



TAS OFFSHORE BERHAD

Registration No : 200801008892 (810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2022

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 NOVEMBER 2022

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 30 NOV 2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 NOV 2021 RM'000	CURRENT YEAR TO DATE 30 NOV 2022 RM'000	PRECEDING YEAR TO DATE 30 NOV 2021 RM'000
Revenue	9,617	4,912	12,292	13,836
Cost of sales	(7,973)	(4,020)	(10,377)	(11,014)
Gross profit	<u>1,644</u>	<u>892</u>	<u>1,915</u>	<u>2,822</u>
Other income	739	58	1,136	158
Administrative expenses	(2,458)	(1,616)	(3,938)	(3,289)
Operating (loss)/profit	<u>(75)</u>	<u>(666)</u>	<u>(887)</u>	<u>(309)</u>
Finance costs	(71)	(125)	(152)	(246)
(Loss)/Profit before tax	<u>(146)</u>	<u>(791)</u>	<u>(1,039)</u>	<u>(555)</u>
Income tax income/(expense)	(193)	(6)	(52)	(337)
Loss for the period	<u>(339)</u>	<u>(797)</u>	<u>(1,091)</u>	<u>(892)</u>
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects :</i>				
(Loss)/Gain on foreign currency translation	(1)	-	(1)	-
Total other comprehensive income/(loss)	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
Total comprehensive loss for the period	<u>(340)</u>	<u>(797)</u>	<u>(1,092)</u>	<u>(892)</u>
Loss for the period attributable to owners of the Parent	(339)	(797)	(1,091)	(892)
Total comprehensive loss for the period attributable to owners of the Parent	(340)	(797)	(1,092)	(892)
Loss per share (sen)				
- Basic	(0.19)	(0.46)	(0.61)	(0.51)

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 2022 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 2022 RM'000	CURRENT YEAR TO DATE 30 NOV 2022 RM'000
<i>Included in the profit/(loss) before tax are the following items:</i>		
Interest income	(62)	(72)
Other income including investment income	(129)	(253)
Interest expense	72	152
Depreciation & amortization	278	551
Net gain on remeasurement of ECLs on trade and other receivables	(5)	(5)
Reversal of 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	(569)	(851)
Foreign exchange (gain)/loss - unrealised	551	729
(Gain)/loss on fair value changes of derivative financial instruments	(78)	(165)
(Gain)/loss on changes in fair value of investments measured at FVTPL	932	1,365
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2022

	UNAUDITED AS AT 30 NOV 2022 RM'000	AUDITED AS AT 31 MAY 2022 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	16,078	16,552
Investments at fair value through profit or loss	30,349	30,912
Deferred tax assets	1,102	308
	<u>47,529</u>	<u>47,772</u>
Current Assets		
Inventories	34,537	29,769
Contract assets	3,096	374
Trade and other receivables	8,291	5,814
Tax recoverable	588	1,127
Deposits, cash and bank balances	27,526	29,966
	<u>74,038</u>	<u>67,050</u>
Total Assets	<u>121,567</u>	<u>114,822</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	117,640	117,640
Treasury shares	(365)	(303)
Accumulated losses	(38,423)	(37,332)
Foreign currency translation reserve	11,682	11,682
Total Equity	<u>90,534</u>	<u>91,687</u>
Non-Current Liabilities		
Bank borrowings	1,240	3,055
Retirement benefits	1,259	1,186
Deferred tax liabilities	1,898	1,921
	<u>4,397</u>	<u>6,162</u>
Current Liabilities		
Trade and other payables	21,885	12,207
Contract liabilities	1,061	971
Bank borrowings	3,681	3,620
Derivative financial liabilities	9	175
	<u>26,636</u>	<u>16,973</u>
Total Liabilities	<u>31,033</u>	<u>23,135</u>
Total Equity and Liabilities	<u>121,567</u>	<u>114,822</u>
Net assets per share (RM)	0.5059	0.5217

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 2022 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 2022

	Share Capital RM'000	Treasury Shares RM'000	Attributable to Owners of the Parent		Total RM'000
			Translation Reserve RM'000	Foreign Currency Accumulated Losses RM'000	
Balance as at 1 June 2022	117,640	(303)	11,682	(37,332)	91,687
Loss for the period	-	-	-	(1,091)	(1,091)
Remeasurement of defined benefit obligations	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,091)	(1,091)
Share repurchased	-	(62)	-	-	(62)
Balance as at 30 November 2022	117,640	(365)	11,682	(38,423)	90,534

For the year ended 31 May 2022

	Share Capital RM'000	Treasury Shares RM'000	Attributable to Owners of the Parent		Total RM'000
			Translation Reserve RM'000	Foreign Currency Retained Profits/ (Accumulated Losses) RM'000	
Balance as at 1 June 2021	117,640	(1,913)	11,682	(34,401)	93,008
Loss for the period	-	-	-	(1,516)	(1,516)
Remeasurement of defined benefit obligations	-	-	-	195	195
Total comprehensive loss for the period	-	-	-	(1,321)	(1,321)
Share dividend	-	1,610	-	(1,610)	-
Balance as at 31 May 2022	117,640	(303)	11,682	(37,332)	91,687

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 2022 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 NOVEMBER 2022

	CURRENT YEAR TO DATE 30 NOV 2022 RM'000	PRECEDING FINANCIAL YEAR 31 MAY 2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(1,039)	(806)
Adjustments for:		
Defined benefit obligations	73	147
Depreciation of property, plant and equipment	551	1,095
Interest expense	152	444
Interest income	(72)	(17)
Income from unit trust funds	(253)	(752)
Inventories written off	-	21
Property, plant and equipment written off	-	2
Loss/(Gain) on disposal of investments measured at FVTPL	-	62
Net loss/(gain) on remeasurement of ECLs on trade and other receivables	(5)	(4)
Loss/(Gain) on changes in fair value of financial assets at FVTPL	1,365	3,922
Loss/(Gain) on fair value changes of derivative financial instruments	(165)	(94)
Loss/(Gain) on disposal of property, plant and equipment	-	(40)
Unrealised (gain)/loss on foreign exchange	729	(116)
Waiver of debts	(61)	-
Operating profit before changes in working capital	1,275	3,864
<u>Changes in working capital</u>		
Decrease/(Increase) in inventories	(4,769)	28,503
(Increase)/Decrease in contract assets	(2,722)	1,539
(Decrease)/Increase in contract liabilities	89	971
(Increase)/Decrease in trade and other receivables	(2,617)	1,326
Increase/(Decrease) in trade and other payables	9,727	(8,982)
Net cash from operations	983	27,221
Interest received	72	17
Interest paid	-	(16)
Tax paid	(330)	(1,104)
Net cash from operating activities	725	26,118
CASH FLOWS FROM INVESTING ACTIVITIES		
Income from investments in unit trust funds	253	752
Proceeds from disposal of investments in unit trust funds	-	985
Proceeds from disposal of property, plant and equipment	-	40
Purchase of property, plant and equipment	(77)	(89)
Investments in unit trust funds	(802)	(5,657)
Fixed deposits pledged as security	(67)	(124)
Net cash used in from investing activities	(693)	(4,093)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 NOVEMBER 2022 (CONT'D)

	CURRENT YEAR TO DATE 30 NOV 2022 RM'000	PRECEDING YEAR TO DATE 31 MAY 2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares repurchased	(62)	-
Net repayment of bank borrowings	(1,779)	(3,502)
Interest paid on bank borrowings	(152)	(428)
Net cash used in financing activities	<u>(1,993)</u>	<u>(3,930)</u>
Net (decrease)/increase in cash and cash equivalents	(1,961)	18,095
Cash and cash equivalents at beginning of financial period	27,737	9,572
Effect of foreign exchange rate changes	(572)	70
Cash and cash equivalents at the end of financial period	<u>25,204</u>	<u>27,737</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	27,526	29,966
Fixed deposit pledged to a licensed bank	(2,296)	(2,229)
Bank overdrafts	(26)	-
	<u>25,204</u>	<u>27,737</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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 2022.

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 2022 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 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

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 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 30 NOVEMBER 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 2022 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

For the period ended 30 November 2022, 321,400 ordinary shares were repurchased from the open market at an average price of RM0.194 per share. The total consideration paid for the repurchase including transaction costs amounted to RM62,222 was funded by internally generated funds. The shares repurchased are retained as treasury shares of the Company. As at 30 November 2022, the total number of ordinary shares repurchased and retained as treasury shares are 1,144,199 ordinary shares .

Save as disclosed above, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

A7. Dividends

No dividend was paid in the current quarter and financial period to-date.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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 30 Nov 2022	Current Period to date 30 Nov 2022
	RM'000	RM'000
Malaysia	177	300
Indonesia	9,440	11,992
	<u>9,617</u>	<u>12,292</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 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 30 Nov 2022 RM'000	Current Period-To-Date 30 Nov 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	-	1
HCF Services Sdn Bhd - Filter installation	35	35
	<u>35</u>	<u>36</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 30 NOVEMBER 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 RM9.62 million and loss before tax of RM0.15 million for the current quarter ended 30 November 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 2022 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 2022 RM'000	Preceding quarter ended 31 Aug 2022 RM'000	Variance RM'000	
Revenue	9,617	2,675	6,942	260%
Loss before tax	(146)	(892)	746	-84%

The Group recorded higher revenue of RM9.62 million representing an increase of RM6.94 million or 260% higher than the preceding quarter. The higher revenue during the current quarter was due to revenue recognition upon delivery of completed vessel.

Loss before tax for the current quarter amounting to RM0.15 million as compared with preceding quarter loss of RM0.89 million representing a decrease of RM0.75 million over the preceding quarter. The improvement was mainly due to profit recognised on vessel delivered during the current quarter.

B3. Commentary on prospects

According to a *Fitch Ratings* report, tight coal supply due to the wet season in Australia, strong demand from India and the energy crisis in Europe have propelled coal prices globally in 2022. Amid rising coal prices, the Indonesia coal miners are racing to boost their production. Based on *Mordor Intelligence* report, the Indonesia coal market is expected to witness a Compound Annual Growth Rate (CAGR) of more than 5.3% during the forecast period, 2022-2027. These encouraging developments in the coal mining industry in Indonesia augur well for the Group as our business activities are focus on construction of vessels for transportation, port operations and mining industries.

During the first half of financial year 2023, the Group had secured ten shipbuilding contracts with customers from Indonesia. We remain optimistic about our prospect and we foresee the demand for tugboats will be sustainable as tugboats are essential for inter-island transportation of bulk materials in Indonesia.

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.

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INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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	582	869
Deferred tax expense/(income)	(389)	(817)
Total tax expense/(income)	<u>193</u>	<u>52</u>

B6. Group borrowings and debt securities

Total Group's borrowing as at 30 November 2022 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	26	26
- Term loan	3,588	3,588
- Hire purchase payable	67	67
2. <u>Long term borrowings</u>		
- Term loan	1,194	1,194
- Hire purchase payable	46	46
Total Borrowings	<u>4,921</u>	<u>4,921</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 2022	Current Year-to-Date 30 Nov 2022
Net loss attributable to ordinary equity holders of the Company (RM'000)	<u>(339)</u>	<u>(1,091)</u>
Weighted average number of shares in issue ('000)	<u>178,928</u>	<u>178,956</u>
Basic loss per share (sen)	(0.19)	(0.61)

Basic loss per share of the Company is calculated by dividing net 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.