



TAS OFFSHORE BERHAD

Registration No : 200801008892 (810179-T)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2023

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

	INDIVIDUAL		CUMULATIVE	
	CURRENT YEAR QUARTER 31 AUG 2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 AUG 2022 RM'000	CURRENT YEAR TO DATE 31 AUG 2023 RM'000	PRECEDING YEAR TO DATE 31 AUG 2022 RM'000
Revenue	4,835	2,675	4,835	2,675
Cost of sales	(3,983)	(2,403)	(3,983)	(2,403)
Gross profit	<u>852</u>	<u>272</u>	<u>852</u>	<u>272</u>
Other income	582	396	582	396
Administrative expenses	(1,392)	(1,480)	(1,392)	(1,480)
Operating profit/(loss)	<u>42</u>	<u>(812)</u>	<u>42</u>	<u>(812)</u>
Finance costs	(88)	(80)	(88)	(80)
Loss before tax	<u>(46)</u>	<u>(892)</u>	<u>(46)</u>	<u>(892)</u>
Income tax (expense)/income	(39)	140	(39)	140
Loss for the period	<u>(85)</u>	<u>(752)</u>	<u>(85)</u>	<u>(752)</u>
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the period	<u>(85)</u>	<u>(752)</u>	<u>(85)</u>	<u>(752)</u>
Loss for the period attributable to owners of the Company	(85)	(752)	(85)	(752)
Total comprehensive loss for the period attributable to owners of the Company	(85)	(752)	(85)	(752)
Loss per share (sen)				
- Basic	(0.05)	(0.43)	(0.05)	(0.43)

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 2023 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 2023 RM'000	CURRENT YEAR TO DATE 31 AUG 2023 RM'000
<i>Included in the profit/(loss) before tax are the following items:</i>		
Interest income	(84)	(84)
Other income including investment income	(210)	(210)
Interest expense	125	125
Depreciation & amortization	365	365
Net gain on remeasurement of ECLs on trade and other receivables	-	-
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 on disposal of property, plant & equipment	-	-
Gain on disposal of financial assets at FVTPL	(15)	(15)
Foreign exchange (gain)/loss - realised	(469)	(469)
Foreign exchange (gain)/loss - unrealised	141	141
(Gain)/Loss on fair value changes of derivative financial instruments	5	5
(Gain)/Loss on changes in fair value of investments measured at FVTPL	215	215
Exceptional items	-	-



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023

	UNAUDITED AS AT 31 AUG 2023 RM'000	AUDITED AS AT 31 MAY 2023 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	19,674	19,751
Other investments	27,987	29,027
Deferred tax assets	3,186	1,672
	<u>50,847</u>	<u>50,450</u>
Current Assets		
Other investments	524	524
Inventories	70,925	57,111
Contract assets	3,387	2,515
Trade and other receivables	13,599	20,038
Derivatives financial assets	2	2
Tax recoverable	127	125
Deposits, cash and bank balances	24,430	21,672
	<u>112,994</u>	<u>101,987</u>
Total Assets	<u>163,841</u>	<u>152,437</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	117,640	117,640
Treasury shares	(365)	(365)
Accumulated losses	(22,141)	(22,056)
Total Equity	<u>95,134</u>	<u>95,219</u>
Non-Current Liabilities		
Bank borrowings	506	557
Retirement benefits	1,370	1,332
Deferred tax liabilities	1,863	1,875
	<u>3,739</u>	<u>3,764</u>
Current Liabilities		
Trade and other payables	44,109	35,388
Contract liabilities	10,510	10,510
Bank borrowings	8,928	6,989
Derivative financial liabilities	14	11
Current tax payable	1,407	556
	<u>64,968</u>	<u>53,454</u>
Total Liabilities	<u>68,707</u>	<u>57,218</u>
Total Equity and Liabilities	<u>163,841</u>	<u>152,437</u>
Net assets per share (RM)	0.5319	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 2023 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 31 August 2023

	Attributable to Owners of the Parent			Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	
Balance as at 1 June 2023	117,640	(365)	(22,056)	95,219
Loss for the period	-	-	(85)	(85)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the period	-	-	(85)	(85)
Balance as at 31 August 2023	117,640	(365)	(22,141)	95,134

For the year ended 31 May 2023

	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 2022	117,640	(303)	11,682	(37,332)	91,687
Profit for the financial year	-	-	-	15,276	15,276
Other comprehensive income	-	-	(11,682)	-	(11,682)
Total comprehensive income for the financial year	-	-	(11,682)	15,276	3,594
Share repurchased	-	(62)	-	-	(62)
Balance as at 31 May 2023	117,640	(365)	-	(22,056)	95,219

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 2023 and the accompanying explanatory notes attached to the interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 AUGUST 2023

	CURRENT YEAR TO DATE 31 AUG 2023 RM'000	PRECEDING FINANCIAL YEAR 31 MAY 2023 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(46)	16,829
Adjustments for:		
Defined benefit obligations	38	146
Depreciation of property, plant and equipment	365	1,339
Interest expense	125	275
Interest income	(84)	(345)
Income from unit trust funds	(210)	(545)
Inventories written off	-	4
(Gain)/Loss on disposal of investments measured at FVTPL	(15)	50
Net reserval of allowance for impairment losses on trade receivables	-	(265)
Loss on changes in fair value of investments measured at FVTPL	215	930
Gain on fair value changes of derivative financial instruments	5	(166)
Gain on disposal of property, plant and equipment	-	(183)
Unrealised gain on foreign exchange	141	(138)
Gain on derecognition of a subsidiary	-	(11,681)
Reversal of write-down in inventories	-	(1,316)
Waiver of debts	-	(60)
Operating profit before changes in working capital	534	4,874
<u>Changes in working capital</u>		
(Increase)/Decrease in inventories	(13,815)	(26,030)
(Increase)/Decrease in contract assets	(872)	(2,141)
Increase in contract liabilities	-	9,539
(Increase)/Decrease in trade and other receivables	6,468	(13,912)
Increase/(Decrease) in trade and other payables	8,705	23,312
Net cash (used in)/from operations	1,020	(4,358)
Interest received	39	104
Interest paid	(8)	(3)
Tax paid, net of tax refunded	(716)	(1,405)
Net cash (used in)/from operating activities	335	(5,662)
CASH FLOWS FROM INVESTING ACTIVITIES		
Income from investments in unit trust funds	210	545
Interest received on fixed deposits	45	173
Proceeds from disposal of investments in unit trust funds	1,049	1,500
Proceeds from disposal of property, plant and equipment	-	205
Purchase of property, plant and equipment	(289)	(3,860)
Investments in unit trust funds	(210)	(595)
Placement in debt instrument	-	(483)
Placements in fixed deposits	(71)	(8,173)
Net cash used in investing activities	734	(10,688)

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

	CURRENT YEAR TO DATE 31 AUG 2023 RM'000	PRECEDING YEAR TO DATE 31 MAY 2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in fixed deposits pledged as security	(16)	(146)
Acquisition of treasury shares	-	(62)
Net drawdown/(repayment) of bank borrowings	1,233	171
Interest paid on bank borrowings	(117)	(273)
Net cash used in financing activities	<u>1,100</u>	<u>(310)</u>
Net (decrease)/increase in cash and cash equivalents	2,169	(16,660)
Cash and cash equivalents at beginning of financial period	11,123	27,737
Effect of foreign exchange rate changes	(153)	46
Cash and cash equivalents at the end of financial period	<u>13,139</u>	<u>11,123</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank overdrafts	(654)	-
Short term deposits and cash and bank balances	13,793	11,123
Fixed deposits with licensed bank	10,636	10,549
As per statement of financial position	<u>23,775</u>	<u>21,672</u>
Less : Fixed deposits held as an investment	(8,244)	(8,173)
Less : Fixed deposits pledged as security	(2,392)	(2,376)
	<u>13,139</u>	<u>11,123</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 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 2023.

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 2023 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 :

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

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 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

Amendments to MFRS 112 - International Tax Reform - Pillar Two Model Rules

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 - Lack of Exchangeability

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 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 2023 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 31 August 2023, the total number of ordinary shares repurchased and retained as treasury shares are 1,144,199 shares .

A7. Dividends

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 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 Aug 2023	Current Period to date 31 Aug 2023
	RM'000	RM'000
Malaysia	242	242
Singapore	3,721	3,721
Indonesia	872	872
	<u>4,835</u>	<u>4,835</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

RM'000

The capital commitments as at 31st August 2023 is as follow :

Authorised and contracted capital expenditure	
- Acquisition of property, plant and equipment	<u>1,201</u>

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 the composition of the Group during the financial period 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 AUGUST 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 Aug 2023 RM'000	Current Period-To-Date 31 Aug 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	7	7
HCF Services Sdn Bhd - Filter installation	54	54
	<u>61</u>	<u>61</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 AUGUST 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 RM4.83 million and loss before tax of RM0.05 million for the current quarter ended 31 August 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 2023 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 2023	Preceding quarter ended 31 May 2023	Variance	
	RM'000	RM'000	RM'000	
Revenue	4,835	18,285	(13,450)	-74%
Profit/(Loss) before tax	(46)	17,167	(17,213)	-100%

The Group recorded lower revenue of RM4.83 million representing a decrease of RM13.45 million or 74% lower than the preceding quarter. The lower revenue recorded during the current quarter was due to fewer vessels were delivered.

Loss before tax for the current quarter amounting to RM0.05 million as compared with preceding quarter profit of RM17.17 million representing a decrease of RM17.21 million or 100% lower than the preceding quarter. The profit for preceding quarter was mainly due to more vessels were delivered, higher gain on foreign exchange and one-off gain arising from derecognition of a subsidiary during the period.

B3. Commentary on prospects

The Indonesia barge fleet market is expected to grow in the forecast period of 2024-2032 at a Compound Annual Growth Rate (CAGR) of 5.1% due to the growing transportation industry along with the rising import and export activities in the country (*Source : Expert Market Research*). Demand for bulk material transportation between islands in Indonesia is significant, particularly for the movement of coal, sand, nickel, oil, aggregates and agricultural goods. Due to the benefits related to barge transportation like efficiency, cost-effectiveness, and security and safety of cargo, it is expected to propel the market growth of barges and tugboats.

The Board remains optimistic about our prospects as the encouraging developments in the mining and transportation industry in Indonesia augur well for the Group.

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 31 AUGUST 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	1,564	1,564
Deferred tax income	(1,525)	(1,525)
Total tax expense	<u>39</u>	<u>39</u>

B6. Group borrowings and debt securities

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

	Secured RM'000	Total RM'000
1. <u>Short term borrowings</u>		
- Bank overdraft	654	654
- Bankers acceptance	2,943	2,943
- Revolving credit	3,000	3,000
- Term loan	2,111	2,111
- Hire purchase payable	220	220
2. <u>Long term borrowings</u>		
- Hire purchase payable	506	506
Total Borrowings	<u>9,434</u>	<u>9,434</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

The Board of Directors has declared a single-tier interim dividend of one sen per ordinary share for the financial year ending 31 May 2024, payable on 30 October 2023 to depositors whose names appear in the Record of Depositors on 12 October 2023.

B9. Earnings per share

	Current Quarter ended 31 August 2023	Current Year-to-Date 31 August 2023
Net loss attributable to ordinary equity holders of the Company (RM'000)	<u>(85)</u>	<u>(85)</u>
Weighted average number of shares in issue ('000)	<u>178,858</u>	<u>178,858</u>
Basic loss per share (sen)	(0.05)	(0.05)

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.