



TAS OFFSHORE BERHAD

Registration No : 200801008892 (810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2023

<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


TAS OFFSHORE BERHAD

Registration No : 200801008892 (810179-T)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MAY 2023

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 MAY 2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAY 2022 RM'000	CURRENT YEAR TO DATE 31 MAY 2023 RM'000	PRECEDING YEAR TO DATE 31 MAY 2022 RM'000
Revenue	18,285	35,057	36,126	57,499
Cost of sales	(13,550)	(31,741)	(28,411)	(50,315)
Gross profit	4,735	3,316	7,715	7,184
Other income	13,438	430	14,808	665
Administrative expenses	(1,242)	(1,970)	(5,717)	(8,212)
Net reversal of impairment for financial assets	265	-	265	-
Operating profit/(loss)	17,196	1,776	17,071	(363)
Finance costs	(29)	(86)	(242)	(436)
Profit/(Loss) before tax	17,167	1,690	16,829	(799)
Income tax income/(expense)	(1,454)	(383)	(1,553)	(711)
Profit/(Loss) for the period	15,713	1,307	15,276	(1,510)
Other comprehensive income/(loss)				
<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>				
Reclassification of foreign currency translation difference to profit or loss on subsidiary struck off	(11,682)	-	(11,682)	-
Total other comprehensive (loss)/income	(11,682)	195	(11,682)	195
Total comprehensive income/(loss) for the period	4,031	1,502	3,594	(1,315)
Profit/(Loss) for the period attributable to owners of the Parent	15,713	1,307	15,276	(1,510)
Total comprehensive profit/(loss) for the period attributable to owners of the Parent	4,031	1,502	3,594	(1,315)
Profit/(Loss) per share (sen)				
- Basic	8.78	0.73	8.54	(0.86)

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 31 MAY 2023 RM'000	CURRENT YEAR TO DATE 31 MAY 2023 RM'000
<i>Included in the profit/(loss) before tax are the following items:</i>		
Interest income	(186)	(345)
Other income including investment income	(162)	(545)
Interest expense	53	275
Depreciation & amortization	471	1,339
Net gain on remeasurement of ECLs on trade and other receivables	-	(265)
Gain on subsidiary struck off	(11,673)	(11,673)
Reversal of inventories written down	(1,316)	(1,316)
Property, plant & equipment written off	-	-
(Gain)/loss on disposal of quoted investments	-	-
(Gain)/loss on disposal of unquoted investments	-	-
Gain on disposal of property, plant & equipment	(183)	(183)
Loss on disposal of financial assets at FVTPL	50	50
Foreign exchange gain - realised	(251)	(1,032)
Foreign exchange gain - unrealised	(693)	(138)
Gain on fair value changes of derivative financial instruments	(9)	(166)
Loss on changes in fair value of investments measured at FVTPL	264	930
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2023

	UNAUDITED AS AT 31 MAY 2023 RM'000	AUDITED AS AT 31 MAY 2022 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	19,751	16,552
Investments at fair value through profit or loss	29,027	30,912
Deferred tax assets	1,672	308
	<u>50,450</u>	<u>47,772</u>
Current Assets		
Investment at amortised cost	524	-
Inventories	57,111	29,769
Contract assets	2,515	374
Trade and other receivables	20,038	5,814
Derivatives financial assets	2	-
Tax recoverable	125	1,127
Deposits, cash and bank balances	21,672	29,966
	<u>101,987</u>	<u>67,050</u>
Total Assets	<u>152,437</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	(22,056)	(37,332)
Foreign currency translation reserve	-	11,682
Total Equity	<u>95,219</u>	<u>91,687</u>
Non-Current Liabilities		
Bank borrowings	557	3,055
Retirement benefits	1,332	1,186
Deferred tax liabilities	1,875	1,921
	<u>3,764</u>	<u>6,162</u>
Current Liabilities		
Trade and other payables	35,388	12,207
Contract liabilities	10,510	971
Bank borrowings	6,989	3,620
Derivative financial liabilities	11	175
Current tax payable	556	-
	<u>53,454</u>	<u>16,973</u>
Total Liabilities	<u>57,218</u>	<u>23,135</u>
Total Equity and Liabilities	<u>152,437</u>	<u>114,822</u>
Net assets per share (RM)	0.5321	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 year ended 31 May 2023

	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
Profit for the financial year	-	-	-	15,276	15,276
Other comprehensive loss	-	-	(11,682)	-	(11,682)
Total comprehensive profit for the year	-	-	(11,682)	15,276	3,594
Shares repurchased	-	(62)	-	-	(62)
Balance as at 31 May 2023	117,640	(365)	-	(22,056)	95,219

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 31 MAY 2023

	CURRENT YEAR TO DATE 31 MAY 2023 RM'000	PRECEDING FINANCIAL YEAR 31 MAY 2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	16,829	(806)
Adjustments for:		
Defined benefit obligations	146	147
Depreciation of property, plant and equipment	1,339	1,095
Interest expense	275	444
Interest income	(345)	(17)
Income from unit trust funds	(545)	(752)
Inventories written off	4	21
Property, plant and equipment written off	-	2
Loss on disposal of investments measured at FVTPL	50	62
Net gain on remeasurement of ECLs on trade and other receivables	(265)	(4)
Loss on changes in fair value of financial assets at FVTPL	930	3,922
Gain on fair value changes of derivative financial instruments	(166)	(94)
Gain on disposal of property, plant and equipment	(183)	(40)
Unrealised gain on foreign exchange	(138)	(116)
Gain on subsidiary struck off	(11,673)	-
Reversal of inventories written down	(1,316)	-
Waiver of debts	(60)	-
Operating profit before changes in working capital	4,882	3,864
<u>Changes in working capital</u>		
(Increase)/Decrease in inventories	(26,030)	28,503
(Increase)/Decrease in contract assets	(2,141)	1,539
Increase in contract liabilities	9,539	971
(Increase)/Decrease in trade and other receivables	(13,912)	1,326
Increase/(Decrease) in trade and other payables	23,312	(8,982)
Net cash (used in)/from operations	(4,350)	27,221
Interest received	104	17
Interest paid	(3)	(16)
Tax refunded	800	-
Tax paid	(2,205)	(1,104)
Net cash (used in)/from operating activities	(5,654)	26,118
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow from subsidiary struck off	(8)	-
Income from investments in unit trust funds	545	752
Interest received in fixed deposits	173	-
Proceeds from disposal of investments	1,500	985
Proceeds from disposal of property, plant and equipment	205	40
Purchase of property, plant and equipment	(3,860)	(89)
Investments in unit trust funds	(595)	(5,657)
Placement in debt instrument	(483)	-
Placements in fixed deposits	(8,173)	-
Net cash used in investing activities	(10,696)	(3,969)

TAS OFFSHORE BERHAD

Registration No. 200801008892 (810179-T)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MAY 2023 (CONT'D)

	CURRENT YEAR TO DATE 31 MAY 2023 RM'000	PRECEDING YEAR TO DATE 31 MAY 2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in fixed deposits pledged as security	(146)	(124)
Shares repurchased	(62)	-
Net drawdown/(repayment) of bank borrowings	171	(3,502)
Interest paid on bank borrowings	(273)	(428)
Net cash used in financing activities	<u>(310)</u>	<u>(4,054)</u>
Net (decrease)/increase in cash and cash equivalents	(16,660)	18,095
Cash and cash equivalents at beginning of financial period	27,737	9,572
Effect of foreign exchange rate changes	46	70
Cash and cash equivalents at the end of financial period	<u>11,123</u>	<u>27,737</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term deposits and cash and bank balances	11,123	27,737
Fixed deposits with licensed bank	10,549	2,229
As per statement of financial position	21,672	29,966
Less : Fixed deposits held as an investment	(8,173)	-
Less : Fixed deposits pledged as security	(2,376)	(2,229)
	<u>11,123</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 31 MAY 2023

(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 16 - Covid-19-Related Rent Concessions beyond 30 June 2021
- 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" :
 - Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
 - Amendments to MFRS 9, Financial Instruments

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
- Amendment to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- 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

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2023

(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 year ended 31 May 2023, 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 31 May 2023, 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 31 MAY 2023

(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 2023 RM'000	Current Period to date 31 May 2023 RM'000
Malaysia	322	844
Singapore	3,636	3,636
Indonesia	14,327	31,646
	<u>18,285</u>	<u>36,126</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

A subsidiary company of the Company, TA Ventures (L) Ltd which was incorporated in Labuan had been struck off from the Register on 1 April 2023, pursuant to Section 93(2C) of the Labuan Companies Act 1990.

Save as disclosed above, there were no other changes in the composition of the Group during the quarter under review and financial year to date.

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 2023

(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 2023 RM'000	Current Period-To-Date 31 May 2023 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	21	110
	<u>21</u>	<u>112</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 31 MAY 2023

(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 RM18.29 million and profit before tax of RM17.17 million for the current quarter ended 31 May 2023.

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 31 May 2023 RM'000	Preceding quarter ended 28 Feb 2023 RM'000	Variance RM'000	
Revenue	18,285	5,549	12,736	230%
Profit/(Loss) before tax	17,167	701	16,466	2349%

The Group recorded higher revenue of RM18.29 million representing an increase of RM12.74 million or 230% higher than the preceding quarter. The higher revenue recorded during the current quarter was due to more vessels were delivered.

Profit before tax for the current quarter amounting to RM17.17 million as compared with preceding quarter profit of RM0.70 million representing an increase of RM16.47 million or 2349% higher than the preceding quarter. The improvement was mainly due to more vessels were delivered, higher gain on foreign exchange and gain arising from the striking off of a subsidiary during the current quarter.

B3. Commentary on prospects

Indonesia is the 3rd-largest coal producer in the world and a major coal consumer itself. The coal consumption in Indonesia will continue to rise through 2029 as new coal plants continue to be built, according to the Institute for Essential Services Reform (IESR), based in Jakarta. As per Ministry of Energy and Mineral Resources (ESDM) Indonesia estimates, the country will produce more coal in 2023, at 694 million tonnes, a 5% increase from the 2022 target of 663 million tonnes. This projection is largely due to the expected high demand from India and China, the country's major coal export partners. Another major factor driving coal production up is the growing demand in the metals industry, particularly the nickel sector. The nickel industry is hugely energy intensive and in Indonesia, the power grid is dominated by coal. This will lead to higher demand for tugboat which are essential for inter-island transportation of bulk material in Indonesia.

For the financial year ended 31st May 2023, the main market for the Group was Indonesia, contributed 87.6% of the total group revenue. The Board remains optimistic about our prospects as the encouraging developments in the coal mining industry in Indonesia augur well for the Group. As at May 2023, our order book stands at RM203 million which will contribute positively to the financial position of the Group for the financial year 2024 and 2025.

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 2023

(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	1,417	2,964
Deferred tax expense/(income)	37	(1,411)
Total tax expense/(income)	<u>1,454</u>	<u>1,553</u>

B6. Group borrowings and debt securities

Total Group's borrowing as at 31 May 2023 were as follows:

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bankers acceptance	3,764	3,764
- Term loan	3,002	3,002
- Hire purchase payable	223	223
2. <u>Long term borrowings</u>		
- Hire purchase payable	557	557
Total Borrowings	<u>7,546</u>	<u>7,546</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 31 May 2023	Current Year-to-Date 31 May 2023
Net loss attributable to ordinary equity holders of the Company (RM'000)	<u>15,713</u>	<u>15,276</u>
Weighted average number of shares in issue ('000)	<u>178,956</u>	<u>178,956</u>
Basic profit/(loss) per share (sen)	8.78	8.54

Basic profit/(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.