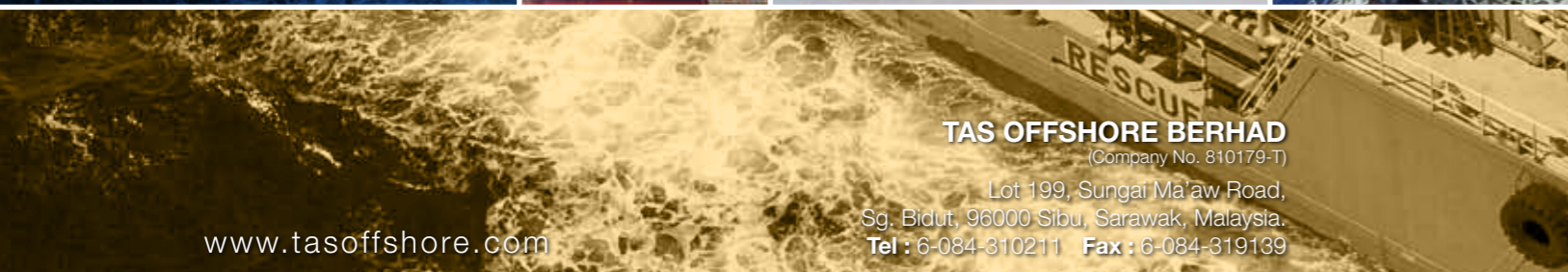
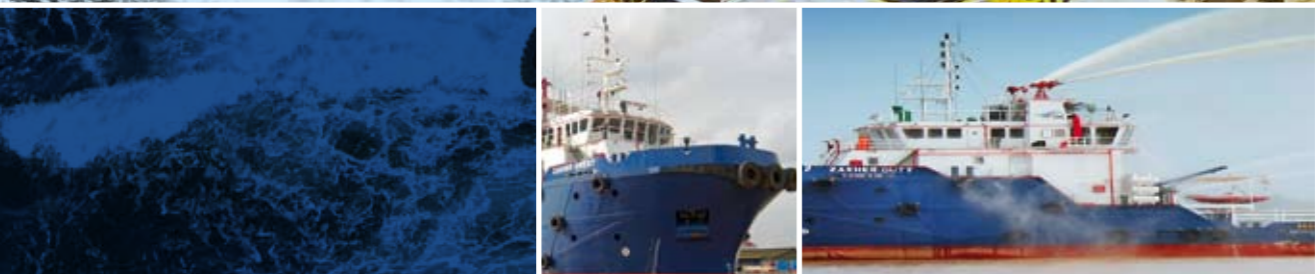




**TAS OFFSHORE BERHAD**  
(Company No. 810179-T)

TAS OFFSHORE BERHAD

Annual Report 2010



**TAS OFFSHORE BERHAD**  
(Company No. 810179-T)

Lot 199, Sungai Ma'aw Road,  
Sg. Bidut, 96000 Sibul, Sarawak, Malaysia.  
Tel : 6-084-310211 Fax : 6-084-319139

[www.tasoffshore.com](http://www.tasoffshore.com)



# Annual Report 2010





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## Corporate Mission and Philosophy

To build Quality Price Competitive Vessels in an Environmental Friendly Work Place so as to deliver Exceptional Value to our Customers and Stakeholders.

### Philosophy

#### For our customers

- We value our customers' feedbacks and improve our vessels and services to cater for their present and future needs.

#### For our shareholders

- We aim to grow our share of the market and to maximise the returns on investment for our shareholders.

#### For the society

- We assume our role as a responsible corporate citizen by sharing and growing with the community in a tangible way through corporate social responsibility.

#### For our employees

- We care for the well-being of our employees through attractive remuneration and fringe benefits and by providing relevant training to enhance their knowledge and career advancement.



## Corporate Information

### BOARD OF DIRECTORS

DATU HAJI MOHAMMED SEPUAN BIN ANU  
*Independent Non-Executive Chairman*

DATUK LAU NAI HOH  
*Managing Director*

LAU CHOO CHIN  
*Deputy Managing Director*

TAN SRI DATO' SERI MOHD JAMIL BIN JOHARI  
*Independent Non-Executive Director*

LAU KIING YIING  
*Independent Non-Executive Director*

LING KA CHUAN  
*Independent Non-Executive Director*

### COMPANY SECRETARY

Pauline Kon Suk Khim  
(MAICSA No. 7014905)  
2nd Floor, Lot 144  
Jalan Petanak  
93100 Kuching  
Sarawak  
Tel: 082-248491  
Fax: 082-253857

### REGISTERED AND HEAD OFFICE

Lot 199, Jalan Sg Maaw  
Sg Bidut  
96000 Sibu  
Sarawak  
Tel: 084-310211  
Fax: 084-319139  
Website: [www.tasoffshore.com](http://www.tasoffshore.com)

### SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Tel: 03-7841 8000  
Fax: 03-7841 8008



### AUDITORS

Folks DFK & Co (AF 0502)  
12th Floor, Wisma Tun Sambanthan  
No. 2, Jalan Sultan Sulaiman  
50000 Kuala Lumpur  
Tel: 03-2273 2688  
Fax: 03-2274 2688

### PRINCIPAL BANKERS

United Overseas Bank (M) Berhad  
Public Bank Berhad

### STOCK EXCHANGE LISTING

Main Market of  
Bursa Malaysia Securities Berhad

### STOCK NAME

TAS

### STOCK CODE

5149

## Corporate Profile



### TAS Offshore At A Glance....

**TAS Offshore Berhad** was incorporated on 18 March 2008 as an investment holding company under the Companies Act 1965 and listed on the Main Market of Bursa Malaysia Securities Berhad on 28 August 2009. It commenced operations as an investment holding company through the acquisition of Tuong Aik Shipyard Sendirian Berhad on 3 April 2009. Through its wholly-owned subsidiary, Tuong Aik Shipyard Sendirian Berhad, it is involved in shipbuilding and ship repairing.

Our history can be traced well back to 1977 when an enterprising young business man Datuk Lau Nai Hoh formed a small trading company dealing in marine paint and shipping services. The company grew and diversified into ship repairing and eventually into shipbuilding in 1991. As the shipbuilding activities grew, Datuk Lau Nai Hoh set up another company, Tuong Aik Shipyard Sendirian Berhad, in 2002 to take care of the shipbuilding and ship repairing activities and has never looked back since.

The principal business activity of **TAS** is shipbuilding and our secondary business is in the provision of ship repair services. **TAS** has in place all the resources and facilities including engineers and skilled workers, and machineries and equipments for the construction of vessels in compliance with the standard of International Classification Societies at its shipyard located along the river bank of Igan River at Sungai Bidut, Sibul.

**TAS** has in its records, constructed tugboats, anchor handling tugs (AHT), anchor handling tug supply vessels (AHTS), landing craft, utility/support vessels, barges, ferries and workboats.

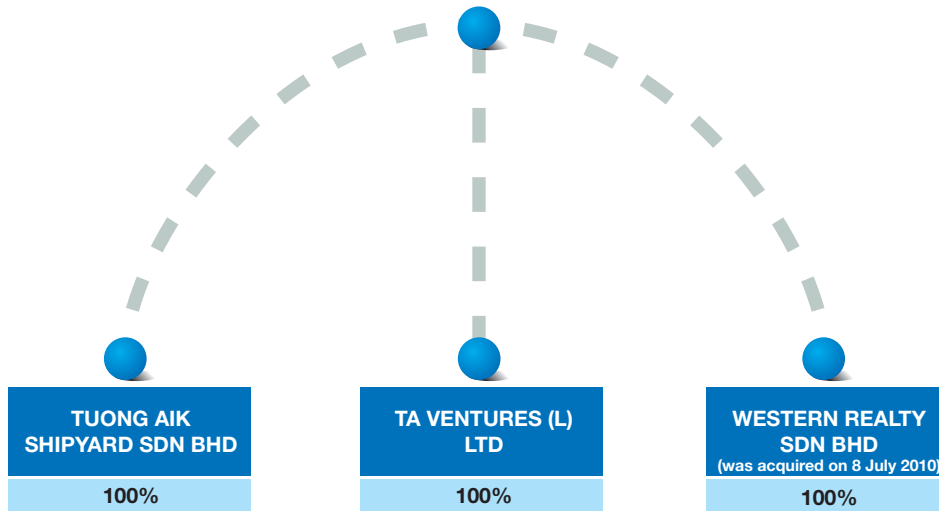
**TAS** has more than 120 employees and together with the workforce of more than 450 workers from its contractors, is committed to its stakeholders to strive to achieve its corporate mission.



# Corporate Structure



## TAS OFFSHORE BERHAD



## Directors' Profile



**Datu Haji Mohammed  
Sepuan Bin Anu**

*Independent Non-Executive Chairman*

*Member: Audit Committee*

**Datu Haji Mohammed Sepuan Bin Anu**, a Malaysian aged 64, was appointed as our Independent Non-Executive Chairman on 1 June 2009. He graduated from the Cranfield University of United Kingdom in 1977 with a Bachelor of Science (Hons) in Agricultural Engineering. He started his career as an Assistant Agricultural Officer in the Department of Agriculture Sarawak in 1968. He was appointed as Director of the Integrated Agriculture Development Project Samarahan in 1994 and later served as Director of Agriculture from 2001 until March 2006. He later served as an Agriculture Advisor in the Ministry of Modernisation of Agriculture till April 2007.

He has no family relationship with any Director or major shareholder of TAS Offshore Berhad.

He also holds directorships in Sarawak Plantation Berhad and several private limited companies.



**Datuk Lau Nai Hoh**

*Non-Independent  
Group Managing Director*

*Member: Remuneration and  
Nomination Committees*

**Datuk Lau Nai Hoh**, a Malaysian aged 59, is our founder and was appointed as our Non-Independent Group Managing Director on 18 March 2008. He has been instrumental in the growth and development of the Group. He has approximately 20 years of experience in the marine industry. He established Tuong Aik (Sarawak) Sdn Bhd in late 1977 dealing initially with marine paint and hardware but ventured into ship repairing and shipbuilding activities in the early 1990s. In early 2002, he established Tuong Aik Shipyard Sdn Bhd, a company specialised in building various types of Tugboats to cater for the needs of the mining, timber and oil and gas industries, to take over the shipbuilding and repairing activities from Tuong Aik (Sarawak) Sdn Bhd. As our founder, he brings with him not only the technical and management expertise from his extensive experience in Shipbuilding Industry but also the valuable network of business contacts that he established over the years. He is primarily responsible for planning and developing our strategic business direction.

He is the major shareholder of TAS Offshore Berhad and the father of Lau Choo Chin, the Deputy Managing Director of TAS Offshore Berhad.

## Directors' Profile

**Lau Choo Chin**, a Malaysian aged 34, was appointed as our Non-Independent Deputy Managing Director on 18 March 2008. He graduated with a Diploma in Marketing Management from the Institute of Marketing Malaysia in 2001. He joined Tuong Aik (Sarawak) Sdn Bhd in 1997 as Assistant Manager responsible for the coordination of shipbuilding activities and was subsequently promoted to Manager in 2004 before joining Tuong Aik Shipyard Sdn Bhd in 2005. He has more than 12 years of experience in shipbuilding and project management related especially to the Oil and Gas Industry. He has been instrumental in developing the Middle-East market and in spearheading the development of engineering design for big vessels. His in-depth knowledge in vessel manufacturing and established business network will continue to benefit us.

He is the son of Datuk Lau Nai Hoh, the Managing Director and major shareholder of TAS Offshore Berhad.



**Lau Choo Chin**

*Non-Independent  
Deputy Managing Director*

**Tan Sri Dato' Seri Mohd Jamil Bin Johari**, a Malaysian aged 63, was appointed as our Independent Non-Executive Director on 1 June 2009. He is a graduate from the University of Malaya with a Bachelor of Arts (Hons) degree and a Diploma in Education. He also obtained a Master of Arts in Political Science from the University of Washington, Seattle, Washington, US. He joined the Royal Malaysian Police in January 1971 as Chief Inspector and retired with the rank of Deputy Inspector General of Police in May 2002. Thereafter, he was appointed as High Commissioner of Malaysia to Brunei until July 2004.

He has no family relationship with any Director or major shareholder of TAS Offshore Berhad.

He is the Chairman and Independent Non-Executive Director of Dolomite Corporation Berhad and also holds directorship in a private limited company.



**Tan Sri Dato' Seri  
Mohd Jamil Bin Johari**

*Independent Non-Executive Director*



## Directors' Profile



**Lau Kiing Yiing**

*Independent Non-Executive Director*

**Chairman:** *Audit Committee*

**Member:** *Remuneration and  
Nomination Committees*

**Lau Kiing Yiing**, a Malaysian aged 55, was appointed as our Independent Non-Executive Director on 1 June 2009. He holds a Bachelor of Commerce degree from the University of Canterbury, New Zealand. He holds professional memberships in the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He is also a Fellow member of CPA Australia, a Member of the Institute of Chartered Accountants, Australia and a Member of the New Zealand Institute of Chartered Accountants. His working experience commenced with auditing various business while with Ernst and Whinney (now known as Ernst and Young). With over 30 years of experience, he is currently a partner of an accounting firm, Hii & Lee. He also has extensive knowledge in corporate finance and restructuring work.

He has no family relationship with any Director or major shareholder of TAS Offshore Berhad.

He also holds directorship in Hock Seng Lee Berhad.



**Ling Ka Chuan**

*Independent Non-Executive Director*

**Chairman:** *Remuneration and  
Nomination Committees*

**Member:** *Audit Committee*

**Ling Ka Chuan**, a Malaysian aged 52, was appointed as our Independent Non-Executive Director on 1 June 2009. He graduated with a Bachelor of Engineering (Mechanical) from the University of Auckland, New Zealand in 1983. He started his career with Jabatan Kerja Raya in Kuching in 1983 and was the Senior Executive Engineer when he left in 1998 to venture into the private sector.

He has no family relationship with any Director or major shareholder of TAS Offshore Berhad.

## Message to Shareholders



Dear Shareholders

On 28 August 2009, TAS Offshore Berhad made its debut on the stock exchange of the Main Market of Bursa Malaysia Securities Berhad. On behalf of the Board of Directors, we are pleased to present the First Annual Report and Audited Financial Statements of TAS Offshore Berhad and its Group of Companies for the financial year ended 31 May 2010, after its successful listing.



### Performance Review

We are pleased to report that despite the challenging economic condition that prevailed during the financial year, our Group has turned in a satisfactory performance for the financial year ended 31 May 2010. We achieved a net profit before tax of RM11.4 million against a revenue of RM140.2 million. The profit after tax stood at RM8.3 million which translates to an earning per share of 5 sen while net asset per share improved to 73 sen.



### Dividend

In view of the satisfactory result and taking into consideration the current trying economic condition and depressed investors' sentiments, the Board has recommended a single tier final dividend of two (2) sen per share as a reward to our shareholders. The said proposed final dividend is subject to the approval of the shareholders during the forthcoming Annual General Meeting.

## Message to Shareholders



### Outlook

The world in general has not yet fully recovered from the recent global economic turmoil which has affected not only some of the established financial institutions but also some countries. However, there are signs of recovery in some of the industries as countries have implemented packages of economic stimulus and recovery measures.

Oil and gas industry is expected to grow due to the growing demand caused by the increase in population and better living standard. The current encouraging crude oil price which moves in the range of US\$73 to US\$85 per barrel is also deemed favourable for the oil majors to expand their offshore deep sea projects and production activities.

The demand for offshore support vessels is expected to increase as the Malaysian national oil company, Petronas, and other oil majors award out contracts.

In addition, the demand for tugboats has increased as the mining industries in Indonesia, particularly those related to coal and iron ore, are doing well. The demand outlook for both iron ore and coal for steelmaking and power generation is strong because of the urbanisation in both China and India.

This augurs well for our shipbuilding arm. Our excellent track record will put us in a good stead against other competitors.

2011 remains to be challenging as the global recovery is still uncertain. However, we are of the opinion that 2011 will be a better year and the Board will continue to cautiously work towards securing better and more projects and profits for the shareholders.

### Acknowledgement

To our valued clients and business associates, we would like to express our appreciation and gratitude for your continuous support and guidance, and we look forward to serve you better in the fruitful forthcoming year.

We would also like to extend our sincere thanks to the analysts, institutional and individual investors for their support and confidence in us.

On behalf of the Board, we would like to thank the management and staff for their unwavering commitment and dedication which has resulted in the Group's satisfactory performance for the financial year ended 31 May 2010.

**Datu Haji Mohammed Sepuan Bin Anu**  
Chairman

**Datuk Lau Nai Hoh**  
Managing Director

# Report on Corporate Social Responsibility

We are mindful of our responsibility as a good corporate citizen and treat corporate social responsibility as an integral part of our corporate activities.

At TAS, we take a three-prong approach in carrying out our corporate social responsibility by caring for the community, workforce, and health and safety management.

## COMMUNITY CARE

### Sharing with society

We practice the policy of 'sharing with society' by helping and donating to the needy groups either in supporting their activities or through education aids so as to promote our care for community. We have contributed to:

- Special Olympics Sarawak during its annual sport events.
- Sibu Community Services Association, a charity organisation which provides assistance to the less fortunate and needy members of the community.



## HUMAN RESOURCE

We always perceive human resource as an important factor in ensuring the success of the TAS Group. We value our employees' contribution and believe that caring for the employees is a positive affirmation to show our appreciation of their efforts and will further help to secure their loyalty to the organisation.

We care for them by providing not only fair and handsome monetary rewards in basic pay, allowance and bonuses but also medical benefits and insurance coverage. Improvement in workers' quarters and amenities are also carried out to ensure that the living conditions of the yard workers are well taken care of.

In addition, TAS also highly values the development of sustainable human resources by placing high emphasis on executive succession planning and development. In-house trainings and external courses pertaining to enhancement of both technical and management skills and knowledge are provided for selected staff to improve their practical knowledge and field exposure.

## HEALTH AND SAFETY

TAS Group is aware of the importance of health and safety at work place. In our quest to provide a conducive working environment where workers' health and safety are treated with utmost priority, various health and safety policies and procedures are adopted and implemented. These health and safety policies and procedures generally cover:

- Guidelines on protective and safety gears to be worn by the workers, and safety procedures to be followed.
- Contractors working at the yard are required to abide to the health and safety policies and procedures implemented.
- Occupational Health and Safety Awareness Training.

# TAS in News and Corporate Events

## 配合上市

### TAS 岸外发售 7700 万股新股

【吉隆坡 30 日讯】预计在两个月内于大马交易所主要市场上市的 TAS 岸外船厂 (TAS Offshore)，将在首次公开招股活动中，发售 7700 万股新股。

TAS 岸外船厂在上市招股书中表示，该公司将发售 7700 万股每股面值 50 仙的普通股，其中 350 万股保留给机构投资者，而工和利对公持有股票的人士，900 万股则公开给公众人士认购，2150 万股则私下配售予机构投资者，以及 4300 万股予主要投资者。此外，也将发售 4300 万股给予主要投资者。

配合上市计划，TAS 岸外船厂董事兼首席执行官刘乃好今日与保荐人渣打银行副首席执行官黄志华签署战略合作协议，并由渣打银行提供承销服务与公共关系管理策略。黄志华表示：

TAS 岸外船厂及其他全资子公司——同益船厂私人有限公司 (Tuong Aik Shipyard) 的主要业务是建造，而主要业务是提供船厂维修服务。

黄志华表示，TAS 岸外船厂和同益船厂 (简称 TAS 岸外集团) 共有本地和海外市场建造超过 150 艘船，向海外市场的船厂包括：阿联酋、巴林和印度。

在截至 2009 年 5 月 31 日的财年，船厂出口占集团的总营业额达 89.1% 或 1 亿 9 千 820 万令吉，而其大部分的客户来自石油和天然气领域。

渣打银行提供承销服务的船厂占地 123 英亩，每年平均可建造 23 艘船。



## TAS Offshore IPO to raise RM69mil

### Proceeds to be used for ops expansion

同益岸外船厂 IPO 将筹集 6.9 亿令吉，用于扩大运营。

同益岸外船厂 IPO 将筹集 6.9 亿令吉，用于扩大运营。同益岸外船厂 IPO 将筹集 6.9 亿令吉，用于扩大运营。

**—Nearly 90% of our business is driven by exports—**

同益岸外船厂 IPO 将筹集 6.9 亿令吉，用于扩大运营。同益岸外船厂 IPO 将筹集 6.9 亿令吉，用于扩大运营。

## TAS Offshore aims to be top shipbuilder in the region

同益岸外船厂旨在成为本地区领先的造船商。

同益岸外船厂旨在成为本地区领先的造船商。同益岸外船厂旨在成为本地区领先的造船商。

## 同益岸外首日上市 全场最热

同益岸外首日上市，全场最热。同益岸外首日上市，全场最热。

同益岸外首日上市，全场最热。同益岸外首日上市，全场最热。

## 手握 3.5 亿合约 同益岸外粉墨登场

同益岸外手握 3.5 亿合约，粉墨登场。同益岸外手握 3.5 亿合约，粉墨登场。

同益岸外手握 3.5 亿合约，粉墨登场。同益岸外手握 3.5 亿合约，粉墨登场。

### TAS the highest IPO oversubscription this year

TAS 是今年 IPO 超额认购率最高的。

TAS 是今年 IPO 超额认购率最高的。TAS 是今年 IPO 超额认购率最高的。

### Tuong Aik shipyard delivers 5th vessel to Middle East firm

同益船厂向中东企业交付第五艘船。

同益船厂向中东企业交付第五艘船。同益船厂向中东企业交付第五艘船。

ion rate and to the public... ect the strong... s have in TAS... d on Aug 28, RM69.3 million... rking capital... o use 81% of k on "build, well as "build,

## Statement on Corporate Governance

The Board of Directors is committed to ensure that the core values such as accountability, transparency and integrity are incorporated into the corporate governance and practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of TAS Group.

The Board subscribes to the principles and best practices prescribed by the Malaysian Code of Corporate Governance (Revised 2007) (the Code).

In accordance with paragraph 15.25 (a) of the Bursa Malaysia Securities Berhad Listing Requirement, the Board is pleased to provide the statement below setting out the manner in which the Group has applied the principles of the Code and the extent of compliance with best practices advocated therein.

### BOARD OF DIRECTORS

TAS Group is led and controlled by an effective and well balanced Board, whose members are of diverse background and vast experience; the structure of composition of which is consistent with the Bursa Malaysia Securities Berhad Listing Requirements ('Listing Requirements') and the Code. The Board has the overall responsibility for corporate governance, strategic direction, resource management and financial performance.

Board meetings are scheduled for every quarter with additional meetings convened as and when necessary. During the financial year ended 31 May 2010, three (3) Board meetings were held. Details of attendance of Directors are set out below. In addition, various Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee have been established and delegated with specific responsibilities to assist the Board in discharging some of its functions.

### BOARD BALANCE

The Board has six (6) members, comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors. Together, the Directors have a wide range of technical, management, accounting and financial experience. This mix of skills and exposure is vital for the effective functioning of the Board.

The presence of Independent Non-Executive Directors, who do not engage in the day-to-day management nor participate in any business dealings of the Group, provides an effective independent and balanced view onto the Board. Although all the Directors have an equal responsibility for the Group's operation, the role of the Independent Non-Executive Directors is particularly important in ensuring independence of judgment and objectivity are exercised in Board room deliberations, taking into account the long term interest, not only of the Group but also of the shareholders and other stakeholders.

## Statement on Corporate Governance

**BOARD MEETING**

<b>Name of Directors</b>	<b>Designation</b>	<b>Meeting Attendance</b>
Datu Haji Mohammed Sepuan Bin Anu	<i>Independent Non-Executive Chairman</i>	3/3
Datuk Lau Nai Hoh	<i>Managing Director</i>	3/3
Lau Choo Chin	<i>Deputy Managing Director</i>	3/3
Tan Sri Dato' Seri Mohd Jamil Bin Johari	<i>Independent Non-Executive Director</i>	3/3
Lau Kiing Yiing	<i>Independent Non-Executive Director</i>	3/3
Ling Ka Chuan	<i>Independent Non-Executive Director</i>	3/3

**SUPPLY OF INFORMATION**

The Board has unrestricted access to the Senior Management and timely, accurate financial, management and operation information for the discharge of its duties.

Each Director is provided with an agenda and a set of Board papers prior to the Board meetings. This is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be properly briefed before the meeting.

All Directors have access to the advice and service of the Company Secretary, Internal and External Auditors and where necessary, independent professional advice at the Company's expense.

**APPOINTMENT TO THE BOARD**

The Nomination Committee is responsible for recommending to the Board suitable candidate for the appointment as new Director. The candidate will be evaluated by the Nomination Committee for his ability to discharge the responsibilities expected from him before the Nomination Committee presents the recommendation to the Board for consideration and approval.

**DIRECTORS' TRAINING**

The Directors of the Board have attended training courses and seminars organised by the regulatory authorities and professional bodies as a continuous learning programme to keep abreast with new developments in the business and to effectively discharge their duties.

## Statement on Corporate Governance

The Directors have attended the following training:

Directors	Courses	Date of Attendance
Datu Haji Mohammed Sepuan Bin Anu	Strategic Planning Workshop-Planning for Success	31 January 2010
Datuk Lau Nai Hoh	Mandatory Accreditation Programme for Directors of Public Listed Company	17 November 2009
Lau Choo Chin	Mandatory Accreditation Programme for Directors of Public Listed Company	17 November 2009
Tan Sri Dato' Seri Mohd Jamil Bin Johari	Board Effectiveness: Understanding the Roles and Functions of the Nomination and Remuneration Committees	4 November 2009
Lau Kiing Yiing	The 2010 Budget Seminar Financial Instruments: FRS139, FRS132, FRS7 & IFRS9 – Practical Approach	30 October 2009 2&3 February 2010
Ling Ka Chuan	Mandatory Accreditation Programme for Directors of Public Listed Company	17 November 2009

## RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company's Articles of Association provides that all Directors who are appointed by the Board are subject to election by shareholders at the First Annual General Meeting of the Company after their appointment. The Articles of Association also provides that one third of the Directors, or if their number is not three or multiple of three, then the number nearest to one third are to retire and subject to re-election at each Annual General Meeting and that all Directors including the Group Managing Director, are subject to re-election at least once in every three (3) years.

## BOARD COMMITTEES

The following Board Committees have been established to assist the Board in discharging its fiduciary duties.

### (i) Audit Committee

The Audit Committee has three members, comprising entirely of Independent Non-Executive Directors. Detailed information on Audit Committee can be found in the Audit Committee section on page 23 to 27 of this report.



## Statement on Corporate Governance

**(ii) Nomination Committee**

The Nomination Committee comprises of two Independent Non-Executive Directors and one Executive Director. The Nomination Committee is currently made up of the following Directors:

Chairman:       Ling Ka Chuan  
                      *Independent Non-Executive Director*

Members:        Lau Kiing Yiing  
                      *Independent Non-Executive Director*

                      Datuk Lau Nai Hoh  
                      *Managing Director*

In accordance with the best practices of the Malaysian Code of Corporate Governance, the Board acknowledges and recognizes the importance of the Nomination Committee to be composed of exclusively non-executive directors, a majority of whom are independent, with the responsibility for proposing new nominees to the Board and for assessing directors on an ongoing basis.

However, the Board were of the opinion that since the Company is a very specialized profession which requires in-depth knowledge of shipbuilding, the Managing Director, Datuk Lau Nai Hoh's invaluable experience in this field will assist the nomination committee in developing selection criteria for new or additional directors.

The Terms of Reference approved for the Committee are as follows:

- To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when the need arises.
- To review the required mix of skills, experience and other qualities, including core competencies, which non-executive Directors should bring to the Board.
- To assess the effectiveness of the Board as a whole, the contribution of each director and the Board Committees.

**(iii) Remuneration Committee**

The Remuneration Committee has three members, comprising two Independent Non-Executive Directors and one Executive Director. The Remuneration Committee is currently made up of the following Directors:

Chairman:        *Ling Ka Chuan*  
                      Independent Non-Executive Director

Members:        *Lau Kiing Yiing*  
                      Independent Non-Executive Director

                      Datuk Lau Nai Hoh  
                      *Managing Director*

## Statement on Corporate Governance

The Terms of Reference approved for the Committee are as follows:

- To set the policy framework and to make recommendations for approval by the Board with respect to matters relating to the remuneration of Directors and senior executives.
- To oversee the integrity of the incentive based assessment process.

### DIRECTORS REMUNERATION

The Group's policy on Directors' remuneration is structured with the objective to attract and retain directors needed to run the Group successfully.

The Remuneration Committee recommends to the Board the framework of the Executive Directors' remuneration and their remuneration package. The remuneration of these Directors however is determined by the Board as a whole.

In formulating the remuneration policy and package, the Remuneration Committee takes into consideration the responsibility and job function, individual and corporate performance, and remuneration packages of comparable companies in the same industry.

The remuneration package for the Executive Directors and Independent Non-Executive Directors consists of the following:

- Salaries

Executive Directors' salaries are formulated taking into account their responsibilities, functions and performance, competitive to a comparable role in a similar organisation.

An annual review is conducted on these remuneration packages and salaries are adjusted to reflect performances, responsibilities, job function and market trends.

- Fees

Fees for Independent Non-Executive Directors are determined by the Board as a whole and subject to the shareholders' approval at the Annual General Meeting.

- Allowances for Independent Non-Executive Directors

Allowances are paid to Independent Non-Executive Directors in accordance with their responsibilities and involvement in the Board Committees.

- Bonus and Other Benefits

Bonus and incentives are paid to the Executive Directors, in line with the Group's remuneration policy, depending on individual and corporate performance.

Other benefits include allowances, vehicles, telecommunication facilities, medical and insurance coverage.

## Statement on Corporate Governance

A summary of the remuneration of the Directors for the financial year ended 31 May 2010 distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive band of RM50,000 are set out below:

	<b>Fees (RM)</b>	<b>Salary (RM)</b>	<b>Bonus (RM)</b>	<b>Allowance (RM)</b>	<b>Other Benefits (RM)</b>	<b>Total (RM)</b>
Executive Directors	–	1,320,000	305,000	1,000	21,841	1,647,841
Non-Executive Directors	115,000	–	–	14,500	8,000	137,500
<b>Total</b>	<b>115,000</b>	<b>1,320,000</b>	<b>305,000</b>	<b>15,500</b>	<b>29,841</b>	<b>1,785,341</b>

<b>Range of Remuneration (RM)</b>	<b>Executive Director</b>	<b>Non-Executive Director</b>	<b>Total</b>
1 – 50,000	–	4	4
50,001 – 100,000	–	–	–
350,000 – 400,000	1	–	1
1,300,000 – 1,350,000	1	–	1
<b>Total</b>	<b>2</b>	<b>4</b>	<b>6</b>

## DIALOGUE WITH INVESTORS

The Company recognises the importance of maintaining good relationship and communication flow with the investors. As such, the Board is committed to disseminate all important issues and developments in the Group timely, adequately and properly through announcement made to the Bursa Malaysia Securities Berhad, annual report, circulars issued to shareholders and press releases.

The Company also maintains a website at [www.tasoffshore.com](http://www.tasoffshore.com) that allows all shareholders and investors to gain access to information about the Group.

## ANNUAL GENERAL MEETING

The Company uses the Annual General Meeting (AGM) as the main avenue to communicate and interact with the shareholders of the Company. The shareholders are encouraged to participate actively during the question and answer sessions with the Directors to better inform themselves with the financial performance and operation of the Group.

## FINANCIAL REPORTING

In presenting the financial results, the Directors are mindful of the needs to present a balanced assessment of the Group's financial position to the shareholders, investors and regulatory authorities. The quarterly results and annual financial statements are reviewed by the Audit Committee and approved by the Board before release to the public. A Statement of Directors' Responsibility in preparing the financial statement is set out on page 19.

## Statement on Corporate Governance

### INTERNAL CONTROL

The Board affirms the importance of maintaining a sound system of internal control and risk management practices. It acknowledges its overall responsibility over these areas and in reviewing the effectiveness and adequacy of the internal control system.

Detailed information on internal control is set out in the Statement on Internal Control on page 22.

### RELATIONSHIP WITH AUDITORS

The Board has established a transparent and appropriate relationship with both the external and internal auditors through the Audit Committee in discussing with them their audit plans, audit findings and financial statements. The Audit Committee invites the external auditors to attend its scheduled meetings to present the audited financial statements of the Group, highlight and discuss the internal controls and problems that may require the attention of the Board.

Details on the roles of Audit Committee in relation to both the external and internal auditors can be found in the Audit Committee Report laid out on page 23.

### STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 1965, to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysian so as to give a true and fair view of the financial state of affairs of the Company and the Group at the end of the financial year.

In preparing the financial statements, the Directors have

- (i) adopted appropriate accounting policies, which are applied consistently;
- (ii) ensured that all applicable accounting standards have been followed;
- (iii) made judgments and estimates that are reasonable and prudent; and
- (iv) prepared financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1965 and applicable approved accounting standards.

The Directors are also responsible for taking reasonable steps to prevent and detect fraud and other irregularities so as to safeguard the assets of the Group.

## Statement on Corporate Governance

**ADDITIONAL COMPLIANCE INFORMATION**

The following information is presented in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements:

**STATUS OF UTILISATION OF PROCEEDS**

As at 31 August 2010 the gross proceeds derived from the Public Issue in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad on 28 August 2009 had been utilised in the following manner:

<b>Utilisation Purpose</b>	<b>Proposed Amount* (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Balance (RM'000)</b>
Expansion of existing operation	10,000	1,620	8,380
Working Capital	56,300	44,670	11,630
Listing Expenses	3,000	3,161	(161)
<b>Total</b>	<b>69,300</b>	<b>49,451</b>	<b>19,849</b>

\* As set out in the Prospectus dated 31 July 2009.

**SHARE BUY-BACKS**

During the financial year the Company did not make any share buy-backs.

**OPTIONS OR CONVERTIBLE SECURITIES**

The Company has not issued any options, or convertible securities during the financial year.

**DEPOSITORY RECEIPT PROGRAMME**

The Company did not sponsor any Depository Receipt Programme during the financial year.

**SANCTIONS AND PENALTIES**

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

**NON-AUDIT FEES**

The amount of non-audit fees paid to the external auditors by the Company during the financial year amounted to RM38,000.00.



## Statement on Corporate Governance

### **PROFIT GUARANTEE**

During the financial year, there was no profit guarantee given by the Company and its subsidiaries.

### **MATERIAL CONTRACTS**

There was no material contract entered into by the Company or its subsidiaries involving Directors or major shareholders either still subsisting at the end of the financial year ended 31 May 2010 or entered into since the end of the previous financial year.

### **VARIATION IN RESULTS**

There were no material variances between the audited results for the financial year ended 31 May 2010 and the announced unaudited results.

### **REVALUATION POLICY**

The Company does not adopt a revaluation policy for the landed properties for financial year ended 31 May 2010.

### **RECURRENT RELATED PARTY TRANSACTIONS**

The related party transactions are disclosed on pages 76 and 77 of the Annual Report.

## Statement on Internal Control

Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its Annual Report “statement about the state of internal control of the listed issuer as a group”. The Board acknowledges its responsibility towards the Group to maintain a sound system of internal control to safeguard shareholders’ investment and the Group’s assets as well as reviewing the adequacy and effectiveness of the system of internal control.

### BOARD RESPONSIBILITY

The Board of Directors is responsible for the Group’s internal control system including the establishment of a control environment and framework and to review the adequacy, and integrity of the system. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, financial and operational, compliance controls and risk management.

The Board recognizes that as the group grows, the system on internal control will continually need to be enhanced to suit the needs and requirements of the expanding Group.

### INTERNAL AUDIT

We have outsourced the internal audit function. The Internal Auditor presents the annual internal audit plan to the Audit Committee for approval before carrying out the review and audit. To facilitate independent and impartial appraisal, the Internal Auditor is given full, free and unrestricted access to all records, information, property, personnel and other relevant resources of the TAS Group.

The Internal Auditor independently reviews the adequacy and integrity of the internal controls put in place and reports directly to the Audit Committee. The Audit Committee considers the Internal Audit Report before making necessary recommendations to improve the internal control system to the Board of Directors periodically or as and when the situation requires.

### RISK MANAGEMENT

Risk management is embedded in the Group’s management system. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group to ensure that all high risks are adequately addressed at various levels within the Group. The above exercise is monitored by the Management with the assistance of the Internal Auditor. The Risk Management Report is reviewed by the Audit Committee to ensure the adequacy and integrity of the system of internal control before making necessary recommendations for improvement to the Board of Directors. Emphasis is placed on reviewing and updating the significant risks affecting the business and business continuity including policies and procedures by which these risks are managed.

### CONCLUSION

Pursuant to paragraph 15.23 of the Listing Requirements of the Bursa Malaysia Securities Berhad, the external auditors have reviewed this statement for inclusion in the Annual Report of the Group for the current financial year and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

# Audit Committee Report

**Chairman**

Lau Kiing Yiing

*Independent Non-Executive Director***Members**

Datu Haji Mohammed Sepuan Bin Anu

*Independent Non-Executive Director*

Ling Ka Chuan

*Independent Non-Executive Director*

## TERMS OF REFERENCE

### 1. Composition

The Board of Directors shall elect an Audit Committee from among themselves comprising of not less than three (3) members which fulfill the following requirements:

- (a) All the audit committee members must be non-executive directors, with a majority of them being independent directors.
- (b) At least one (1) member:
  - i. must be a member of the Malaysian Institute of Accountants; or
  - ii. if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:
    - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - iii. fulfills such other requirements as prescribed or approved by the Exchange.
- (c) Alternate director shall not be appointed as a member of the Audit Committee.
- (d) If membership of the Committee for any reason falls below three (3) members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfill the minimum requirement.

### 2. Objectives

- Provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities for examinations of the company and in monitoring its accounting and financial reporting practices.
- Determine that the company has adequate administrative, operational, and internal accounting controls and that the company is operating in accordance with its prescribed procedures.
- Assist the Board to fulfill its corporate governance, risk management and statutory responsibilities in order to manage the overall risk exposure of the Group.
- Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public.
- Provide direction and controls over the internal audit function and the external auditors.



## Audit Committee Report

### 3. Chairman

The members of the Audit Committee shall elect a chairman from amongst themselves who shall be an independent director.

### 4. Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee.

### 5. Quorum

A majority of the members, who are independent directors, present, being not less than two (2), shall form a quorum.

### 6. Frequency of Meetings

Meetings shall be held not less than four (4) times a year. Additional meetings may be held as and when necessary, upon request by any Committee member, the Management, Internal or External Auditors.

### 7. Meeting and Minutes

The Group Accountant, the Internal Auditors, and a representative of the External Auditors are normally invited to attend meetings. Other members of the Board of Directors and employees shall attend the meetings only at the Committee's invitation.

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

A resolution in writing signed or approved by letter or via facsimile transmission by all Audit Committee members shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member. Any such resolution may consist of several documents in like form, each signed by one (1) or more Audit Committee member.

The Audit Committee shall meet with the external auditors without the presence of Executive Directors and the management at least once a year.

Minutes of Committee meetings shall be kept and circulated to each member of the Audit Committee and to the Chairman of the Board and made available on request to other members of the Board.

### 8. Review of the Composition of the Audit Committee

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Board of Directors at least once in every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

### 9. Authority

- (a) The Committee is authorised by the Board to investigate any activity within its terms of reference. It has free access to all information and documents it requires for the purpose of discharging its functions and responsibilities.
- (b) The Audit Committee is also authorised to obtain outside legal or other independent professional advice as it considers necessary.

## Audit Committee Report

- (c) The Committee is allowed to have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).
- (d) The Committee should have all the necessary resources to perform its duties.
- (e) The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- (f) The Committee shall be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements of Bursa Malaysia Securities Berhad occurred.
- (g) The Committee will make recommendations to the Board in risk related matters in advisory capacity.

### 10. Duties and Responsibilities

- (a) To review the maintenance of an effective accounting system and internal controls in the business processes.
- (b) To review the company's accounting policies and reporting requirements to ensure compliance with the relevant laws and standards.
- (c) To assess the adequacy of management reporting.
- (d) To review company compliance with relevant law and listing requirements.
- (e) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- (f) To review the assistance given by the company's officers to the auditors.
- (g) To consider the appointment, resignation and dismissal of External Auditors and the audit fee.
- (h) To liaise directly between the external auditors, the management and the Board as a whole, particularly with regard to the audit plan and audit report.
- (i) To review the findings of internal and external auditors (as the case may be) on internal controls and other audit comments.
- (j) To review the internal audit plan and their reports and to ensure that appropriate actions are taken on the recommendations of the internal audit reports.
- (k) To review the quarterly results and year end financial statements of the Company and its group, prior to the approval by the Board, focusing particularly on:
  - changes in major accounting policies or implementation of the changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements;
- (l) To review any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.

## Audit Committee Report

- (m) To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the By Law of ESOS of the Company, if any.
- (n) To review the Statement of Internal Control to be published in the Annual Report.
- (o) Review and recommend the Group Risk Management Policy Framework which specifies key policies and strategies, for approval of the Board.
- (p) Review the Risk Management Report from the Risk Management Working Committee, any significant risks, mitigation actions and make relevant recommendation to the Board for necessary actions.

### 11. Reporting of Breaches to the Exchange

Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Listing Requirements, the Committee has the responsibility to promptly report such matter to Bursa Malaysia Securities Berhad.

## AUDIT COMMITTEE MEETING HELD DURING THE FINANCIAL YEAR 2010

The Audit Committee held three meetings during the financial year under review with the following attendance record:

Name of Director	Attendance
Lau Kiing Yiing	3/3
Datu Haji Mohammed Sepuan Bin Anu	3/3
Ling Ka Chuan	3/3

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Committee during the financial year ended 31 May 2010:

- (a) Review of audit plans for the year prepared by the internal and external auditors;
- (b) Review of audit reports prepared by the internal auditors, their major findings and recommendations and appraise the adequacy of management's response thereto;
- (c) Review of the quarterly financial results and the audited financial statements of the Company and the Group prior to submission to the Board for consideration and approval;
- (d) Review of transactions with related parties by the Company and the Group;
- (e) Meeting with external auditors without the presence of the management; and
- (f) Review or appraise the performance of the internal and external auditors before recommending their re-nomination to the Board.

## Audit Committee Report

### INTERNAL AUDIT FUNCTION

We have appointed an external firm to carry out the internal audit function.

Internal audit is responsible for the independent assessment of the adequacy and effectiveness of the internal control systems in place in anticipation of the risks exposures of key business processes and to provide assurance on the systems and recommend improvements to the systems if necessary, so as to enable the Group to achieve its corporate objectives.

The main activities carried out by the internal auditor include:

- (a) Reviewing and appraising the adequacy, effectiveness and application of accounting, financial, operational and other controls, recommending improvement in control and promoting effective control in the Group at reasonable cost;
- (b) Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- (c) Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses; and
- (d) Appraising the reliability and usefulness of data and information generated for management.

## Financial Statements

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## Directors' Report

The Directors have pleasure in presenting herewith their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2010.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the year attributable to equity holders of the Company	8,331,524	5,789,828

### DIVIDENDS

No dividend has been declared or paid since the end of the Company's previous financial year.

In respect of the financial year ended 31 May 2010, the Directors recommend a single tier final dividend of 2 sen per ordinary share of RM0.50 each amounting to RM3,600,040. The financial statements for the current financial year do not reflect this proposed dividend. If approved by the shareholders at the forthcoming Annual General Meeting, the dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 May 2011.

### RESERVES AND PROVISIONS

There were no material transfers made to or from reserves and provisions during the financial year other than as shown in the financial statements.

### SHARE CAPITAL

During the financial year, in conjunction with and as an integral part of its listing exercise, the issued and paid-up share capital of the Company was increased from RM 51,501,000 comprising 103,002,000 ordinary shares of RM0.50 each to RM 90,001,000 comprising 180,002,000 ordinary shares of RM0.50 each by a public issue of 77,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.90 per ordinary share, for cash consideration.

The newly issued ordinary shares rank *pari passu* in all material respects with the existing ordinary shares of the Company and carry all its rights to receive, in full all dividend and distributions declared or paid subsequent to the allotment thereof.

The entire issued and paid-up share capital of 180,002,000 ordinary shares of RM0.50 each was listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 28 August 2009.

## Directors' Report

**DIRECTORS OF THE COMPANY**

The directors who served since the date of the last directors' report are:

Datuk Lau Nai Hoh  
 Lau Choo Chin  
 Tan Sri Dato' Seri Mohd Jamil Bin Johari  
 Datu Haji Mohammed Sepuan Bin Anu  
 Ling Ka Chuan  
 Lau Kiing Yiing

In accordance with Article 86 of the Company's Articles of Association, Lau Choo Chin and Ling Ka Chuan shall retire from the board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in the ordinary shares of the Company and its subsidiary company during the financial year were as follows :-

Name of director	Number of ordinary shares of RM0.50 each			Balance at 31.05.2010
	Balance at 01.06.2009	Acquired	Disposed	
Datuk Lau Nai Hoh				
- Direct interest	101,525,671	-	(11,000,000)	90,525,671
- Indirect interest *	961,317	340,000	-	1,301,317
Lau Choo Chin				
- Direct interest	309,006	100,000	-	409,006
- Indirect interest *	-	40,000	-	40,000
Datu Haji Mohammed Sepuan Bin Anu				
- Direct interest	-	15,000	-	15,000
Tan Sri Dato's Seri Mohd Jamil Bin Johari				
- Direct interest	-	10,000	-	10,000
Ling Ka Chuan				
- Direct interest	-	10,000	-	10,000
Lau Kiing Yiing				
- Direct interest	-	10,000	-	10,000

**Shareholdings in subsidiary company, TA Ventures (L) Ltd**

Name of director	Balance at 01.06.2009	Number of ordinary shares		Balance at 31.05.2010
		Acquired	Disposed	
Datuk Lau Nai Hoh and Lau Choo Chin				
- Indirect interest	-	1	-	1

\* Interest held by spouses and children treated as interest of the directors in accordance with Section 134(12) (c) of the Companies Act 1965.

By virtue of their shareholdings in the Company, Datuk Lau Nai Hoh and Lau Choo Chin are deemed to be interested in the shares of a wholly-owned subsidiary company, Tuong Aik Shipyard Sdn Bhd, to the extent of the interest held by the Company and for which there were no movements in interests in the shares held during the financial year.

Other than as disclosed above, no other Directors in office at the end of the financial year held any interests in shares in the Company and its subsidiaries.

## DIRECTORS' BENEFITS

As at the end of the financial year and during the financial year, there did not subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the benefits that may be derived by Datuk Lau Nai Hoh from the offer for sale of 11,000,000 ordinary shares of RM0.50 of the Company made by him in conjunction with and as an integral part of the Company's listing exercise as disclosed in the section on Significant Events in this report.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business and any benefits that may be derived from the listing exercise as disclosed in the section on Significant Events in this report.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts and the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
  - (ii) which would render the values of current assets in the financial statements of the Group and of the Company misleading;
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
  - (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (c) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.



Directors' Report

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**SIGNIFICANT EVENTS**

On 28 August 2009, the entire issued and paid-up share capital of the Company amounting to RM 90,001,000 comprising 180,002,000 ordinary shares of RM0.50 each had been admitted to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the shares were listed and quoted on the Main Market of Bursa Securities. The transactions and events which occurred in conjunction with and as an integral part of its listing exercise during the financial year were as follows:

- (a) Public issue of 77,000,000 ordinary shares of RM0.50 each at an issue price of RM0.90 each; and
- (b) Offer for sale of 11,000,000 ordinary shares of RM0.50 each by Datuk Lau Nai Hoh of the Company at an offer price of RM 0.90 per share to Bumiputera investors approved by the Ministry of International Trade and Industry.

**AUDITORS**

The auditors, Messrs. Folks DFK & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

**DATUK LAU NAI HOH**  
DIRECTOR

**LAU CHOO CHIN**  
DIRECTOR

Sibu, Sarawak  
Date: 26 August 2010



# Consolidated Balance Sheet

As At 31 May 2010

	Note	2010 RM	2009 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	13,536,759	12,680,824
Prepaid land lease payments	5	9,802,829	9,971,843
Other investments	7	20,202,510	–
		43,542,098	22,652,667
<b>CURRENT ASSETS</b>			
Inventories	8	32,902,591	16,464,807
Amount due from contract customers	9	54,525,019	75,165,340
Trade and other receivables	10	27,256,406	28,690,920
Tax recoverable		1,023,096	250
Cash and bank balances	12	16,863,690	12,310,447
		132,570,802	132,631,764
<b>TOTAL ASSETS</b>		176,112,900	155,284,431
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital	13	90,001,000	51,501,000
Reserves	14	41,463,615	5,492,619
<b>TOTAL EQUITY</b>		131,464,615	56,993,619
<b>NON-CURRENT LIABILITIES</b>			
Term loan	15	655,572	951,945
Hire purchase payable	16	–	45,537
Deferred tax liabilities	17	2,899,315	2,897,712
		3,554,887	3,895,194
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	30,477,889	45,576,218
Amount due to contract customers	9	3,395,536	7,864,021
Dividend payable	20	–	14,200,000
Short term borrowings			
- Bank overdrafts	21	2,279,289	–
- Other borrowings	21	4,833,248	24,271,942
Current tax payable		107,436	2,483,437
		41,093,398	94,395,618
<b>TOTAL LIABILITIES</b>		44,648,285	98,290,812
<b>TOTAL EQUITY AND LIABILITIES</b>		176,112,900	155,284,431

The annexed notes form an integral part of the financial statements.

## Consolidated Income Statement

For The Year Ended 31 May 2010

	<b>Note</b>	<b>2010 RM</b>	<b>2009 RM</b>
Revenue	22	140,114,041	54,916,719
Cost of goods sold	22	(124,990,525)	(48,284,604)
Gross profit		15,123,516	6,632,115
Other income		1,161,563	1,246,674
Administrative expenses		(4,883,492)	(926,111)
Operating profit		11,401,587	6,952,678
Finance costs	23	(30,339)	(16,841)
Profit before taxation	24	11,371,248	6,935,837
Taxation	25	(3,039,724)	(1,440,218)
Profit for the year		8,331,524	5,495,619
Attributable to :			
Equity holders of the Company		8,331,524	5,495,619
Profit per share attributable to equity holders of the Company (Sen):			
- Basic	26	5.11	33.00

The annexed notes form an integral part of the financial statements.

## Consolidated Statement of Changes in Equity

For The Year Ended 31 May 2010

	Note	Share capital RM	Non- distributable share premium RM	Distributable retained profit/ (Accumulated losses) RM	Total RM
Balance at 1 June 2008		1,000	–	(3,000)	(2,000)
Issuance of shares	13	51,500,000	–	–	51,500,000
Total recognised income and expense for the year: - Profit for the year		–	–	5,495,619	5,495,619
Balance at 31 May 2009		51,501,000	–	5,492,619	56,993,619
Ordinary shares issued pursuant to a Public Issue	13	38,500,000	30,800,000	–	69,300,000
Share issue and listing expenses		–	(3,160,528)	–	(3,160,528)
Profit for the year		–	–	8,331,524	8,331,524
Total recognised income and expense for the year		–	(3,160,528)	8,331,524	5,170,996
Balance at 31 May 2010		90,001,000	27,639,472	13,824,143	131,464,615

The annexed notes form an integral part of the financial statements.

# Consolidated Cash Flow Statement

For The Year Ended 31 May 2010

	Note	2010 RM	2009 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		11,371,248	6,935,837
Adjustments for:			
Amortisation of prepaid land lease payment		169,014	124,254
Depreciation		1,385,880	295,711
Dividend income		(202,510)	-
(Gain)/Loss on disposal of property, plant and equipment		(107,505)	1,289
Preliminary expense written off		6,874	-
Interest expense		560,854	172,962
Interest income		(89,322)	-
Property, plant and equipment written off		687	-
Unrealised loss on foreign exchange		103,034	148,548
Excess of fair value of net assets over cost of acquisition of a subsidiary		-	(1,246,674)
Operating profit before working capital changes		13,198,254	6,431,927
(Increase)/Decrease in inventories		(16,437,784)	3,819,032
Decrease/(Increase) in amount due from contract customers		20,640,321	(32,295,442)
Decrease in amount due to contract customers		(4,468,485)	(3,237,906)
Decrease/(Increase) in trade and other receivables		1,466,544	(109,504)
(Decrease)/Increase in other payables and accruals		(15,088,526)	16,778,442
Cash utilised in operations		(689,676)	(8,613,451)
Interest paid		(24,788)	(15,171)
Interest received		89,322	-
Tax refund		250	-
Tax paid		(6,437,218)	(1,170,000)
Net cash used in operating activities		(7,062,110)	(9,798,622)

The annexed notes form an integral part of the financial statements.

Consolidated Cash Flow Statement  
For The Year Ended 31 May 2010 (Cont'd)

	Note	2010 RM	2009 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary	6	–	19,090,844
Dividend received		202,510	–
Purchase of property, plant and equipment		(2,412,997)	(206,949)
Acquisition of other investment		(20,202,510)	–
Proceeds from disposal of property, plant and equipment		278,000	1,300
Preliminary expense incurred		(6,874)	–
Net cash (used in)/from investing activities		(22,141,871)	18,885,195
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(14,200,000)	–
Net proceeds from issuance of shares		66,139,472	–
Proceeds from revolving credit, net of repayment		(19,330,000)	3,522,000
Bankers' acceptance and revolving credit interest paid		(466,684)	(144,593)
Repayment of term loans		(283,821)	(46,414)
Loan interest paid		(63,831)	(11,528)
Repayment of hire purchase payable		(166,783)	(32,342)
Hire purchase interest paid		(5,551)	(1,670)
Net cash from financing activities		31,622,802	3,285,453
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		2,418,821	12,372,026
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		12,310,447	220
<b>FOREIGN CURRENCY EXCHANGE DIFFERENCES ON OPENING BALANCE</b>		(144,867)	(61,799)
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	28	14,584,401	12,310,447

The annexed notes form an integral part of the financial statements.

# Balance Sheet

As At 31 May 2010

	Note	2010 RM	2009 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	342,776	–
Investments in subsidiaries	6	51,500,003	51,500,000
Other investments	7	20,202,510	–
		72,045,289	51,500,000
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	2,300	985,259
Amount due from a subsidiary	11	45,628,183	–
Dividend receivable from a subsidiary		5,500,000	–
Cash and bank balances	12	458,260	220
		51,588,743	985,479
<b>TOTAL ASSETS</b>		123,634,032	52,485,479
<b>EQUITY AND LIABILITIES EQUITY</b>			
Share capital	13	90,001,000	51,501,000
Reserves	14	33,382,085	(47,215)
<b>TOTAL EQUITY</b>		123,383,085	51,453,785
<b>CURRENT LIABILITIES</b>			
Other payables and accrued liabilities	18	143,511	32,025
Amount due to a subsidiary	19	–	999,669
Current tax payable		107,436	–
		250,947	1,031,694
<b>TOTAL LIABILITIES</b>		250,947	1,031,694
<b>TOTAL EQUITY AND LIABILITIES</b>		123,634,032	52,485,479

The annexed notes form an integral part of the financial statements.



# Income Statement

For The Year Ended 31 May 2010

	Note	2010 RM	2009 RM
Revenue	22	5,702,510	–
Other income		849,143	–
Administrative expenses		(563,639)	(44,215)
Profit/(Loss) before taxation	24	5,988,014	(44,215)
Taxation	25	(198,186)	–
Profit/(Loss) for the year		5,789,828	(44,215)

The annexed notes form an integral part of the financial statements.



## Statement Of Changes In Equity

For The Year Ended 31 May 2010

	Note	Share capital RM	Non- distributable share premium RM	Distributable retained profit/ (Accumulated losses) RM	Total RM
Balance at 1 June 2008		1,000	–	(3,000)	(2,000)
Issuance of shares	13	51,500,000	–	–	51,500,000
Total recognised income and expense for the year: - Loss for the year		–	–	(44,215)	(44,215)
Balance at 31 May 2009		51,501,000	–	(47,215)	51,453,785
Ordinary shares issued pursuant to a Public Issue	13	38,500,000	30,800,000	–	69,300,000
Share issue and listing expenses		–	(3,160,528)	–	(3,160,528)
Profit for the year		–	–	5,789,828	5,789,828
Total recognised income and expense for the year		–	(3,160,528)	5,789,828	2,629,300
Balance at 31 May 2010		90,001,000	27,639,472	5,742,613	123,383,085

The annexed notes form an integral part of the financial statements.



# Cash Flow Statement

For The Year Ended 31 May 2010

	Note	2010 RM	2009 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) before taxation		5,988,014	(44,215)
Adjustments for:			
Depreciation		85,694	-
Dividend income from			
- Subsidiary company		(5,500,000)	-
- Unit trust funds		(202,510)	-
Interest income		(849,143)	-
Operating loss before working capital changes		(477,945)	(44,215)
Decrease/(Increase) in receivables		982,959	(746,644)
Increase/(Decrease) in payables		111,486	(209,590)
Cash generated from/(utilised in) operations		616,500	(1,000,449)
Interest received		849,143	-
Tax paid		(90,750)	-
Net cash from/(used in) operating activities		1,374,893	(1,000,449)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary		(3)	-
Advances to a subsidiary		(45,628,183)	-
Dividend received		202,510	-
Purchase of property, plant and equipment		(428,470)	-
Acquisition of other investment		(20,202,510)	-
Net cash used in investing activities		(66,056,656)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Decrease)/Increase in amount due to a subsidiary		(999,669)	999,669
Net proceeds from issuance of shares		66,139,472	-
Net cash from financing activities		65,139,803	999,669
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		458,040	(780)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		220	1,000
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	28	458,260	220

The annexed notes form an integral part of the financial statements.

# Notes To The Financial Statements

- 31 May 2010

## 1. GENERAL INFORMATION

### 1.1 Domicile and Legal Form

TAS Offshore Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

### 1.2 Registered Office and Principal Place of Business

The registered office and principal place of business is located at Lot 199, Jalan Sg. Ma'aw, Sg. Bidut, 96000 Sibul, Sarawak.

### 1.3 Principal Activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

### 1.4 Authorisation and Date of Issue of Financial Statements

The financial statements of the Group and of the Company for the year ended 31 May 2010 were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 August 2010.

### 1.5 Reporting Currency

The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM").

## 2. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

- 2.1** A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include trade and other receivables, other investment and cash and bank balances.

Financial liabilities of the Group include trade and other payables and bank borrowings.

In respect of the Company, financial asset and liabilities also include amount due from/to subsidiaries.

- 2.2** The Group's financial instruments are subject to a variety of financial risks including currency risk, interest rate risk, credit risk, market risk, liquidity and cash flow risks.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its input material price, liquidity, interest rate, foreign exchange and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

## 2. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency. The currencies giving rise to this risk are primarily United States Dollars (USD) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the Group are kept to an acceptable level. The Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receipts and payments, when it is deemed necessary.

The Group does not speculate in foreign currency derivatives.

### (b) Interest Rate Risk

The Group has interest rate risks in respect of its borrowings.

The Group's bank borrowings are subject to interest based on floating rates while hire-purchase and lease financing are based on fixed rates.

Market interest rates movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing instruments are restructured or reduced.

### (c) Credit Risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade and other receivables and cash deposits.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credits limits and monitoring procedures.

Cash and cash equivalents are only placed with licensed banks.

Credit risk is minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis by the management.

### (d) Market risk

Market risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group is exposed to the risk of fluctuation in the market price of its investments in unit trust funds. It is the Group's policy to invest excess funds in selective unit trust funds which are managed by a unit trust company to earn investment income. The performance of the unit trust funds is monitored and where appropriate the investment will be increased or reduced.

The Group does not engage in speculative trading. The Group's market risk exposure to currency and interest rate fluctuations are discussed under the respective risk headings.

### (e) Liquidity and Cash Flow Risk

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. In view of prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital and capital expenditure requirements.

## Notes To The Financial Statements - 31 May 2010

**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 General**

All significant accounting policies set out below are consistent with those applied in the previous financial year.

The Group has not applied the new or revised Financial Reporting Standards (“FRSs”), amendments to FRSs and the Issues Committee (“IC”) Interpretations which have been issued by the Malaysian Accounting Standards Board (“MASB”) as described hereunder:

<b>New and Revised FRSs and Interpretations</b>		<b>Effective for financial period beginning on or after</b>
FRS 1	First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (Revised)	1 January 2010
FRS 123	Borrowing Costs (Revised)	1 January 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
IC Interpretation 4	Determining whether an Arrangement contains a lease	1 January 2011
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11#	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distribution of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 General (Cont'd)

		<b>Effective for financial period beginning on or after</b>
<b>Amendments to FRSs and Interpretations</b>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters (Amendment to FRS 1)	1 January 2011
	Additional Exemptions for First-time Adopters (Amendments to FRS 1)	1 January 2011
FRS 2	Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
	Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)	1 January 2011
FRS 5	Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary	1 July 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
	Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 132	Financial Instruments : Presentation	1 January 2010
	- Puttable Financial Instruments and Obligations Arising on Liquidation	
	- Classification of Rights Issues	1 March 2010
	- Component Part Classification for a Compound Financial Instrument	1 January 2010
FRS 138	Intangible Assets - Additional consequential amendments arising from revised FRS 3	1 July 2010
FRS 139	Financial Instruments : Recognition and measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives - Scope of IC Interpretation 9 and revised FRS 3	1 July 2010
<b>Amendments to FRSs Classified as "Improvement to FRSs (2009)"</b>		
FRS 2	Share-based Payment : Scope of FRS 2 and revised FRS 3	1 July 2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations - Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations	1 January 2010
FRS 7	Financial Instruments : Disclosures - Presentation of finance costs	1 January 2010
FRS 8	Operating Segments - Disclosure of information about segment assets	1 January 2010

## Notes To The Financial Statements - 31 May 2010

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 General (Cont'd)**

		<b>Effective for financial period beginning on or after</b>
<b>Amendments to FRSs Classified as "Improvement to FRSs (2009)" (Cont'd)</b>		
FRS 107	Statement of Cash Flows - Classification of expenditures on unrecognised assets	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates or Errors - Status of implementation guidance	1 January 2010
FRS 110	Events After the Reporting Period - Dividends declared after the end of the reporting period	1 January 2010
FRS 116	Property, Plant and Equipment - Recoverable amount; and sale of assets held for rental	1 January 2010
FRS 117	Leases - Classification of leases of land and buildings	1 January 2010
FRS 118	Revenue - Costs of originating a loan; and determining whether an entity is acting as a principal or as an agent	1 January 2010
FRS 119	Employee Benefits : - Curtailment and negative past service cost; - Plan administration costs; - Replacement of term 'fall due'; and - Guidance on contingent liabilities	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance : - Government loans with a below market rate of interest; and - Consistency of terminology with other FRSs	1 January 2010
FRS 123	Borrowing Costs - Components of borrowing costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements - Measurement of subsidiary held for sale in separate financial statements	1 January 2010
FRS 128	Investments in Associates : - Required disclosures when investments in associates are accounted for at fair value through profit and loss; and - Impairment of investment in associate	1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economies : - Description of measurement basis in financial statements; and - Consistency of terminology with other FRSs	1 January 2010
FRS 131	Interests in Joint Ventures - Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss	1 January 2010
FRS 134	Interim Financial Reporting - Earnings per share disclosures in interim financial reports	1 January 2010
FRS 136	Impairment of Assets : - Disclosure of estimates used to determine recoverable amount; and - Unit of accounting for goodwill impairment test	1 January 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 General (Cont'd)

		<b>Effective for financial period beginning on or after</b>
<b>Amendments to FRSs Classified as "Improvement to FRSs (2009)" (Cont'd)</b>		
FRS 138	Intangible Assets : - Advertising and promotional activities; - Unit of production method of amortisation; and - Measuring the fair value of an intangible asset acquired in a business combination	1 January 2010
FRS 140	Investment Property : - Property under construction or development for future use as investment property; - Consistency of terminology with FRS 108; and - Investment property held under lease	1 January 2010

# *IC Interpretation 11 and IC Interpretation 8 - Scope of FRS 2 shall be withdrawn on application of the amendment to FRS 2 - Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)*

The Group will adopt the above FRSs, amendments to FRSs and interpretations, where applicable, when they become effective and they are expected not to have any significant impact on the financial statements of the Group and of the Company upon their initial application.

The impact of applying FRS 7 and FRS 139 on the financial statements upon their first adoption is not disclosed by virtue of the exemptions provided in the respective FRSs.

#### 3.2 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. The financial statements comply with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with applicable Financial Reporting Standards requires Directors to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the Directors' best knowledge of current events and actions, actual results may differ.

##### (a) Judgements in applying accounting policies

In the process of applying the Group's accounting policies, the Directors are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.



## Notes To The Financial Statements - 31 May 2010

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 Basis of Preparation (Cont'd)****(b) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :-

**(i) Construction contracts**

The Group recognises construction contract revenue and expense in the income statement by using the stage of completion method. The stage of completion is determined by reference to the surveys of work performed or to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs, where appropriate.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of amount due from customers. Total contract revenue also includes an estimation of the amount of variation works that are recoverable from customers. In making the judgement, the Group evaluates based on past experience of the management on similar contract work undertaken by the Group and the expertise of specialists.

**(ii) Depreciation of property, plant and equipment**

The cost of plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 10 years. These are common life expectancies applied in the vessels construction and transportation industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment, therefore the future depreciation charges could be revised.

**(iii) Impairment of Assets**

The Group assesses impairment of property, plant and equipment when the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs to sell or expected value in use of the relevant assets.

**3.3 Subsidiaries and basis of consolidation****(a) Subsidiaries**

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of assets. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **3.3 Subsidiaries and basis of consolidation (Cont'd)**

##### **(b) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. Under the purchase method, the cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, except for non-current assets that are classified as held for sale which shall be recognised at fair value less costs to sell. Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only.

#### **3.4 Goodwill on Consolidation**

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is recognised as an asset and is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit (CGU) or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of assets.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

## Notes To The Financial Statements - 31 May 2010

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 Property, Plant and Equipment and Depreciation**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over the estimated useful lives, summarised as follows :

	<b>Years</b>
Office furniture, fittings and equipment	5 to 10
Slipway and jetty	10
Tugboat, plant and machinery	10
Buildings and workers' quarters	10 to 50
Motor vehicles	5

The residual values and useful lives of assets are reviewed at the end of each financial year and adjusted if appropriate where expectations differ from previous estimates.

Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

**3.6 Other Investments**

Non current investments other than investment in subsidiaries are stated at cost and an allowance for diminution in value is made where in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such a decline is recognised as an expense in the income statement.

On the disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **3.7 Impairment of Assets**

The carrying amounts of non financial assets (other than inventories, construction contract assets and deferred tax assets) are reviewed for impairment at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. Impairment losses are provided when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash flows that largely are independent from other assets.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is recognised directly against the revaluation surplus account for that asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus account.

The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised. A reversal of an impairment loss for an asset is recognised in the income statement unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### **3.8 Receivables**

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off as and when ascertained and allowance is made for any debts considered to be doubtful of collection.

#### **3.9 Payables**

Trade and other payables are stated at cost.

#### **3.10 Share Capital**

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the balance sheet date are recognised as liabilities. Cost directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

## Notes To The Financial Statements - 31 May 2010

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.11 Provisions**

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

**3.12 Income Taxes**

Tax expense is the aggregate amount of current and deferred tax included in the determination of net profit or loss for the year.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided by using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities and the amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

**3.13 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is based on weighted average cost method.

Cost of consumables and input materials comprise the original purchase price plus incidental costs in bringing the inventories to their existing condition and location.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated cost to completion.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.14 Hire Purchase and Finance Lease Arrangements and Operating Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership of the leased assets. All other leases are classified as operating lease.

Assets acquired under hire purchase arrangements are recognised and measured in a similar manner as finance leases.

##### (a) Asset Acquired Under Hire Purchase and Finance Lease Arrangement

Assets acquired under hire purchase and finance lease arrangements are stated at the amounts equal at the inception of the arrangement to the lower of the fair values and the present values of the minimum hire purchase or lease payments.

The corresponding obligations are taken up as hire purchase or finance lease liabilities. Hire purchase or lease payments are apportioned between the outstanding liabilities and finance charges are dealt with through the income statement over the period of the hire purchase/lease term so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each year.

The depreciation policy of property, plant and equipment acquired under hire purchase and finance lease arrangements are consistent with the Group's depreciation policy as set out in Note 3.5 above.

##### (b) Operating Lease

Operating lease payments are recognised as expenses in the income statement on a straight line basis over the period of the relevant leases.

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid land lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

#### 3.15 Foreign Currencies

##### Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

##### Foreign Currency Transactions and Balances

Transactions in foreign currencies are translated to Ringgit Malaysia at exchange rates prevailing at the dates of the transactions.

## Notes To The Financial Statements - 31 May 2010

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.15 Foreign Currencies (Cont'd)**

Monetary assets and liabilities denominated in foreign currencies at the balance sheet dates are translated to Ringgit Malaysia at the exchange rates prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rates at the date of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the Ringgit Malaysia at the exchange rates at the date that the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in the income statement. The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Ringgit Malaysia (RM) which is also the Group's functional currency.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in equity. Exchange differences arising from such non-monetary items are recognised directly to equity.

**3.16 Interest Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

**3.17 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction, production and preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically on the purpose of acquisition, construction, production and preparation of assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**3.18 Employee Benefits****(a) Short Term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.18 Employee Benefits (Cont'd)

##### (a) Short Term Benefits (Cont'd)

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

##### (b) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement in the period to which they relate.

#### 3.19 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### Shipbuilding construction contract income

Revenue from construction contracts is recognised using the percentage of completion method as described in Note 3.20.

Revenue relating to sale of completed vessels is recognised upon transfer of significant risks and rewards of ownership to the buyers.

##### Vessels repair and service income

Revenue from provision of services is recognised upon rendering of services.

##### Interest income

Interest income is recognised in the income statement as it accrues based on the effective yield on the asset.

##### Dividend income

Dividend income is recognised when the right to receive payment is established.

#### 3.20 Construction Contract

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion. The stage of completion is determined by reference to the surveys of work performed or to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs, where appropriate.



## Notes To The Financial Statements - 31 May 2010

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.20 Construction Contract (Cont'd)**

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profit (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

**3.21 Cash and Cash Equivalents**

Cash and cash equivalents in the cash flow statement of the Group and of the Company comprise cash and bank balances and deposits which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method.

**3.22 Foreign Currency Forward Contracts**

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency assets or liability will be settled.

Foreign currency forward contracts are not recognised in the financial statements on inception. Exchange gains or losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

**3.23 Financial Instruments**

Financial instruments are recognised when a contractual relationship has been established.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income and distributions in respect of financial instruments classified as equity are charged to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The Group's accounting policies and methods adopted in respect of each class of financial instruments and further information thereof are disclosed in the individual accounting policy statements or notes to the financial statements associated with those financial instruments.

## Notes To The Financial Statements - 31 May 2010

**4. PROPERTY, PLANT AND EQUIPMENT**
**Group**

2010	Building and workers' quarters RM	Tug boat, plant and machinery RM	Motor vehicles RM	Slipway and jetty RM	Office equipment, furniture and fittings RM	Total RM
<b>Cost:</b>						
At 1 June 2009	8,404,758	4,561,190	1,675,357	2,796,274	732,032	18,169,611
Additions	1,358,765	97,691	786,912	110,610	59,019	2,412,997
Disposals	-	-	(442,072)	-	-	(442,072)
Write-off	-	-	-	-	(908)	(908)
At 31 May 2010	9,763,523	4,658,881	2,020,197	2,906,884	790,143	20,139,628
<b>Accumulated depreciation</b>						
At 1 June 2009	1,442,265	961,637	1,000,609	1,845,397	238,879	5,488,787
Charge for the year	182,696	465,888	351,885	290,688	94,723	1,385,880
Disposals	-	-	(271,577)	-	-	(271,577)
Write-off	-	-	-	-	(221)	(221)
At 31 May 2010	1,624,961	1,427,525	1,080,917	2,136,085	333,381	6,602,869
<b>Net book value</b>						
At 31 May 2010	8,138,562	3,231,356	939,280	770,799	456,762	13,536,759
<b>2009</b>						
<b>Cost:</b>						
At 1 June 2008	-	-	-	-	-	-
Acquisition of a subsidiary	8,243,459	4,550,390	1,675,357	2,796,274	703,522	17,969,002
Additions	161,299	10,800	-	-	34,850	206,949
Disposals	-	-	-	-	(6,340)	(6,340)
At 31 May 2009	8,404,758	4,561,190	1,675,357	2,796,274	732,032	18,169,611
<b>Accumulated depreciation</b>						
At 1 June 2008	-	-	-	-	-	-
Acquisition of a subsidiary	1,339,556	884,713	951,689	1,798,793	222,076	5,196,827
Charge for the year	102,709	76,924	48,920	46,604	20,554	295,711
Disposals	-	-	-	-	(3,751)	(3,751)
At 31 May 2009	1,442,265	961,637	1,000,609	1,845,397	238,879	5,488,787
<b>Net book value</b>						
At 31 May 2009	6,962,493	3,599,553	674,748	950,877	493,153	12,680,824

## Notes To The Financial Statements - 31 May 2010

**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)****Company**

<b>2010</b>	<b>Motor vehicle RM</b>	<b>Total RM</b>
<b>Cost</b>		
Additions and at 31.05.2010	428,470	428,470
<b>Accumulated Depreciation</b>		
Charge for the year and at 31.05.2010	85,694	85,694
<b>Net Book Value</b>		
At 31.05.2010	342,776	342,776

(i) Depreciation is charged to the income statement under the following line items:

	<b>Group</b>		<b>Company</b>	
	<b>2010 RM</b>	<b>2009 RM</b>	<b>2010 RM</b>	<b>2009 RM</b>
Administrative expenses	531,441	163,813	85,694	-
Cost of sales	854,439	131,898	-	-
	1,385,880	295,711	85,694	-

(ii) In the previous financial year, the net carrying amount of property, plant and equipment of the Group which were pledged as securities in favour of a licensed bank in consideration for banking facilities granted to the Group were as follows:

	<b>Group 2009 RM</b>
Building	4,167,842
Slipway	768,584
	4,936,426

The pledge on the above assets has been withdrawn during the financial year upon renewal of the Group's banking facilities.

Notes To The Financial Statements - 31 May 2010

#### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iii) Net carrying amounts of property, plant and equipment acquired under hire purchase arrangements are as follows:

	2010 RM	Group 2009 RM
Plant and machinery	–	182,147
Motor vehicles	170,152	431,240
	170,152	613,387

#### 5. PREPAID LAND LEASE PAYMENTS

	2010 RM	Group 2009 RM
<b>Cost</b>		
Balance at beginning of year	10,958,668	–
Acquisition of a subsidiary	–	10,958,668
	10,958,668	10,958,668
<b>Accumulated amortisation</b>		
Balance at beginning of year	(986,825)	–
Acquisition of a subsidiary	–	(862,571)
Amortisation for the financial year	(169,014)	(124,254)
	(1,155,839)	(986,825)
Net carrying amount at 31 May	9,802,829	9,971,843
Analysed as:		
Long term leasehold land	9,802,829	9,971,843

The long term leasehold land is amortised on a straight line basis over the period of 60 years.

In the previous financial year, long term leasehold land with a net carrying amount of RM4,408,361 was pledged as securities in favour of licensed banks in consideration for borrowings facilities granted to the Group.

The pledge on the leasehold land has been withdrawn during the financial year upon renewal of the Group's banking facilities.

## Notes To The Financial Statements - 31 May 2010

**6. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	51,500,003	51,500,000

(i) Details of the subsidiaries are as follows:

<b>Name of company</b>	<b>Principal activities</b>	<b>Country of incorporation</b>	<b>Effective equity interest (%)</b>	
			<b>2010</b>	<b>2009</b>
Tuong Aik Shipyard Sdn. Bhd. *	Shipbuilding and provision of ship repairs and maintenance services	Malaysia	100	100
TA Ventures (L) Ltd. *	Labuan trading activities - dormant during the financial period	Malaysia	100	-

\* *Not audited by Folks DFK & Co.*

(ii) Acquisition of subsidiaries

(a) Acquisition during the financial year

On 8 January 2010, the Company incorporated a wholly owned subsidiary, TA Ventures (L) Ltd under the Labuan Companies Act, 1990 and subscribed for the entire share capital of the subsidiary of 1 ordinary share for a total consideration of RM3.

The subsidiary has not commenced operations since its incorporation and its loss for the financial period amounting to RM14,237 has been included in the Group's income statement. The acquisition of the subsidiary has no significant impact on the Group's financial position as at the balance sheet date.

(b) Acquisition in the previous financial year

On 3 April 2009, the Company acquired the entire issued and paid-up share capital of Tuong Aik Shipyard Sdn Bhd ("TAS") comprising 1,000,000 ordinary shares of RM1.00 each for a consideration of RM51,500,000 in conjunction with and as an integral part of the listing exercise undertaken by the Company. The purchase consideration was satisfied by the issuance of 103,000,000 new ordinary shares of RM0.50 each in the Company at par to the Vendors of TAS.

**6. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

Effects on the financial results of the Group for the year ended 31 May 2009 were as follows:

	<b>From the date of acquisition to 31.5.2009 RM</b>
Revenue	54,916,719
Cost of sales	(48,284,604)
<hr/>	
Gross profit	6,632,115
Administrative expenses	(688,427)
<hr/>	
Operating profit	5,943,688
Finance cost	(16,841)
<hr/>	
Profit before taxation	5,926,847
Taxation	(1,488,585)
<hr/>	
Profit for the period	4,438,262

Effects on the financial position of the Group as at 31 May 2009 were as follows:

	<b>As at 31.5.2009 RM</b>
Property, plant and equipment	12,680,824
Prepaid land lease payments	9,971,843
Inventories	16,464,807
Amount due from contract customers	75,165,340
Trade and other receivables	27,705,661
Tax recoverable	250
Cash and bank balances	12,310,227
Trade and other payables	(45,544,193)
Amount due to contract customers	(7,864,021)
Dividend payable	(14,200,000)
Bank borrowings	(25,269,424)
Taxation	(2,483,437)
Deferred tax liabilities	(2,897,712)
<hr/>	
	56,040,165

## Notes To The Financial Statements - 31 May 2010

**6. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

Details of net assets and liabilities, goodwill and cash flows arising from the acquisition were as follows:

	<b>Fair value recognised at acquisition date RM</b>	<b>Carrying amount prior to consolidation RM</b>
Property, plant and equipment	12,772,175	8,303,916
Prepaid land lease payments	10,096,097	3,849,871
Inventories	20,283,839	20,283,839
Amount due from contract customers	42,869,898	42,869,898
Trade and other receivables	27,731,663	27,731,663
Tax recoverable	250	250
Cash and bank balances	21,255,148	21,255,148
Trade and other payables	(27,859,054)	(27,859,054)
Amount due to contract customers	(11,101,927)	(11,101,927)
Dividend payable	(14,200,000)	(14,200,000)
Bank borrowings	(23,990,484)	(23,990,484)
Taxation	(2,240,988)	(2,240,988)
Deferred tax liabilities	(2,869,943)	(191,322)
	<b>52,746,674</b>	<b>44,710,810</b>
Purchase consideration settled by way of issue of shares	(51,500,000)	
Excess of fair value of net assets over cost of acquisition recognised as income	<b>1,246,674</b>	
		<b>As at 31.5.2009 RM</b>
Purchase consideration discharged by cash		-
Cash and cash equivalent of subsidiary acquired:		
- Cash and bank balances		21,255,148
- Bank overdraft		(2,164,304)
Net cash inflow from acquisition		<b>19,090,844</b>

**7. OTHER INVESTMENT**

	<b>Group</b>		<b>Company</b>	
	<b>2010 RM</b>	<b>2009 RM</b>	<b>2010 RM</b>	<b>2009 RM</b>
Unit trust, at cost	20,202,510	-	20,202,510	-
Market value	20,290,889	-	20,290,889	-

## Notes To The Financial Statements - 31 May 2010

**8. INVENTORIES**

	2010 RM	Group 2009 RM
<b>At cost:</b>		
Raw material and consumable stores	18,940,020	10,959,522
Work in progress - vessels	13,077,571	4,728,903
Goods-in-transit	885,000	776,382
	32,902,591	16,464,807

**9. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS**

	2010 RM	Group 2009 RM
Contract costs incurred to date	100,408,526	146,108,321
Attributable profits	20,220,254	31,228,153
	120,628,780	177,336,474
Progress billings	(69,499,297)	(110,035,155)
	51,129,483	67,301,319
<b>Represented by:</b>		
Amount due from contract customers	54,525,019	75,165,340
Amount due to contract customers	(3,395,536)	(7,864,021)
	51,129,483	67,301,319

**10. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	20,426,020	16,391,747	-	-
Other receivables, deposits and prepayments	6,830,386	12,299,173	2,300	985,259
	27,256,406	28,690,920	2,300	985,259

- (i) The normal credit term of trade receivables relating to ship repairing is 60 days. In respect of shipbuilding contracts the debts arising are to be settled within a period of 7 to 15 days from the date the billings are rendered. Other credit terms are assessed and approved on a case-by-case basis.



## Notes To The Financial Statements - 31 May 2010

**10. TRADE AND OTHER RECEIVABLES (CONT'D)**

(ii) The currency exposure profile of trade receivables is as follows :-

	<b>2010 RM</b>	<b>Group 2009 RM</b>
Singapore Dollar	14,928,591	10,278,811
United States Dollar	5,023,479	5,606,790
Ringgit Malaysia	473,950	506,146
	<hr/> 20,426,020	<hr/> 16,391,747

(iii) Other receivables, deposits and prepayment are analysed as follows :-

	<b>Group</b>		<b>Company</b>	
	<b>2010 RM</b>	<b>2009 RM</b>	<b>2010 RM</b>	<b>2009 RM</b>
Deposits paid to shipbuilding suppliers	6,701,146	11,074,444	-	-
Advance to shipbuilding contractors	80,100	198,979	-	-
Deposits and prepayments	43,818	1,024,324	2,300	985,259
Other receivables	5,322	1,426	-	-
	<hr/> 6,830,386	<hr/> 12,299,173	<hr/> 2,300	<hr/> 985,259

Included under deposits and prepayment of the Company in the previous financial year was an amount of RM985,259 which represents payments to professionals in connection with the Company's proposed public issue of shares and listing on the Main Market of the Bursa Malaysia Securities Berhad. These payments represent costs which were directly attributable to equity transactions and was accounted for in equity as a reduction against the share premium account upon the completion of the shares issue and listing exercise during the financial year.

(iv) As at balance sheet date, the Group has significant concentration of credit risk arising from the exposures as disclosed below:

- (a) Amount due from six (2009 : six) major customers amounting to RM18,484,942 (2009: RM13,991,948) representing 90% (2009:85%) of total trade receivables.
- (b) Deposits paid of RM 4,600,816 (2009: RM7,530,281) to four (2009: five) suppliers representing 67% (2009: 61%) of total other receivables.

**11. AMOUNT DUE FROM A SUBSIDIARY**

The non-trade amount due from a subsidiary is unsecured, repayable on demand and settlement is expected to be in cash. Interest charged during the financial year was calculated at rates ranging from 2.52% to 2.66% per annum.

Notes To The Financial Statements - 31 May 2010

## 12. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	580,029	222,488	458,260	220
Singapore Dollar	10,117,416	1,811,417	–	–
United States Dollar	6,166,245	10,276,542	–	–
	16,863,690	12,310,447	458,260	220

## 13. SHARE CAPITAL

	Group and Company			
	2010		2009	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
<b>(i) Authorised</b>				
<b>Ordinary shares of RM0.50 each:</b>				
Balance at beginning of year	200,000,000	100,000,000	200,000	100,000
Increased during the year	–	–	199,800,000	99,900,000
Balance at end of year	200,000,000	100,000,000	200,000,000	100,000,000
<b>(ii) Issued and fully paid-up</b>				
<b>Ordinary shares of RM0.50 each:</b>				
Balance at beginning of year	103,002,000	51,501,000	2,000	1,000
Increased during the year	77,000,000	38,500,000	103,000,000	51,500,000
Balance at end of year	180,002,000	90,001,000	103,002,000	51,501,000

During the financial year, in conjunction with and as an integral part of its listing exercise, the issued and paid-up share capital of the Company was increased from RM 51,501,000 comprising 103,002,000 ordinary shares of RM0.50 each to RM 90,001,000 comprising 180,002,000 ordinary shares of RM0.50 each by a public issue of 77,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.90 per ordinary share, for cash consideration.

The newly issued and paid-up ordinary shares rank pari passu with the existing ordinary shares of the Company.

## Notes To The Financial Statements - 31 May 2010

**14. RESERVES**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<u>Distributable</u>				
Retained profits/(Accumulated losses)	13,824,143	5,492,619	5,742,613	(47,215)
<u>Non-distributable</u>				
Share premium	27,639,472	-	27,639,472	-
	41,463,615	5,492,619	33,382,085	(47,215)

(a) Pursuant to Section 49 of the Finance Act 2007, the Company has moved to the single tier tax system and accordingly, the Company may distribute all of its retained profits as at 31 May 2010 as single tier tax exempt dividends.

(b) Share premium

	Group and Company	
	2010 RM	2009 RM
At beginning of financial year	-	-
Premium arising from a Public Issue of 77,000,000 ordinary shares of RM0.50 each at an issue price of RM0.90 per share	30,800,000	-
Utilised for share issue and listing expenses	(3,160,528)	-
At end of financial year	27,639,472	-

Included under share issue and listing expense are fees paid to auditors for related services rendered amounting to RM176,500.

**15. TERM LOAN - SECURED**

	2010 RM	Group 2009 RM
Repayable as follows:		
Within one year		
- Included under Short Term Borrowings in current liabilities (Note 21)	296,544	283,992
Non-current liabilities		
Between one to two years	315,618	300,760
Between two to three years	335,919	318,516
Between three to four years	4,035	332,669
	655,572	951,945
	952,116	1,235,937

Term loan is repayable by 60 monthly instalments commencing from July 2008.

The other terms and conditions of term loan are disclosed in Note 21 to the financial statements.

## Notes To The Financial Statements - 31 May 2010

**16. HIRE PURCHASE PAYABLE**

	2010 RM	Group 2009 RM
Future minimum payments:		
- not later than one year	37,098	163,618
- later than one year and not later than five years	-	45,978
	37,098	209,596
Future interest charges	(394)	(6,109)
	36,704	203,487
Repayable as follows :-		
Included under Short Term Borrowings in current liabilities (Note 21)		
- not later than one year	36,704	157,950
Non-current liabilities		
- later than one year and not later than five years	-	45,537
	36,704	203,487

The effective interest rate charged on the hire purchase liability during the financial year range from 4.40% to 4.55% (2009 : 4.40% to 7.50%) per annum.

## Notes To The Financial Statements - 31 May 2010

**17. DEFERRED TAX LIABILITIES**

	Group	
	2010 RM	2009 RM
Balance at beginning of year	2,897,712	–
Amount recognised in income statement	1,603	27,769
Acquisition of a subsidiary	–	2,869,943
<b>Balance at end of year</b>	<b>2,899,315</b>	<b>2,897,712</b>

Group	As at 1.6.2009 RM	Recognised in the income statement RM	As at 31.5.2010 RM
<b>2010</b>			
<b>Deferred tax liabilities</b>			
Property, plant and equipment	1,441,118	32,042	1,473,160
Prepaid land lease payments	1,535,530	(26,026)	1,509,504
	<b>2,976,648</b>	<b>6,016</b>	<b>2,982,664</b>
<b>Deferred tax assets</b>			
Other deductible temporary differences	(78,936)	(4,413)	(83,349)

2009	As at 1.6.2008 RM	Acquisition of a subsidiary RM	Recognised in the income statement RM	As at 31.5.2009 RM
<b>Deferred tax liabilities</b>				
Property, plant and equipment	–	1,350,187	90,931	1,441,118
Prepaid land lease payments	–	1,561,556	(26,026)	1,535,530
	–	<b>2,911,743</b>	<b>64,905</b>	<b>2,976,648</b>
<b>Deferred tax assets</b>				
Other deductible temporary difference	–	(41,800)	(37,136)	(78,936)

**18. TRADE AND OTHER PAYABLES**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	28,871,530	44,392,836	–	–
Other payables and accruals	1,606,359	1,183,382	143,511	32,025
	30,477,889	45,576,218	143,511	32,025

The normal credit terms of trade payables granted to the Group range from 7 to 90 days.

The currency exposure profile of trade payables is as follows:

	Group	
	2010 RM	2009 RM
United States Dollar	11,507,222	19,415,515
Singapore Dollar	2,791,656	5,784,252
Australian Dollar	–	3,949
Euro	–	20,225
Ringgit Malaysia	14,572,652	19,168,895
	28,871,530	44,392,836

**19. AMOUNT DUE TO A SUBSIDIARY**

The non-trade amount due to a subsidiary was unsecured, interest free and had no fixed terms of repayment. This amount was fully repaid during the year.

**20. DIVIDEND PAYABLE**

Dividend payable in previous financial year represents dividend declared by the subsidiary, Tuong Aik Shipyard Sdn Bhd to its previous shareholders prior to the acquisition by the Company. The dividend was paid on 3 July 2009.

## Notes To The Financial Statements - 31 May 2010

**21. SHORT TERM BORROWINGS**

	2010 RM	Group 2009 RM
Bank overdraft	2,279,289	-
Other borrowings:		
Current portion of term loan (Note 15)	296,544	283,992
Hire purchase payable (Note 16)	36,704	157,950
Revolving credit	4,500,000	23,830,000
	4,833,248	24,271,942
	7,112,537	24,271,942

The term loan, revolving credit and bank overdraft facilities which are granted by a licensed bank to a subsidiary are secured by way of a Deed of Assignment of Contract Proceeds and Power of Attorney to cover all shipbuilding contracts/agreements financed by the lending bank and a corporate guarantee by the Company.

Interest rates charged on the bank borrowings during the financial year are as follow:

	Group's effective interest rate	
	2010 %	2009 %
Term loan	5.75 to 6.25	3.00 to 5.75
Revolving credit	4.12 to 4.58	4.05 to 5.55
Bank overdraft	6.55 to 6.80	6.50 to 6.75

**22. REVENUE AND COST OF SALES**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Revenue</b>				
Shipbuilding construction contract income	138,628,350	54,573,669	-	-
Vessel repairs and service income	1,283,181	343,050	-	-
Dividend income from a subsidiary	-	-	5,500,000	-
Dividend income from unit trust funds	202,510	-	202,510	-
	140,114,041	54,916,719	5,702,510	-

	2010 RM	Group 2009 RM
<b>Cost of sales</b>		
Cost of construction contracts	124,291,834	48,175,074
Cost of service rendered	698,691	109,530
	124,990,525	48,284,604

Notes To The Financial Statements - 31 May 2010

### 23. FINANCE COSTS

	Group	
	2010 RM	2009 RM
Interest on:		
Bank overdrafts	24,788	15,171
Bankers' acceptance and revolving credit	466,684	144,593
Hire purchase	5,551	1,670
Term loan	63,831	11,528
	560,854	172,962
Less : Included in cost of sales	(530,515)	(156,121)
	30,339	16,841

### 24. PROFIT/(LOSS) BEFORE TAXATION

(i) Profit/(Loss) before taxation is arrived at after charging:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Auditors' remuneration:				
- statutory audit				
- current year	45,967	45,000	20,000	20,000
- (over)/under provision in prior year	(10,000)	1,000	(10,000)	1,000
- other services	-	12,000	-	12,000
Depreciation of property, plant and equipment	1,385,880	295,711	85,694	-
Amortisation of prepaid land lease payment	169,014	124,254	-	-
Hire of plant and machinery	98,030	50,000	-	-
Land rental	18,000	3,000	-	-
Loss on foreign exchange:				
- realised	-	93,185	-	-
- unrealised	103,034	148,548	-	-
Loss on disposal of property, plant and equipment	-	1,289	-	-



## Notes To The Financial Statements - 31 May 2010

**24. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)**

(i) Profit/(Loss) before taxation is arrived at after charging: (Cont'd)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Property, plant and equipment written off	687	–	–	–
Preliminary expenses written off	6,874	–	–	–
Directors' remuneration (Note 24(ii))	2,121,708	119,984	283,540	–
<hr/>				
and crediting:				
Excess of fair value of net assets over cost of acquisition of a subsidiary	–	1,246,674	–	–
Dividend income from:				
- unit trust funds	202,510	–	202,510	–
- subsidiary	–	–	5,500,000	–
Gain on disposal of property, plant and equipment	107,505	–	–	–
Gain on foreign exchange				
- realised	884,866	–	–	–
Interest income from:				
- deposits with licensed bank	89,322	–	69,882	–
- subsidiary	–	–	779,261	–

(ii) Analysis of Directors' Remuneration

The details of remuneration receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Executive Directors' Remuneration</b>				
Salaries, allowances and bonus	1,771,700	107,120	130,500	–
Defined contribution plan				
- Employee Provident Fund	212,508	12,864	15,540	–
	1,984,208	119,984	146,040	–

Notes To The Financial Statements - 31 May 2010

## 24. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

(ii) Analysis of Directors' Remuneration (Cont'd)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Non-Executive Directors' Remuneration</b>				
Fees	115,000	–	115,000	–
Allowance	22,500	–	22,500	–
	137,500	–	137,500	–
Total Directors' Remuneration	2,121,708	119,984	283,540	–
Estimated value of benefits-in-kind	21,841	–	4,441	–
Total Directors' Remuneration including benefits-in-kind	2,143,549	119,984	287,981	–

## 25. TAXATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current income tax:				
Malaysian income tax	3,040,090	1,412,449	198,186	–
Overprovision in prior year	(1,969)	–	–	–
	3,038,121	1,412,449	198,186	–
Deferred tax expense resulting from origination and reversal of temporary differences:				
- Current year	49,688	27,769	–	–
- Over provision in prior year	(48,085)	–	–	–
	1,603	27,769	–	–
Tax expense	3,039,724	1,440,218	198,186	–

## Notes To The Financial Statements - 31 May 2010

**25. TAXATION (CONT'D)**

A reconciliation of tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to the tax expense at the effective income tax rate is as follows :-

	<b>Group</b>		<b>Company</b>	
	<b>2010 RM</b>	<b>2009 RM</b>	<b>2010 RM</b>	<b>2009 RM</b>
Profit/(Loss) before taxation	11,371,248	6,935,837	5,988,014	(44,215)
Taxation at applicable statutory tax rate of 25% (2009 : 25%)	2,842,812	1,733,959	1,497,004	(11,054)
Tax effect in respect of:				
- Expenses that are not deductible in determining taxable profit	297,594	14,946	126,810	11,054
- Income not subject to tax	(50,628)	(308,687)	(1,425,628)	-
Overprovision in prior year:				
- Current income tax	(1,969)	-	-	-
- Deferred tax	(48,085)	-	-	-
<b>Total tax expense</b>	<b>3,039,724</b>	<b>1,440,218</b>	<b>198,186</b>	<b>-</b>

**26. EARNINGS PER SHARE****(a) Basic**

The basic earnings per share is calculated on the Group's profit for the financial year attributable to equity holders of the Company of RM8,331,524 (2009 : RM5,495,619) and is based on the weighted number of ordinary shares outstanding during the financial year of 163,125,288 (2009 : 16,651,315).

**(b) Diluted**

Diluted earnings per share is not presented as there are no dilutive potential ordinary shares outstanding as at 31 May 2010.

**27. DIVIDEND**

In respect of the financial year ended 31 May 2010, the Directors recommend a single tier final dividend of 2 sen per ordinary share of RM0.50 each amounting to RM3,600,040. The financial statements for the current financial year do not reflect this proposed dividend. If approved by the shareholders at the forthcoming Annual General Meeting, the dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 May 2011.

Notes To The Financial Statements - 31 May 2010

## 28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised :-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances (Note 12)	16,863,690	12,310,447	458,260	220
Bank overdrafts (Note 21)	(2,279,289)	–	–	–
	14,584,401	12,310,447	458,260	220

## 29. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Staff cost:				
Salaries, wages and bonuses	4,496,940	546,409	161,992	–
Amount contributed under defined contribution plan :				
- Employees' Provident Fund contribution	489,650	51,218	19,444	–
Others	37,181	6,676	267	–
	5,023,771	604,303	181,703	–

The employees benefits expenses have been charged to the income statement under the following line items :-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Administrative expense	2,875,713	229,700	181,703	–
Cost of sales	2,148,058	374,603	–	–
	5,023,771	604,303	181,703	–

Included in employee benefits expenses of the Group and Company are remuneration paid to executive directors amounting to RM1,984,208 (2009: 119,984) and RM146,040 (2009: Nil).

## Notes To The Financial Statements - 31 May 2010

**30. SIGNIFICANT RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

- (a) Transactions with companies in which certain directors have substantial interests:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
<b>Expenditure incurred</b>		
Purchase of marine paints	9,007	241

- (b) Inter-company transactions:

	<b>Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Advances from a subsidiary	–	761,054
Advances to a subsidiary	44,848,922	–
Interest charged to a subsidiary	779,261	–

- (c) As at balance sheet date, the Group has no significant outstanding balances with its related parties other than the indebtedness between the Company and its subsidiary as follows :-

	<b>Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Amount due from a subsidiary	45,628,183	–
Amount due to a subsidiary	–	999,669

The terms and conditions of the above indebtednesses are disclosed in Notes 11 and 19.

No expense has been recognised during the financial year in respect of bad and doubtful debts due from the related parties.

- (d) Key Management Personnel Compensation

Key management personnel of the Group comprise persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and include the executive/non-executive Directors.

**30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

## (d) Key Management Personnel Compensation (Cont'd)

The remuneration of the Directors and other key management personnel for the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2010 RM</b>	<b>2009 RM</b>	<b>2010 RM</b>	<b>2009 RM</b>
<b>Executive director</b>				
Salaries, allowance, bonus and commission	1,771,700	107,120	130,500	-
Contribution to Employees Provident Fund	212,508	12,864	15,540	-
	<b>1,984,208</b>	<b>119,984</b>	<b>146,040</b>	<b>-</b>
<b>Non-executive director</b>				
Salaries and allowance	22,500	-	22,500	-
Fees	115,000	-	115,000	-
	<b>137,500</b>	<b>-</b>	<b>137,500</b>	<b>-</b>
<b>Other key management personnel</b>				
Salaries and allowance	220,500	27,000	17,610	-
Contribution to Employees Provident Fund	26,460	3,300	2,113	-
	<b>246,960</b>	<b>30,300</b>	<b>19,723</b>	<b>-</b>
<b>Total</b>	<b>2,368,668</b>	<b>150,284</b>	<b>303,263</b>	<b>-</b>

## Notes To The Financial Statements - 31 May 2010

**31. SEGMENT REPORTING**

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:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Malaysia	3,281,692	261,896
Singapore	38,918,885	19,451,832
United Arab Emirates	66,218,722	28,514,920
Bahrain	9,392,565	6,688,071
Papua New Guinea	2,778,463	-
Iran	1,165,292	-
Indonesia	18,428,304	-
	<hr/> 140,183,923	<hr/> 54,916,719

**32. CONTINGENT LIABILITIES - UNSECURED**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Estimated compensation for liquidated ascertained damages pending negotiation	934,915	-	-	-
Corporate guarantees favouring banks for facilities granted to subsidiaries				
- Facility limit	-	-	39,615,000	-
- Amount utilised	-	-	19,836,195	-

**33. CAPITAL COMMITMENT**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Approved but not contracted for	8,531,000	-

**34. FINANCIAL INSTRUMENTS - OTHER DISCLOSURES**
**(a) Maturity Profile and Effective Interest Rate Risks**

The maturity profile and effective interest rates of financial instruments exposed to interest rate risk are as follows:

Group	Maturity profile			Effective interest rate %
	Within 1 year RM	More than 1 year but less than 5 years RM	Total RM	
<b>2010</b>				
<b>Financial liabilities</b>				
Bank overdraft	2,279,289	–	2,279,289	6.55 - 6.80
Hire purchase liabilities	36,704	–	36,704	4.40 - 4.55
Revolving credits	4,500,000	–	4,500,000	4.12 - 4.58
Term loans	296,544	655,572	952,116	5.75 - 6.25
<b>2009</b>				
<b>Financial liabilities</b>				
Hire purchase liabilities	157,950	45,537	203,487	4.40 - 7.50
Revolving credits	23,830,000	–	23,830,000	4.05 - 5.55
Term loan	283,992	951,945	1,235,937	3.00 - 5.75
<b>2010</b>				
<b>Financial assets</b>				
Amount due from a subsidiary	45,628,183	–	45,628,183	2.52 - 2.66



## Notes To The Financial Statements - 31 May 2010

**34. FINANCIAL INSTRUMENTS - OTHER DISCLOSURES (CONT'D)****(b) Foreign Currency Forward Contract**

Foreign currency forward contracts outstanding as at 31 May 2010 were as follows:

<b>Group 2010</b>	<b>Amount to be received or paid RM</b>	<b>Average contract rate RM</b>	<b>Settlement period within one year RM</b>
<b>Hedged items</b>			
Trade receivables			
- USD 1,470,000	4,780,538	3.25207	4,780,538
- SGD 500,000	1,181,300	2.36260	1,181,300
Anticipated sales			
- USD 1,530,000	4,975,662	3.25207	4,975,662
Anticipated purchases			
- USD 600,328	2,020,406	3.36550	2,020,406
	<hr/> 12,957,906		<hr/> 12,957,906

There were no foreign currency forward contracts outstanding as at 31 May 2009.

**(c) Fair values**

- (i) The fair value of the investment in unit trust funds approximates to its market value as disclosed in Note 7 to the financial statements.
- (ii) The fair values of hire purchase payables and term loans approximate to their respective carrying amounts.
- (iii) The fair value of other current financial assets and liabilities of the Group at the balance sheet date approximate to their carrying amounts in the balance sheet due to the relatively short term nature of these financial instruments.

**35. SIGNIFICANT/SUBSEQUENT EVENTS**

- (i) On 28 August, 2009, the entire issued and paid-up share capital of the Company amounting to RM90,001,000 comprising 180,002,000 ordinary shares of RM0.50 each had been admitted to the Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the shares were listed and quoted on the Bursa Securities. The transactions and events which occurred in conjunction with and as an integral part of the listing exercise during the financial year were as follows:
  - (a) Public issue of 77,000,000 ordinary shares of RM0.50 each at an issue price of RM0.90 each; and
  - (b) Offer for sale of 11,000,000 ordinary shares of RM0.50 each by Datuk Lau Nai Hoh of the Company at an offer price of RM 0.90 per share to Bumiputera investors approved by the Ministry of International Trade and Industry.
- (ii) On 8 July 2010, the Company acquired the entire share capital, comprising 2 ordinary shares of RM1.00 each, of Western Realty Sdn Bhd (“WRSB”) for a total cash consideration of RM2.00. WRSB is a company incorporated in Malaysia and has not commenced any business activities. The acquisition of WRSB does not have a material impact on the financial position and results of the Group.

## Statement By Directors

We, **DATUK LAU NAI HOH** and **LAU CHOO CHIN**, being two of the directors of **TAS OFFSHORE BERHAD** do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 33 to 81 are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 May 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors.

**DATUK LAU NAI HOH**  
DIRECTOR

**LAU CHOO CHIN**  
DIRECTOR

Sibu, Sarawak  
Date: 26 August 2010

## Statutory Declaration

I, **HII CHAI HUNG**, being the officer primarily responsible for the accounting records and financial management of **TAS OFFSHORE BERHAD** do solemnly and sincerely declare that the financial statements set out on pages 33 to 81 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed at Sibu in the state of Sarawak this )  
26 August 2010 )

**HII CHAI HUNG**

Before me:

# Independent Auditors' Report

to the members of TAS Offshore Berhad

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TAS Offshore Berhad, which comprise the balance sheets as at 31 May 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 81.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

*In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2010 and of their financial performance and cash flows for the year then ended.*

Independent Auditors' Report to the members of TAS Offshore Berhad

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**FOLKS DFK & CO.**  
NO.: AF 0502  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
Date: 26 August 2010

**OUI CHEE KUN**  
NO.: 996/03/12(J/PH)  
CHARTERED ACCOUNTANT

## Landed Property of the Group

Location/ Address	Description/ existing use	Land area (Acres)	Approx. age of building (Years)	Date of revaluation	Tenure	Net book value as at 31.5.2010 (RM)
Lot 199 Block 1 Sibu Town District	Shipyards with 3-storey office, two 3-storey workers' quarters, two utility hangers cum workshop, store, 1-storey guard house and a slipway.	12.23	7	19.11.2008	Leasehold 60 years expiring in 2070	18,542,612

## Analysis Of Shareholdings

as at 1 September 2010

### SHARE CAPITAL

Authorised share capital	:	RM 100 million comprising of 200 million ordinary shares of RM0.50 each.
Issued and fully paid-up capital	:	RM 90,001,000.00 comprising of 180,002,000 ordinary shares of RM0.50 each.
Class of shares	:	Ordinary Shares of RM 0.50 each
Voting rights	:	One vote per ordinary share

### DISTRIBUTION SCHEDULE OF ORDINARY SHARES

Holdings	No. of Holders	Total Holdings	%
Less than 100 shares	4	104	0.00
100 - 1,000 shares	473	440,198	0.24
1,001 - 10,000 shares	1,909	10,425,700	5.79
10,001 - 100,000 shares	814	26,935,100	14.96
100,001 - less than 5% of issued shares	118	51,675,227	28.71
5% and above of issued shares	4	90,525,671	50.29
Total	3,322	180,002,000	100.00

### SUBSTANTIAL SHAREHOLDER

	Name	Direct Interest	%	Indirect Interest	%
1	Lau Nai Hoh	90,525,671	50.29	1,650,323 <sup>1</sup>	0.92

### Note

<sup>1</sup> Deemed interested by virtue of his spouse's and son's shareholding in the Company.

Analysis Of Shareholdings as at 1 September 2010

### 30 LARGEST SECURITIES ACCOUNTS HOLDERS

	Name	No. of Shares	%
1	Lau Nai Hoh	30,000,000	16.67
2	Lau Nai Hoh	30,000,000	16.67
3	OSK Nominees (Tempatan) Sdn Berhad - PSA for Lau Nai Hoh	20,000,000	1.11
4	Lau Nai Hoh	10,525,671	5.85
5	OSK Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Kamaruddin @ Mamat Bin Endut	4,400,000	2.44
6	Alliancegroup Nominees (Tempatan) Sdn Bhd PSA For Koh Kin Lip (8058900)	4,300,000	2.39
7	Koh Kin Lip	3,000,000	1.67
8	Ng Swee Hai	2,878,500	1.60
9	Lau Kiing Ho	2,220,900	1.23
10	Hii Sieng Teck	1,965,800	1.09
11	Hii Sieng Teck	1,367,700	0.76
12	Hii Kiong Thai	1,241,317	0.69
13	Chut Nyak Isham Bin Nyak Ariff	1,000,000	0.56
14	Mahani Binti Mansor	1,000,000	0.56
15	CIMSEC Nominees (Tempatan) Sdn.Bhd. CIMB for Chew Chee Bor (PB)	1,000,000	0.56
16	Loh Chwee Chew Mooring Services Private Limited	1,000,000	0.56
17	Pan Sarawak Holdings Sdn Bhd	900,000	0.50
18	Chen Hing Jee (Tan Hing Yee)	789,000	0.44
19	Sia Duan Heng	696,900	0.39
20	Lau Chii Hieng	653,800	0.36
21	HDM Nominees (Tempatan) Sdn Bhd - PSA For Lim Ah Kow (MO7)	624,100	0.35
22	Citigroup Nominess (Tempatan) Sdn Bhd - PSA for Chong Soong Hock (470730)	615,000	0.34
23	Pang Chong Yong	600,000	0.33
24	Yit Siew Shinng	542,800	0.30
25	Lau Chii Hieng	531,300	0.30
26	Daitti Trading Sdn Bhd	500,000	0.28
27	Chiu King Sieh @ Chiew King Sie	500,000	0.28
28	Ling Chiong Soon	461,700	0.26
29	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Iktibar Maju Sdn Bhd (Pb)	430,000	0.24
30	Lau Choo Chin	409,006	0.23



## Analysis Of Shareholdings as at 1 September 2010

**DIRECTORS' INTEREST**

	<b>Name</b>	<b>Direct Interest</b>	<b>%</b>	<b>Indirect Interest</b>	<b>%</b>
1	Lau Nai Hoh	90,525,671	50.29	1,301,317 <sup>1</sup>	0.72
2	Lau Choo Chin	409,006	0.23	40,000 <sup>2</sup>	0.02
3	Tan Sri Dato' Seri Mohd Jamil Bin Johari	10,000	0.01	0	0.00
4	Datu Haji Mohammed Sepuan Bin Anu	15,000	0.01	0	0.00
5	Ling Ka Chuan	10,000	0.01	0	0.00
6	Lau Kiing Yiing	10,000	0.01	0	0.00
		90,979,677	50.56	1,341,317	0.74

**Note**

<sup>1</sup> Deemed interested under Section 134 (12) (C) of the Act by virtue of his spouse and children's shareholding in the company.

<sup>2</sup> Deemed interested under Section 134 (12) (C) of the Act by virtue of his spouse's shareholding in the company.



# Electronic Dividend Payment (eDividend)

Date: 4 October 2010

Dear Shareholder,

Re: Electronic Dividend Payment (eDividend)

We are pleased to inform you that TAS Offshore Berhad (“the Company”) will be providing eDividend to shareholders to be implemented in the third quarter of 2010. The eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders’ bank accounts. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

## 1. Benefits of eDividend

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad (“listed issuers”) and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, unauthorized deposit of dividend cheques and option to consolidate dividends from all your CDS accounts into one bank account for better account management.

## 2. Registration for eDividend

- 2.1 Registration for eDividend commenced on 19 April 2010 for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after 18 April 2011, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”) through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained from your stock broker’s office where your CDS account is maintained, or downloaded from Bursa Malaysia’s website at <http://www.bursamalaysia.com>.

- 2.2 You need to submit to your stock broker’s office where your CDS account is maintained, the duly completed prescribed form together with the following documents for registration:-

- (a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker’s verification.

Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

- (b) Copy of your bank statement/bank savings book/details of your bank account obtained from your banks website, that has been certified by your bank or copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker’s verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

- 2.3 If you are not able to be present at your stock broker’s office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer’s Representative, a notary public and an Authorised Officer of the Malaysia Embassy/High Commission.

## Electronic Dividend Payment (eDividend)

- 2.4 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and email address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

### **3. Additional information for shareholders**

- 3.1 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purposes, you will be authorizing the disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

- 3.2 Once you have registered for eDividend, any cash dividend entitlement of which the book closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any query relating to our eDividend service, please do not hesitate to contact our share registrar, Symphony Share Registrars Sdn Bhd, at 03-7841 8000.

Thank you

Yours faithfully  
**TAS Offshore Berhad**

**Datu Haji Mohammed Sepuan Bin Anu**  
**Chairman**



# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Third Annual General Meeting of the Company will be held at the RH Hotel, Sibu, Sarawak on Tuesday 26 October 2010 at 10.00 a.m. to transact the following business:

## AGENDA

### ORDINARY BUSINESS

- 1 To receive the Audited Financial Statements of the Company for the financial year ended 31 May 2010 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
- 2 To declare a single tier final dividend of 2 sen per ordinary shares for the financial year ended 31 May 2010. **Ordinary Resolution 2**
- 3 To approve the payment of directors' fees in respect of the financial year ended 31 May 2011. **Ordinary Resolution 3**
- 4 To re-elect the following Directors retiring pursuant to Article 86 of the Company's Articles of Association, and being eligible offer themselves for re-election :-
  - (i) Mr Lau Choo Chin **Ordinary Resolution 4**
  - (ii) Mr Ling Ka Chuan **Ordinary Resolution 5**
- 5 To re-appoint Messrs. FOLKS DFK & Co. as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

### SPECIAL BUSINESS

To consider and, if thought fit, pass the Ordinary/Special Resolutions

- 6 **Authority to issue shares** **Ordinary Resolution 7**

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the Company's Articles of Association and approvals of the relevant authorities, the Directors be hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution during the preceding 12 months does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be hereby empowered to obtain approval for the listing and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."
- 7 **Proposed Purchase of Own Shares of Up to Ten Percent (10%) Of The Issued And Paid-Up Share Capital Of The Company ("Proposed Share Buy-Back")** **Ordinary Resolution 8**

"THAT subject always to the Companies Act 1965 ("the Act") rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements and any other relevant authority, the Directors of the Company be and are hereby unconditionally and generally authorized to make purchases of ordinary shares through Bursa Malaysia subject further to the following:-

  - I. the aggregate number of shares to be purchased shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company provided that the Company continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

## Notice Of Annual General Meeting

- II. the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the share premium account and/or retained profits of the Company for the time being;
- III. the Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends;

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement and finalize to give full effect to the Proposed Share Buy-Back.

AND THAT such authority conferred by this resolution will commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.”

### 8 Proposed amendment to the Articles of Association of the Company

### Special Resolution

- a) THAT the existing Article 61 of the Company’s Articles of Association be deleted in its entirety and the following new Article 61 be inserted to replace the existing Article 61:

*“Subject always to the provisions of Section 151 of the Act, no business shall be transacted at any extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, the consideration of the income statements, balance sheets and the report of the Directors and auditors, the approving of the fees of Directors, the election or re-election of Directors in place of those retiring, appointment or re-appointment of Directors, and the appointment and fixing of the remuneration of the auditors.”*

- (b) THAT the existing Article 152 (a) of the Company’s Articles of Association be deleted in its entirety and the following new Article 152(a) be inserted to replace the existing Article 152(a)

“Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the Holder or to such person and to such address as the Holder may in writing direct or paid by direct credit or bank transfer via electronic transfer of remittance to the account provided by the Holder who is named on the Register of Members and/or Record of Depositors (as the case may be). Every such cheque or warrant or electronic transfer of remittance shall be made payable to the order of the person to whom it is sent or remitted, and the payment of any such cheque or warrant or electronic transfer of remittance shall operate as a good and full discharge to the Company in respect of the dividend, interest or other money payable in cash represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon, or the instruction for the electronic transfer of remittance, has been forged. Every such cheque or warrant or electronic transfer of remittance shall be sent or remitted at the risk of the person entitled to the money thereby represented. Where the shareholders have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividend out of its accounts. No unpaid dividend or interest shall bear interest as against the Company.”

## Notice Of Annual General Meeting

- 9 To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Articles of Association of the Company.**

### **NOTICE OF DIVIDEND PAYMENT**

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Third Annual General Meeting, a single tier final dividend of 2 (two) sen per ordinary shares in respect of financial year ended 31 May 2010 will be paid to shareholders on 6 December 2010. The entitlement date for the said dividend shall be 10 November 2010.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

- (a) Share transferred into the Depositor's Securities Account before 4.00 pm on 10 November 2010 in respect of ordinary transfers, and;
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

**Pauline Kon Suk Khim** (MAICSA 7014905)  
Company Secretary

Date: 4 October 2010

#### **Notes:**

- 1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.*
- 2. *To be valid, the proxy form, duly completed must be deposited at the office of the Company at Lot 199, Jalan Sg. Ma'aw, Sungai Bidut, P. O. Box 920, 96008 Sibul, Sarawak not less than 48 hours before the time for holding the meeting or any adjournment thereof.*
- 3. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.*
- 4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- 5. *If the appointer is a corporation the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*

## Notice Of Annual General Meeting

### EXPLANATORY NOTES ON SPECIAL BUSINESS:

#### (a) Ordinary Resolution 7 – Authority to issue shares

This ordinary resolution, if passed, is a new general mandate empower the Directors of the Company from the date of this Annual General Meeting, authority to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate of ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as the Directors consider in their absolute discretion to be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next annual general meeting. With this authority, the Company will be able to raise capital from the equity market in a shorter period of time and the cost to be incurred will also be lower as the need to convene an extraordinary general meeting will be dispensed with.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to the further placing of shares, for the purpose of funding future investment project(s) working capital and/or acquisitions.

#### (b) Ordinary Resolution 8 - Proposed Purchase of Own Shares

This ordinary resolution, if passed, will empower the Directors of the Company from the date of this Annual General Meeting, authority to purchase up to ten percent (10%) of the total issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the next Annual General meeting of the Company. Please refer to the Circular to Shareholders dated 4 October 2010 for further details.

#### (c) Special resolution on Proposed Amendment to the Articles of Association of the Company

The proposed Special Resolution is to amend the Company's Articles of Association in line with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to e-Dividend and clearly specify the businesses to be transacted at general meeting.

## Statement Accompanying Notice Of Annual General Meeting

There is no person seeking election as Director of the Company at this Annual General Meeting.

**TAS OFFSHORE BERHAD**  
**(Company No 810179-T)**  
**(Incorporated in Malaysia )**

<b>No. of Shares held</b>

**PROXY FORM**

I/We, ..... of ..... being a member  
 /members of the abovenamed Company hereby appoint ..... of .....  
 ..... or failing him, ..... of ..... or \*the Chairman of  
 the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company  
 to be held at RH Hotel, Sibul, Sarawak on the Tuesday 26th day of October 2010 at 10.00 am and, at any adjournment  
 thereof for/against\* the resolutions to be proposed thereat.

Resolution No	Ordinary Business	FOR	AGAINST
Ordinary Resolution 1	To receive the Audited Financial Statements and Directors' and Auditor's Reports.		
Ordinary Resolution 2	To declare a single tier final dividend.		
Ordinary Resolution 3	To approve Directors' fees.		
Ordinary Resolution 4	To re-elect Mr Lau Choo Chin as Director.		
Ordinary Resolution 5	To re-elect Mr Ling Ka Chuan as Director.		
Ordinary Resolution 6	To re-appoint Messrs. FOLKS DFK & Co. as Auditors for the ensuing year.		
	<b>Special business</b>		
Ordinary Resolution 7	To approve the authority to issue shares pursuant to Section 132D of the Company Act, 1965.		
Ordinary Resolution 8	Proposed Purchase of Own Shares of Up to Ten Percent (10%) Of The Issued And Paid-Up Share Capital Of The Company.		
Special Resolution	Proposed amendment to the Articles of Association of the Company.		

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be casted. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

The proportions of my holdings to be presented by my \*proxy/our proxies are as follows:

	Number of shares	Percentage
First named proxy A		%
Second named proxy B		%
Total		100%

In case of a vote taken by a show of hands, the First Proxy A /Second Proxy B shall vote on \* my/our behalf. \*Strike out whichever is not desired. (unless otherwise instructed the proxy may vote as he thinks fit)

Dated this..... day of.....2010

.....  
Signature of Member(s) /Common Seal

**Notes:**

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the company.
2. To be valid, this form, duly completed must be deposited at the office of the Company at Lot 199, Jalan Sg. Ma'aw, Sungai Bidut, P. O. Box 920, 96008 Sibul, Sarawak not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.





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AFFIX  
STAMP

**THE COMPANY SECRETARY  
TAS OFFSHORE BERHAD (810179-T)**

Lot 199 Jalan Sg. Ma'aw  
Sungai Bidut  
P. O. Box 920,  
96008 Sibu, Sarawak

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