



# TAS OFFSHORE BERHAD

(Company No : 810179-T)

## INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2022

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MAY 2022**

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 MAY 2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAY 2021 RM'000	CURRENT YEAR TO DATE 31 MAY 2022 RM'000	PRECEDING YEAR TO DATE 31 MAY 2021 RM'000
<b>Revenue</b>	35,057	12,100	57,499	34,903
Cost of sales	(31,741)	(8,790)	(50,315)	(25,565)
<b>Gross profit</b>	<u>3,316</u>	<u>3,310</u>	<u>7,184</u>	<u>9,338</u>
Other income	430	352	665	3,777
Administrative expenses	(1,970)	(554)	(8,212)	(8,581)
Other operating expenses	-	(1,095)	-	(1,095)
<b>Operating profit/(loss)</b>	<u>1,776</u>	<u>2,013</u>	<u>(363)</u>	<u>3,439</u>
Finance costs	(86)	(122)	(436)	(595)
<b>Profit/(Loss) before tax</b>	<u>1,690</u>	<u>1,891</u>	<u>(799)</u>	<u>2,844</u>
Income tax expense	(383)	(686)	(711)	(945)
<b>Profit/(Loss) for the period/year</b>	<u>1,307</u>	<u>1,205</u>	<u>(1,510)</u>	<u>1,899</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss, net of tax effects :</i>				
Remeasurement gain on defined benefits liabilities	195	-	195	-
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects :</i>				
(Loss)/Gain on foreign currency translation	-	(348)	-	4,946
<b>Total other comprehensive income/(loss)</b>	<u>195</u>	<u>(348)</u>	<u>195</u>	<u>4,946</u>
<b>Total comprehensive income/(loss) for the period/year</b>	<u>1,502</u>	<u>857</u>	<u>(1,315)</u>	<u>6,845</u>
Profit/(Loss) for the period/year attributable to owners of the Parent	1,307	1,205	(1,510)	1,899
Total comprehensive income/(loss) for the period/year attributable to owners of the Parent	1,502	857	(1,315)	6,845
Earnings/(Loss) per share (sen)				
- Basic	0.73	0.69	(0.86)	1.09

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 MAY 2022 RM'000	CURRENT YEAR TO DATE 31 MAY 2022 RM'000
<i>Included in the profit/(loss) before tax are the following items:</i>		
Interest income	(8)	(18)
Other income including investment income	(121)	(752)
Interest expense	86	444
Depreciation & amortization	273	1,095
Net gain on remeasurement of ECLs on trade and other receivables	(4)	(4)
Reversal of inventories written down	-	-
Property, plant & equipment written off	2	2
(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	(403)	(344)
Foreign exchange (gain)/loss - unrealised	(279)	(116)
(Gain)/loss on fair value changes of derivative financial instruments	51	(94)
(Gain)/loss on changes in fair value of investments measured at FVTPL	775	3,922
Exceptional items	-	-



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2022**

	UNAUDITED AS AT 31 MAY 2022 RM'000	AUDITED AS AT 31 MAY 2021 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	16,552	17,360
Investments at fair value through profit or loss	30,912	30,225
Deferred tax assets	308	770
	<u>47,772</u>	<u>48,355</u>
<b>Current Assets</b>		
Inventories	29,769	58,292
Contract assets	374	1,913
Trade and other receivables	5,814	7,081
Tax recoverable	1,127	423
Deposits, cash and bank balances	29,967	11,677
	<u>67,051</u>	<u>79,386</u>
<b>Total Assets</b>	<u><u>114,823</u></u>	<u><u>127,741</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	117,640	117,640
Treasury shares	(303)	(1,913)
Accumulated losses	(37,326)	(34,401)
Foreign currency translation reserve	11,682	11,682
<b>Total Equity</b>	<u>91,693</u>	<u>93,008</u>
<b>Non-Current Liabilities</b>		
Bank borrowings	3,055	6,523
Retirement benefits	1,186	1,295
Deferred tax liabilities	1,921	1,968
	<u>6,162</u>	<u>9,786</u>
<b>Current Liabilities</b>		
Trade and other payables	12,201	21,179
Contract liabilities	971	-
Bank borrowings	3,621	3,454
Derivative financial liabilities	175	269
Current tax payable	-	45
	<u>16,968</u>	<u>24,947</u>
<b>Total Liabilities</b>	<u>23,130</u>	<u>34,733</u>
<b>Total Equity and Liabilities</b>	<u><u>114,823</u></u>	<u><u>127,741</u></u>
 Net assets per share (RM)	 <b>0.5217</b>	 <b>0.5321</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 2021 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**For the year ended 31 May 2022**

	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 2021	117,640	(1,913)	11,682	(34,401)	93,008
Loss for the period	-	-	-	(1,510)	(1,510)
Remeasurement of defined benefit obligations	-	-	-	195	195
Total comprehensive loss for the period	-	-	-	(1,315)	(1,315)
Share dividend	-	1,610	-	(1,610)	-
Balance as at 31 May 2022	117,640	(303)	11,682	(35,716)	91,693

**For the year ended 31 May 2021**

	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 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 MAY 2022**

	CURRENT YEAR TO DATE 31 MAY 2022 RM'000	PRECEDING FINANCIAL YEAR 31 MAY 2021 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(799)	2,831
Adjustments for:		
Defined benefit obligations	147	112
Depreciation of property, plant and equipment	1,095	1,197
Interest expense	444	660
Interest income	(18)	(16)
Income from unit trust funds	(752)	(586)
Inventories written off	21	-
Property, plant and equipment written off	2	3
Loss/(Gain) on disposal of investments measured at FVTPL	62	(1)
Net loss/(gain) on remeasurement of ECLs on trade and other receivables	(4)	(43)
Loss/(Gain) on changes in fair value of financial assets at FVTPL	3,922	(2,138)
Loss/(Gain) on fair value changes of derivative financial instruments	(94)	(265)
Loss/(Gain) on disposal of property, plant and equipment	(40)	(2)
Unrealised (gain)/loss on foreign exchange	(116)	4,758
Write-down in value of inventories	-	1,095
Reversal of inventories written down	-	-
Waiver of debts	-	(708)
Operating profit before changes in working capital	<u>3,870</u>	<u>6,897</u>
<b>Changes in working capital</b>		
Decrease/(Increase) in inventories	28,503	354,404
(Increase)/Decrease in contract assets	1,539	(1,392)
(Decrease)/Increase in contract liabilities	971	(2,271)
(Increase)/Decrease in trade and other receivables	1,326	7,833
Increase/(Decrease) in trade and other payables	(8,988)	(355,411)
Net cash from operations	<u>27,221</u>	<u>10,060</u>
Interest received	18	16
Interest paid	(16)	(29)
Tax paid	(1,104)	(830)
Net cash from operating activities	<u>26,119</u>	<u>9,217</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Income from investments in unit trust funds	752	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	(289)	(500)
Investments in unit trust funds	(5,657)	(10,586)
Fixed deposits pledged as security	(124)	96
Net cash (used in) / from investing activities	<u>(4,293)</u>	<u>2,598</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MAY 2022 (CONT'D)**

	CURRENT YEAR TO DATE 31 MAY 2022 RM'000	PRECEDING YEAR TO DATE 31 MAY 2021 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of bank borrowings	(3,302)	(4,442)
Interest paid on bank borrowings	(428)	(631)
Net cash used in financing activities	<u>(3,730)</u>	<u>(5,073)</u>
<b>Net increase in cash and cash equivalents</b>	18,096	6,742
<b>Cash and cash equivalents at beginning of financial period</b>	9,572	2,797
<b>Effect of foreign exchange rate changes</b>	70	33
<b>Cash and cash equivalents at the end of financial period</b>	<u>27,738</u>	<u>9,572</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits and cash and bank balances	29,967	11,677
Fixed deposit pledged to a licensed bank	(2,229)	(2,105)
	<u>27,738</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.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2022

(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 2021.

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 2021 except for changes arising from the adoption of the amendments to MFRSs as set out below.

**(a) Amendments to MFRSs adopted by the Group**

The amendments to MFRSs which became effective during the current reporting period and 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



INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2022

**(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 2021 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**

During the financial year ended 31 May 2022, a total of 4,370,101 treasury shares had been distributed as share dividend to the entitled shareholders on 14 March 2022.

As at 31 May 2022, the total number of ordinary shares repurchased and retained as treasury shares are 822,799 shares.

**A7. Dividends**

During the financial year ended 31 May 2022, the Company had declared 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. A total of 4,370,101 treasury shares had been distributed to the entitled shareholders on 14 March 2022.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 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 31 May 2022 <b>RM'000</b>	Current Period to date 31 May 2022 <b>RM'000</b>
Malaysia	159	1,146
Singapore	(725)	518
Indonesia	14,106	33,936
Iraq	21,517	21,899
	<u>35,057</u>	<u>57,499</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 31 MAY 2022

(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 May 2022 RM'000	Current Period-To-Date 31 May 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
HCF Services Sdn Bhd - Filter installation	-	177
	<hr/>	<hr/>
	-	177

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 RM35.06 million and profit before tax of RM1.69 million for the current quarter ended 31 May 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 31 May 2022 <b>RM'000</b>	Preceding quarter ended 28 Feb 2022 <b>RM'000</b>	Variance <b>RM'000</b>	
Revenue	35,057	8,606	26,451	307%
Profit/(Loss) before tax	1,690	(1,935)	3,625	187%

The Group recorded higher revenue of RM35.06 million representing an increase of RM26.45 million or 307% higher than the preceding quarter. The higher revenue was due to more vessels were delivered during the current quarter.

Profit before tax for the current quarter amounting to RM1.69 million as compared with preceding quarter loss of RM1.94 million representing an increase of RM3.63 million over the preceding quarter. The profit before tax recorded during current quarter was mainly due to profit recognised on vessels delivered.

**B3. Commentary on prospects**

The European Union (EU), which gets more than 40 percent of its coal supplies from Russia, is set to fully ban coal imports from Russia by September while the United Kingdom will follow suit by end of this year. Japan and South Korea have announced similar plans. The mass cancellation of Russian coal has caused supply shocks and put the world into an energy crisis. Indonesia, as the world's largest exporter by tonnage according to the International Energy Agency (IEA), is feeling the most heat in the global scramble for coal. The Energy and Mineral Resources Ministry of Indonesia said Spain, Italy and the Netherlands have joined Germany in exploring options to purchase a larger amount of coal from Indonesia. Indonesia coal shipments to Germany, the Netherlands, Spain, Italy, Poland and Switzerland have increased tremendously over the first five months year-on year, Statistics Indonesia (BPS) data shows.

India, which is Indonesia's second-largest coal export destination, has also approached Indonesia to acquire more coal to meet its domestic needs.

According to the Indonesia Coal Mining Association (APBI), the government had given the approval to increase coal production amid surging EU demand. The Indonesian Chamber of Commerce and Industry had urged the local coal producers to seize this opportunity to take advantage of rising demand and surging prices.

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. 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 31 MAY 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	(377)	357
Deferred tax expense/(income)	760	354
Total tax expense/(income)	<u>383</u>	<u>711</u>

**B6. Group borrowings and debt securities**

Total Group's borrowing as at 31 May 2022 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Term loan	3,555	3,555
- Hire purchase payable	66	66
2. <u>Long term borrowings</u>		
- Term loan	2,974	2,974
- Hire purchase payable	81	81
<b>Total Borrowings</b>	<u>6,676</u>	<u>6,676</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**

During the financial period to-date, the Company had declared 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. A total of 4,370,101 treasury shares had been distributed to the entitled shareholders on 14 March 2022.

**B9. Earnings per share**

	Current Quarter ended 31 May 2022	Current Year-to-Date 31 May 2022
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	<u>1,307</u>	<u>(1,510)</u>
Weighted average number of shares in issue ('000)	<u>178,562</u>	<u>175,755</u>
Basic earnings / (loss) per share (sen)	0.73	(0.86)

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.