,758 |
| Write-down in value of inventories | - | 1,095 |
| Waiver of debts | - | (708) |
| Operating profit before changes in working capital | 1,237 | 6,897 |
| <u>Changes in working capital</u> | | |
| Decrease/(Increase) in inventories | 5,487 | 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 | (6,594) | 7,833 |
| Increase/(Decrease) in trade and other payables | 2,126 | (355,411) |
| Net cash from operations | 4,169 | 10,060 |
| Interest received | 10 | 16 |
| Interest paid | (16) | (29) |
| Tax refunded | - | - |
| Tax paid | (892) | (830) |
| Net cash from operating activities | 3,271 | 9,217 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Income from investments in unit trust funds | 631 | 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 | (287) | (500) |
| Investments in unit trust funds | (5,536) | (10,586) |
| Fixed deposits pledged as security | (31) | 96 |
| Net cash (used in) / from investing activities | (4,198) | 2,598 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 28 FEBRUARY 2022 (CONT'D)

| | CURRENT YEAR TO DATE 28 FEB 2022 RM'000 | PRECEDING YEAR TO DATE 31 MAY 2021 RM'000 |
|---|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net repayment of bank borrowings | (2,413) | (4,442) |
| Interest paid on bank borrowings | (341) | (631) |
| Net cash used in financing activities | <u>(2,754)</u> | <u>(5,073)</u> |
| Net increase in cash and cash equivalents | (3,681) | 6,742 |
| Cash and cash equivalents at beginning of financial period | 9,572 | 2,797 |
| Effect of foreign exchange rate changes | (29) | 33 |
| Cash and cash equivalents at the end of financial period | <u>5,862</u> | <u>9,572</u> |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | |
| Short term deposits and cash and bank balances | 7,998 | 11,677 |
| Fixed deposit pledged to a licensed bank | (2,136) | (2,105) |
| | <u>5,862</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, 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 2022, 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 28 FEBRUARY 2022

(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 28 Feb 2022 RM'000 | Current Period to date 28 Feb 2022 RM'000 |
|-----------|--|---|
| Malaysia | 284 | 987 |
| Singapore | - | 1,243 |
| Indonesia | 8,322 | 19,830 |
| Iraq | - | 382 |
| | 8,606 | 22,442 |

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 28 Feb 2022 RM'000 | Current Period-To-Date 28 Feb 2022 RM'000 |
|---|---|---|
| (i) Transaction with companies in which certain directors of the Company have substantial interest : | | |
| Tuong Aik (Sarawak) Sdn Bhd - Purchase of marine paint | 2 | 2 |
| HCF Services Sdn Bhd - Filter installation | 142 | 177 |
| | <u>142</u> | <u>177</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 2022

(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 RM8.61 million and loss before tax of RM1.94 million for the current quarter ended 28 February 2022.

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 28 Feb 2022 | Preceding quarter ended 30 Nov 2021 | Variance | |
|--------------------------|--------------------------------------|--|---------------|------|
| | RM'000 | RM'000 | RM'000 | |
| Revenue | 8,606 | 4,912 | 3,694 | 75% |
| (Loss)/Profit before tax | (1,935) | (791) | (1,144) | 145% |

The Group recorded higher revenue of RM8.61 million representing an increase of RM3.69 million or 75% higher than the preceding quarter. The higher revenue was due to more vessels were delivered during the current quarter.

Loss before tax for the current quarter amounting to RM1.94 million as compared with preceding quarter loss of RM0.79 million representing an increase of RM1.14 million over the preceding quarter. The loss before tax recorded during current quarter was mainly due to loss on changes in fair value of investments measured at fair value through profit or loss.

B3. Commentary on prospects

Indonesia's government is targeting 663 million tons of coal output in 2022, up 8% from 2021. Of the total targeted output, 25% or around 166 million tons is apportioned for the domestic market in order to fulfill local energy needs, with the rest for exports. As quoted by the executive director of Indonesia Coal Miners Association, the coal demand and prices are being pushed higher as Russia's invasion of Ukraine sends oil prices soaring, leading buyers to seek alternative fuel supplies from Indonesia and Australia. The outlook for coal mining industry in Indonesia remains positive and the demand for tugboats which are essential in transporting coal is expected to sustain.

The Group is concentrating efforts on building vessels under contracts and seeking new clients from new market segments to add to our customer base in efforts to enhance the sales growth. In view of the expected recovery of the global economy, we are optimistic about our prospect.

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 2022

(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 | (62) | 734 |
| Deferred tax expense/(income) | 53 | (406) |
| Total tax expense/(income) | <u>(9)</u> | <u>328</u> |

B6. Group borrowings and debt securities

Total Group's borrowing as at 30 November 2021 were as follows:

| | Secured RM'000 | Total RM'000 |
|---------------------------------|--------------------------|------------------------|
| 1. <u>Short term borrowings</u> | | |
| - Term loan | 3,529 | 3,529 |
| - Hire purchase payable | 66 | 66 |
| 2. <u>Long term borrowings</u> | | |
| - Term loan | 3,873 | 3,873 |
| - Hire purchase payable | 97 | 97 |
| Total Borrowings | <u>7,565</u> | <u>7,565</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

On 17 January 2022, the Company had declared the share dividend via distribution of treasury shares on the basis of one (1) treasury share for every forty (40) existing ordinary shares held in the Company as at 15 February 2022.

B9. Earnings per share

| | Current Quarter ended 28 Feb 2022 | Current Year-to-Date 28 Feb 2022 |
|--|--------------------------------------|-------------------------------------|
| Net loss attributable to ordinary equity holders of the Company (RM'000) | <u>(1,926)</u> | <u>(2,817)</u> |
| Weighted average number of shares in issue ('000) | <u>174,809</u> | <u>174,809</u> |
| Basic earnings / (loss) per share (sen) | (1.10) | (1.61) |

Basic earnings/(loss) per share of the Company is calculated by dividing net profit/(loss) 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.