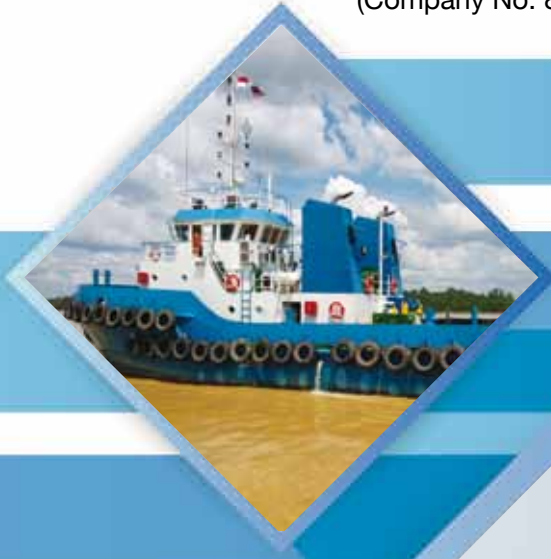




TAS OFFSHORE BERHAD
(Company No. 810179-T)



Annual Report **2015**



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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 the quality of 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, providing relevant trainings to enhance their knowledge and career advancement, and a safe and conducive working environment.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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 Ma'aw
 Sg Bidut
 96000 Sibu
 Sarawak
 Tel: 084-310211
 Fax: 084-319139
 Website: www.tasoffshore.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor
 Tel: 03-7841 8000
 Fax: 03-7841 8151

AUDITOR

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

Bank of China (Malaysia) Berhad
 Hong Leong Bank Berhad
 Public Bank Berhad
 United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
 Securities Berhad

STOCK NAME

TAS

STOCK CODE

5149



CORPORATE PROFILE

TAS Offshore At A Glance....

Well back in 1977, an enterprising young businessman 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 ship building in 1991. As the ship building 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.

On 18 March 2008, TAS Offshore Berhad was incorporated 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.

The principal business activity of TAS is shipbuilding and its 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 standards 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, harbour tugs, anchor handling tugs (AHT), anchor handling tug supply vessels (AHTS), landing craft, utility/support vessels, barges, ferries and workboats.



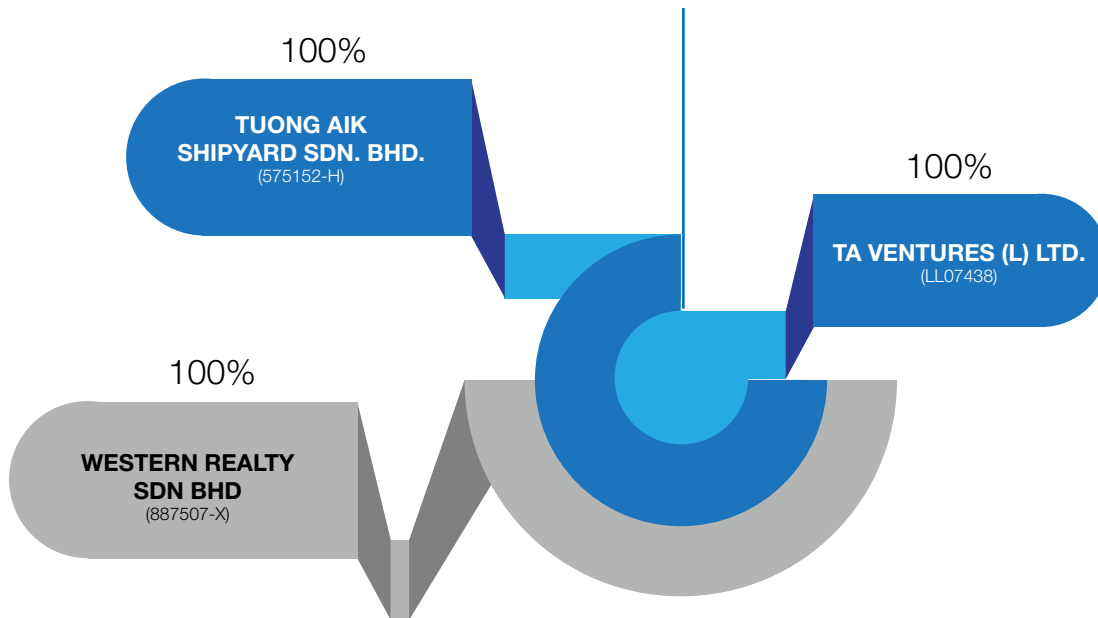
FIVE-YEAR FINANCIAL HIGHLIGHTS as at 31 May

Year	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Group Revenue & Profit					
Revenue	119,562	101,573	137,996	254,271	275,873
Profit Before Taxation	5,323	15,384	16,707	34,304	12,932
Net Profit for the Year	3,879	11,198	13,456	28,785	12,543
Equity Attributable to Owners					
Share Capital	90,001	90,001	90,001	90,001	90,001
Treasury Shares	-	(1,494)	(1,613)	(1,645)	(1,661)
Share Premium	27,639	27,639	27,639	27,639	27,639
Other Reserves	14,303	25,196	36,226	58,692	75,261
Financial Statistics					
Basic Earnings per Share (Sen)	2.15	6.34	7.65	16.37	7.13
Net Assets per Share (RM)	0.73	0.80	0.87	0.99	1.09
Gearing Ratio	0.07	0.01	0.12	0.20	0.22

CORPORATE STRUCTURE



TAS OFFSHORE BERHAD
(810179-T)



DIRECTORS' PROFILE

Datu Haji Mohammed Sepuan Bin Anu, a Malaysian aged 69, was appointed as our Independent Non-Executive Chairman on 17 July 2014. He graduated from Cranfield University of the United Kingdom in 1977 with a Bachelor of Science (Hons) in Agricultural Engineering. He started his career as an Assistant Agriculture 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 then served as the Agriculture Advisor in the Ministry of Modernisation of Agriculture Sarawak till April 2007. He was appointed as a member of the Public Services Commission Malaysia from 2011 to 2014.

He has no family relationship with any Director or major shareholder of TAS Offshore Berhad and has no conflict of interest with the Group.



**Datu Haji Mohammed Sepuan
Bin Anu**

Independent Non-Executive Chairman

Member: Audit Committee

Datuk Lau Nai Hoh, a Malaysian aged 64, is the founder of TAS Group and was appointed as our Non-Independent Group Managing Director on 18 March 2008. He was also appointed as the Non-Independent Executive Chairman on 27 January 2011 and relinquished the appointment on 17 July 2014. He has been instrumental in the growth and development of the Group. He has approximately 25 years of experience in the marine industry. He first established Tuong Aik (Sarawak) Sdn Bhd in late 1977 dealing initially with marine paint and hardware. In the early 1990s he ventured into ship repairing and shipbuilding activities and in early 2002, Tuong Aik Shipyard Sdn Bhd was established to specialise in building various types of Tugboats to cater for the needs of the mining, timber and oil and gas industries. As the 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.

He is deemed interested in the transactions entered into with the related parties, which are carried out in the ordinary course of business, as detailed in the notes to the financial statements. Except as disclosed therein, he has no personal interest in any other business arrangement with the Company.



Datuk Lau Nai Hoh

Non-Independent Managing Director

Member: Remuneration Committee

directors' profile (cont'd)

Lau Choo Chin
*Non-Independent
 Deputy Managing Director*

Lau Choo Chin, a Malaysian aged 40, 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. Before joining Tuong Aik Shipyard Sdn Bhd in 2005, he was with Tuong Aik (Sarawak) Sdn Bhd for 8 years involving with the coordination of shipbuilding activities. He has more than 17 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 used by the oil and gas industry. 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 Non-Independent Managing Director and major shareholder of TAS Offshore Berhad. As such, he is deemed interested in the transactions entered into with the related parties, which are carried out in the ordinary course of business, as detailed in the notes to the financial statements. Except as disclosed therein, he has no personal interest in any other business arrangement with the Company.



**Tan Sri Dato' Seri
 Mohd Jamil Bin Johari**
Independent Non-Executive Director
Chairman: *Nomination Committee*
Member: *Audit Committee*

Tan Sri Dato' Seri Mohd Jamil Bin Johari, a Malaysian aged 68, was appointed as our Independent Non-Executive Director effective from 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 Malaysia 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 is a member of the Board of Trustees of Yayasan Pengamanan, an NGO dedicated to matters concerning law and order issues. He is also a member of the Task Force appointed by the Enforcement Agency Independent Commission to conduct enquiry concerning death in Police Custody in Kuala Lumpur and Penang.

He has no family relationship with any Director or major shareholder of TAS Offshore Berhad and has no conflict of interest with the Group.

He is the Independent Non-Executive Chairman as well as a member of the Audit Committee of Dolomite Corporation Berhad and also holds directorship in three private limited companies.

directors' profile (cont'd)

Lau Kiing Yiing, a Malaysian aged 60, was appointed as our Independent Non-Executive Director on 1 June 2009. He graduated from the University of Canterbury, New Zealand, with a Bachelor of Commerce degree. 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 35 years of experience, he is well versed in corporate reporting, auditing and taxation matters. He also has extensive knowledge in corporate finance and restructuring work. He is currently a partner of the accounting firm, Crowe Horwath.

He has no family relationship with any Director or major shareholder of TAS Offshore Berhad and has no conflict of interest with the Group.

He is a Non-Executive Director and a member of the Audit Committee and Remuneration Committee of Hock Seng Lee Berhad.



Lau Kiing Yiing

*Senior Independent
Non-Executive Director*

Chairman: Audit Committee

Member: Remuneration and
Nomination Committees

Ling Ka Chuan, a Malaysian aged 57, 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 and has no conflict of interest with the Group.



Ling Ka Chuan

Independent Non-Executive Director

Chairman: Remuneration Committee

Member: Audit and Nomination
Committees

Note

- None of our Directors have been convicted of any offences.
- Directors' attendance at Board meetings is listed on page 16 of this Annual Report.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of TAS Offshore Berhad and its Group of Companies for the financial year ended 31 May 2015 (FYE2015).

Performance Review

TAS Group recorded a revenue of RM276 million for FYE2015, an increase of RM22 million or 9 percent as compared to RM254 million recorded for financial year ended 31 May 2014 (FYE2014). Profit before taxation for FYE2015 stood at RM12.9 million, a reduction of RM21.4 million as compared to FYE2014. For FYE2015, we registered a profit after taxation of RM12.5 million as compared to RM28.8 million reported for FYE2014. The decrease in profit was mainly due to the low profit margin derived from the sales of offshore support vessels as a consequence of the drastic fall in oil price. Despite the challenging economic conditions that prevailed during the financial year, we managed to register an earnings per share of 7.13 sen and to increase net assets per share to 108.79 sen as compared to the corresponding figures of 16.37 sen and 99.36 sen recorded for FYE2014.



*message to shareholders (cont'd)***Outlook**

The offshore support vessel (OSV) market depends highly on the price of oil. Since the drastic fall in oil price in the second half of 2014, most oil majors have scaled down their capital expenditures and also exploration and production activities. This has resulted in the reduction in demand for the OSV and lower charter rates. Demand for OSV is mainly driven by production support while that for anchor handling tug supply vessel (AHTS) is driven mainly by rig support. However, with most oil majors reducing their activities at the current oil price level, we foresee that it will take some time for the demand of these vessels to return. This sentiment is also shared by The Platou Report 2015.

A recent posting by Fuel Fix stated that the energy sector is expected to rebound, albeit at a slow rate and the price of oil is expected to rise slowly through the second half of 2015. However, it also noted that the oil price movement could be sensitive to geopolitical turmoil and other variables. Though the oil price has recovered from the low of US\$45 per barrel to current level of about US\$50 per barrel, the unwillingness of oil producing nations to reduce their production, coupled with the impending return of Iran to the oil market, we will expect, in the short term, the demand for both platform support vessels and anchor handling tug supply vessels to remain weak.

However, in the long term, we expect the oil price to recover due to the increase in demand for energy when industrial activities increase in tandem with the population growth. Thus, we are cautiously optimistic that the demand for OSV will return.

In view of this uncertain and trying times, measures have been taken to optimise our work force. The management has put in extra effort to prospect for new clients from new market segments to add to our customer base to enhance our sales growth. We are also searching for good opportunities to diversify our business activities.

We are closely monitoring the development in the oil market and will remain cautious in our business operation as the global economic climate remains challenging. The Board will continue to cautiously work towards securing better and more projects and profits for the shareholders. We remain committed to our tradition of being prudent in steering the Company to another bright and fruitful year.



message to shareholders (cont'd)**Acknowledgement**

We would like to thank our valued customers and business associates for their continuous support and guidance and we look forward to serve them better in the forthcoming year.

To our shareholders, we would like to extend our sincere thanks to each of you, for your support and confidence in us and our capabilities to continue to grow the Company.

Our sincere appreciation and gratitude also goes to the management and staff for their hard work, commitment and dedication which has resulted in the Group's satisfactory performance for the financial year ended 31 May 2015.

Datu Haji Mohammed Sepuan Bin Anu
Chairman

Lau Choo Chin
Deputy Managing Director

Lau Kiing Yiing
Director

Datuk Lau Nai Hoh
Managing Director

Tan Sri Dato' Seri Mohd Jamil Bin Johari
Director

Ling Ka Chuan
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-pronged 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 practise the policy of 'sharing with society' and promote our care for community by engaging in activities involving with the needy groups and the well-being of the community. During the year, TAS has contributed to and participated in the activities of:

- Methodist Children Home.
- Sibü Community Services Association.

On the education front, an education fund had been set up. The fund is available to the children of the employees and also other needy and deserving students to assist them in pursuing their education. During the year incentives were given to the employees' children who had performed well in their respective public examinations.

HUMAN RESOURCE

We always perceive human resource as an important factor in ensuring the success of the TAS Group. We value our employees' contribution tremendously and believe that by developing the right employees and retaining their services will help to grow the Group.

We provide 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 continuously carried out to ensure that the living conditions of the yard workers are well taken care of.

In addition, TAS also values highly 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.

We believe caring for the employees in their career developments and general welfare is a positive affirmation of showing our appreciation of their efforts.



report on corporate social responsibility (cont'd)

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 have been adopted and implemented. These health and safety policies, guidelines and procedures generally cover:

- Safety procedures to be followed at the yard including wearing of protective and safety gears by the workers.
- Undertaking by Contractors working at the yard to abide to the health and safety policies and procedures implemented.
- Occupational Health and Safety Awareness.
- Cleanliness and tidiness of workers' quarters and compound.

Internal courses on Health and Safety Awareness are conducted for office staff, yard workers and contractors.

We also conduct health and safety checks to ensure that the yard, quarters and their surrounding are well maintained and tidy at all times and that all safety equipment are operational and placed at strategic places.



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's value and the financial performance of TAS Group.

The Board subscribes to the principles and recommendations prescribed by the Malaysian Code of Corporate Governance 2012 (the 'Code') except for the recommendation that the chairman must be a non-executive member of the Board during the 2-month's period up to July 2014. On 17 July 2014 an Independent Non-Executive Director was appointed as our new Chairman.

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 recommendations 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 have 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 plays an active role in directing management in an effective and responsible manner. The Directors, collectively and individually, has a legal and fiduciary duty to act in the best interest of the Group and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability. The Board has the following major responsibilities:

- a) Establishing and reviewing the strategic direction of the Group;
- b) Overseeing the conduct of the Group's businesses to evaluate whether the business is being properly managed and sustained;
- c) Overseeing the efficiency and adequacy of the Group's risk management and internal controls system;
- d) Establishing a succession plan; including appointing, training, fixing the remuneration of and where appropriate, replacing senior management of the Group; and
- e) Ensuring the corporate governance adopted and practised are in line with the principles of transparency, accountability and integrity so as to protect and enhance shareholder's value and the financial performance of the Group.

The code of ethics adopted by the Board form an integral part of the Company's Board Charter. It is observed by all the Directors and it relies on the principles of integrity, accountability, and compliance with relevant regulatory requirements. 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 and Composition

As at the date of this statement, the Board has six (6) members, comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors. The structure of composition is consistent with the Listing Requirements and the Code which require that at least two (2) directors or one third of the Board, whichever is the higher, are independent directors.

The Directors have a wide range of technical, management, accounting and financial experience. The mix of skills and exposure is vital for the effective functioning of the Board. The Nomination Committee, pursuant to its recent annual review, is satisfied that the current size and composition of the Board is appropriate and well balanced to adequately reflect the interest of minority shareholders in the Company.

statement on corporate governance (cont'd)

The Managing Director was also the Chairman up to 17 July 2014. The Board believes that the combination of the roles of Chairman and Managing Director did not affect the independent element of the Board as the Board comprises a majority of Independent Directors to ensure balance of power and authority on the Board. The Board also believes that the Independent Non-Executive Directors are of high calibre and credibility, and have the experience, knowledge and ability to exercise independent judgement in the best interests of the Group. On 17 July 2014, an Independent Non-Executive Director was appointed as our new Chairman.

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 to 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 judgement 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.

The Board has conducted an annual assessment of the independence of its independent directors and is satisfied that the Independent Directors are independent as they fulfilled the required criteria stipulated in the Bursa Securities Listing Requirements.

The Board has identified Mr Lau Kiing Yiing as the Senior Independent Non-Executive Director. Being the Chairman of the Audit Committee, he is the most appropriate spokesperson for all Independent Non-Executive Directors as well as channel for other stakeholders to convey their concerns, if any.

Board Meeting

Board meetings are scheduled for every quarter with additional meetings convened as and when necessary. The annual Board meeting calendar is prepared and circulated to Directors at the beginning of each year so that the Directors can plan accordingly and fit the year's meetings into their respective schedules. The calendar provides the scheduled dates for meetings of the Board, Board Committees and Annual General Meeting as well as the closed period for dealings in TAS shares by Directors and principal officers.

During the financial year ended 31 May 2015, five (5) Board meetings were held. Details of attendance of Directors are set out below.

Name of Directors	Designation	Meeting Attendance
Datu Haji Mohammed Sepuan Bin Anu	Independent Non-Executive Chairman	5/5
Datuk Lau Nai Hoh	Non-Independent Executive Chairman/ Managing Director	5/5
Lau Choo Chin	Deputy Managing Director	5/5
Tan Sri Dato' Seri Mohd Jamil Bin Johari	Independent Non-Executive Director	4/5
Lau Kiing Yiing	Independent Non-Executive Director	5/5
Ling Ka Chuan	Independent Non-Executive Director	5/5

At the Board meeting, the Chairman of the Board will ensure that adequate time is given for each agenda item to be deliberated. The Chairman of the respective Board Committee will report on the deliberation at the Committee meetings held earlier. The Board ensures that its decisions as well as issues discussed before arriving at those decisions are properly documented.

*statement on corporate governance (cont'd)***Access to 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.

Besides direct access to Management, the 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 in accordance with the Company's Policy on Selection of Directors before the Nomination Committee presents the recommendation to the Board for consideration and approval.

The Nomination Committee will also consider a mix of Board members that represents a diversity of background and experience. The Company practises non-gender discrimination wherein directors are recruited based on their experience, skills, independence and diversity to meet the Company's needs.

The Company secretary will ensure that all appointments are properly made and all legal and regulatory requirements are complied with.

In the process of appointing new directors, the Company would provide an orientation and education programme for the new appointees to the Board.

Board Commitment

The Board is satisfied with the level of commitment of all the Directors which is reflected through their attendance at Board and Committee Meetings. In order to assist Directors commit their time for the Company, the annual corporate calendar will be distributed to each Director at the beginning of each year to facilitate the Directors in planning their meeting schedule for the year.

The Directors are aware they must not hold directorship in more than five (5) public listed companies. In any event, the Directors are reminded that they must inform the Company Secretary immediately of any new appointments that they accept.

*statement on corporate governance (cont'd)***Directors' Training**

All Directors have attended the Mandatory Accreditation Programme. The Directors are encouraged to attend 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.

For Financial Year 2015, the Directors have attended the following training:

Directors	Courses	Date of Attendance
Datu Haji Mohammed Sepuan Bin Anu	GST - Everything You Need To Know About Malaysian Goods & Services Tax	17 September 2014
Datuk Lau Nai Hoh	Implementation of GST	4 February 2015
Lau Choo Chin	Implementation of GST	4 February 2015
Tan Sri Dato' Seri Mohd Jamil Bin Johari	Shareholders Have Rights Too	10 March 2015
Lau Kiing Yiing	National Tax Conference 2014	12 August 2014
	Goods and Services Tax (GST) - GST Planning on Registration, Transitional Period, Implementation, Group Structures & Related Risk (Advanced Level)	11 September 2014
	Understanding and Applying the 24 Malaysian GST Tax Codes for the Preparation GST-03 Tax Return & GST Audit File (GAF)	8 October 2014
Ling Ka Chuan	GST - Everything You Need To Know About Malaysian Goods & Services Tax	17 September 2014

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 provide 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.

The Nomination Committee reviews and assesses annually the proposed reappointment and re-election of existing Directors who are seeking reappointment and re-election at the annual general meeting of the Company. The Nomination Committee will, upon review and assessment, submit its recommendation to the Board for approval before tabling such proposals to the shareholders at the annual general meeting.

The reappointment and re-election of Directors provide shareholders an opportunity to reassess the composition of the Board.

*statement on corporate governance (cont'd)***Board Committees**

The following Board Committees have been established to assist the Board in discharging its duties. These Committees report to the Board on matters deliberated and their recommendations thereon. The ultimate responsibility for the final decision, however, lies with the Board. The functions and terms of reference of the Committees as well as authority delegated by the Board to these Committees are clearly defined.

(i) Audit Committee

The Audit Committee has four (4) members, comprising entirely of Independent Non-Executive Directors. Detailed information on Audit Committee can be found in the Audit Committee section on pages 26 to 30 of this report.

(ii) Nomination Committee

The Nomination Committee has three (3) members, all of whom are Independent Non-Executive Directors. The Nomination Committee is currently made up of the following Directors:

Chairman: Tan Sri Dato' Seri Mohd Jamil Bin Johari
Independent Non-Executive Director

Members: Lau Kiing Yiing
Senior Independent Non-Executive Director

Ling Ka Chuan
Independent Non-Executive Director

The key 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, of the Board.
- To assess the effectiveness of the Board as a whole, the contribution of each Director and the Board Committees.
- To recommend to the Board for continuation the service of Executive Director(s) and Non-Executive Director(s) who are due for retirement by rotation.
- To facilitate training programmes for directors.

The activities of the Nomination Committee during the financial year were as follows:

- Reviewed the required mix of skills, experience and other qualities of the Board.
- Assessed the effectiveness of the Board as a whole, the contribution of each Director and the Board Committees.
- Recommended to the Board for continuation the service of the Directors who are due for retirement by rotation; and
- Facilitated training programmes for the Directors.

The Nomination Committee meets as and when required, and at least once a year. One meeting was held during the financial year ended 31 May 2015 and was attended by all the members.

statement on corporate governance (cont'd)

(iii) Remuneration Committee

The Remuneration Committee has three (3) members, comprising two (2) Independent Non-Executive Directors and one (1) Executive Director. The Remuneration Committee is currently made up of the following Directors:

Chairman:	Ling Ka Chuan <i>Independent Non-Executive Director</i>
Members:	Lau Kiing Yiing <i>Senior Independent Non-Executive Director</i>
	Datuk Lau Nai Hoh <i>Non-Independent Managing Director</i>

The key 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 with the Director concerned abstained from deliberation in respect of his individual remuneration.

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 (cont'd)

A summary of the remuneration of the Directors for the financial year ended 31 May 2015 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:

	Fees (RM)	Salary (RM)	Bonus (RM)	Allowance (RM)	Other Benefits (RM)	Total (RM)
Executive Directors	–	1,401,000	714,000	–	462,160	2,577,160
Non-Executive Directors	143,250	–	–	26,900	–	170,150
Total	143,250	1,401,000	714,000	26,900	462,160	2,747,310

Range of Remuneration (RM)	Executive Director	Non-Executive Director	Total
1 – 50,000	–	4	4
500,000 – 550,000	1	–	1
1,600,000 – 1,650,000	1	–	1
Total	2	4	6

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.

In this regards, the Company strictly adheres to disclosure requirements in the Listing Requirements and its internal corporate disclosure policies and procedures to ensure that material and market sensitive information are not unduly disclosed before an official announcement is made to Bursa Malaysia Securities Berhad for public release.

The Company maintains a website at www.tasoffshore.com that allows all shareholders and investors to gain access to information about the Group to encourage strengthening of effective communication and engagement with the shareholders.

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 of the financial performance and operation of the Group.

Notices of each general meeting are issued on a timely manner to all, giving the shareholders sufficient time to prepare for attendance at the meeting. In the case of special businesses, a statement explaining the effect of the proposed resolution is provided accordingly.

At the AGM, the Chairman will inform the shareholders present before proceeding with the first matter on the Agenda that any Member may demand a poll on any particular motion. In accordance to the Articles of Association of the Company, poll must be demanded before or on the declaration of the result of the show of hand.

statement on corporate governance (cont'd)

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 statements is set out below.

Internal Control and Risk Management

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 risk management and internal control is set out in the Statement on Risk Management and Internal Control on page 25.

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 26.

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 Malaysia 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 judgements 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 (cont'd)***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

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 fully utilised.

Share Buy-Backs

During the financial year and up to the date of this report a total of 190,000 of the Company's own shares were purchased and retained as treasury shares. The monthly breakdown of the shares bought back is set out below:

Month	No. of Shares	Price		Average Cost (RM)	Total Cost (RM)
		Lowest (RM)	Highest (RM)		
October 2014	10,000	0.930	0.930	0.9369	9,369
April 2015	10,000	0.695	0.695	0.7003	7,003
June 2015	40,000	0.605	0.615	0.6141	24,564
July 2015	130,000	0.595	0.610	0.6087	79,128

As at the date of this report, a total of 4,385,400 shares were held as treasury shares.

No resale of treasury shares took place during the financial year ended 31 May 2015 and up to the date of this report.

No shares were cancelled during the financial year ended 31 May 2015 and up to the date of this report.

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 RM7,000.

statement on corporate governance (cont'd)

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 2015 or entered into since the end of the previous financial year.

Variation in Results

There were no material variances between the audited results of the financial year ended 31 May 2015 and the announced unaudited results.

Recurrent Related Party Transactions

The related party transactions are disclosed on pages 88 and 89 of the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to maintain a sound system of risk management and internal control in the Group to safeguard shareholders' interest and the Group's assets. The following statement outlines the nature and scope of the risk management and internal control of the Group.

Board Responsibility

The Board of Directors is responsible for the Group's risk management and internal control system including the establishment of a control environment and framework, and reviewing the adequacy, effectiveness and integrity of the system. The system of risk management and internal control covers, inter alia, financial and operational activities, compliance controls and various risk areas identified. Because of the limitations that are inherent in any system of risk management and 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 Board recognises that as the Group grows, the system on risk management and internal control will continually need to be enhanced to suit the needs and requirements of the expanding Group.

The Board has received assurance from the Managing Director and Group Accountant that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Internal Audit

The Group has outsourced the internal audit function. To ensure independent and impartial appraisal, the Internal Auditor is given unrestricted access to all records, information, property, personnel and other relevant resources of the TAS Group. The internal audit review covers all the key functional areas and processes of the Group.

The Internal Auditor independently reviews and evaluates the adequacy and integrity of the internal controls put in place and the risk management processes, and reports the findings together with any remedial recommendations directly to the Audit Committee. The Audit Committee considers the Internal Audit Report before making necessary recommendations to improve the risk management and internal control system to the Board of Directors periodically or as and when the situation requires.

Risk Management

The Board has formalised a risk management and control framework which 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. A Risk Management Report is compiled and submitted to the Audit Committee which has been entrusted by the Board to assist its risk management responsibility. Such processes and procedures have been put in place for the financial year under review and up to the date of approval of this statement for inclusion in the Annual Report.

Each department in the Group is responsible for the identification and assessment of its significant risks. The identified risks are assessed for likelihood of the risks occurring and the effect of impact. A risk rating [from 1 (lowest risk) to 9 (highest risk)] is then accorded to each of the risk identified. The control effectiveness is considered and further risk control measures or action plans are taken to mitigate the risks to the desired level.

The above exercise is monitored by the Risk Management Working Committee and reported to the Audit Committee. 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 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.

AUDIT COMMITTEE REPORT

Chairman:

Lau Kiing Yiing

Senior Independent Non-Executive Director

Members:

Datu Haji Mohammed Sepuan Bin Anu

Independent Non-Executive Director

Tan Sri Dato' Seri Mohd Jamil Bin Johari

Independent Non-Executive Director

Ling Ka Chuan

Independent Non-Executive Director

Datu Haji Mohammed Sepuan Bin Anu was appointed as a member of Audit Committee on 17 July 2014.

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 who 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 (cont'd)***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 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 Committee is also authorised to obtain outside legal or other independent professional advice as it considers necessary.

audit committee report (cont'd)

- (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 shall 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 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 of the 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 the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (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.

audit committee report (cont'd)

- (n) To review the Statement on Risk Management and Internal Control to be published in the Annual Report.
- (o) Review and recommend the Group's 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 2015

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

Name of Director	Attendance
Lau Kiing Yiing	5/5
Datu Haji Mohammed Sepuan Bin Anu	4/4
Ling Ka Chuan	5/5
Tan Sri Dato' Seri Mohd Jamil Bin Johari	4/5

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 2015:

- (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 the External Auditors' audit fee;
- (e) Review the Statement on Risk Management and Internal Control to be published in the Annual Report;
- (f) Review of transactions with related parties by the Company and the Group;
- (g) Meeting with external auditors twice without the presence of the management;
- (h) Review or appraise the performance of the internal and external auditors before recommending their re-nomination to the Board; and
- (i) Review the Risk Management Reports from the Risk Management Working Committee and make relevant recommendation to the Board for necessary actions.

*audit committee report (cont'd)***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 involve:

- (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;
- (d) Appraising the reliability and usefulness of data and information generated for management; and
- (e) Review the Risk Management Report from the Risk Management Working Committee.

During the year, reviews of the existing internal controls covered under the audit plan revealed that they were generally satisfactory. In areas where controls were deemed inadequate, additional measures were recommended for implementation to address any weakness in the systems.

The costs incurred by the internal audit function in respect of financial year ended 31 May 2015 were RM36,000.



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 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the year attributable to owners of the Company	12,542,651	890,993

RESERVES AND PROVISIONS

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

DIVIDENDS

In respect of the financial year ended 31 May 2014, on 23 April 2014 the directors declared a single-tier interim dividend of 2 sen per ordinary share amounted to RM3,516,132 and the dividend was paid on 12 June 2014.

The directors do not recommend the payment of any dividends in respect of the current financial year ended 31 May 2015.

SHARE CAPITAL

The Company did not issue any shares or debentures during the financial year.

TREASURY SHARES

By an ordinary resolution passed at the Annual General Meeting on 10 October 2014, the shareholders of the Company renewed the directors of the Company authority to purchase its own shares up to ten percent (10%) of its issued and paid-up share capital.

During the financial year, the Company repurchased 20,000 of its issued ordinary shares of RM0.50 each which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad from the open market at an average buy-back price of RM0.8186 per share. The total consideration paid, including transaction costs, amounting to RM16,372 was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

None of the treasury shares had been sold or cancelled during the financial year. As at 31 May 2015, the Company held a total number of 4,215,400 treasury shares at a total carrying amount of RM1,661,467. Further details of the treasury shares are disclosed in Note 13 to the financial statements.

*directors' report (cont'd)***DIRECTORS OF THE COMPANY**

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

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

In accordance with Article 86 of the Company's Articles of Association, Datuk Lau Nai Hoh and Lau Kiing Yiing 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 during the financial year were as follows :-

Name of director	Number of ordinary shares of RM0.50 each			Balance at 31.05.2015
	Balance at 01.06.2014	Acquired	Disposed	
Datu Haji Mohammed Sepuan Bin Anu - Direct interest	15,000	-	-	15,000
Datuk Lau Nai Hoh - Direct interest	90,525,671	-	-	90,525,671
- Indirect interest *	1,281,317	-	-	1,281,317
Lau Choo Chin - Direct interest	409,006	-	-	409,006
- Indirect interest *	40,000	-	-	40,000
Tan Sri Dato' 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

* 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 the other wholly-owned subsidiaries of the Company, namely Tuong Aik Shipyard Sdn Bhd, Western Realty Sdn Bhd and TA Ventures (L) Ltd 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' report (cont'd)***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.

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 as disclosed in Note 28 to the financial statements.

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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance 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 allowance 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 (cont'd)***OTHER STATUTORY INFORMATION (CONT'D)**

(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.

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 : 11 August 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*as at 31 May 2015*

	Note	2015 RM	2014 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	24,810,785	26,224,028
Other investments	6	15,206,587	14,384,888
Deferred tax assets	16	17,388	13,924
		40,034,760	40,622,840
Current Assets			
Inventories	7	167,986,796	83,928,054
Amount due from contract customers	8	160,736,095	106,394,371
Trade and other receivables	9	87,693,229	102,215,879
Tax recoverable		2,851,826	40,885
Cash and bank balances	11	26,810,251	22,097,722
		446,078,197	314,676,911
Total Assets		486,112,957	355,299,751

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

*consolidated statement of financial position (cont'd)
as at 31 May 2015*

	Note	2015 RM	2014 RM
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	12	90,001,000	90,001,000
Treasury shares	13	(1,661,467)	(1,645,095)
Reserves	14	102,900,222	86,331,166
Total Equity		191,239,755	174,687,071
Non-Current Liabilities			
Retirement benefits	15	695,512	556,946
Deferred tax liabilities	16	3,044,092	2,966,699
		3,739,604	3,523,645
Current Liabilities			
Trade and other payables	17	248,800,756	136,799,746
Amount due to contract customers	8	–	730,591
Dividend payable		–	3,516,132
Tax payable		21,254	259,140
Short term borrowings :			
- Bank overdrafts	18	2,520,088	3,648,426
- Other borrowings	18	39,791,500	32,135,000
		291,133,598	177,089,035
Total Liabilities		294,873,202	180,612,680
Total Equity and Liabilities		486,112,957	355,299,751

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 May 2015

	Note	2015 RM	2014 RM
Revenue	19	275,873,486	254,270,976
Cost of sales	20	(258,551,395)	(219,082,575)
Gross profit		17,322,091	35,188,401
Other income		3,091,466	5,940,041
Administrative and other expenses		(6,622,756)	(6,554,824)
Operating profit		13,790,801	34,573,618
Finance costs	21	(858,839)	(269,316)
Profit before taxation	22	12,931,962	34,304,302
Income tax expense	24	(389,311)	(5,519,102)
Profit for the year		12,542,651	28,785,200
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects :</i>			
Net gain on changes in fair value of available-for-sale financial assets		564,268	81,877
Transferred to profit or loss on disposal of available-for-sale financial assets		(63,204)	(43,841)
Exchange gain/(loss) on translation of foreign operations		3,525,341	675,386
Total other comprehensive income for the year		4,026,405	713,422
Total comprehensive income for the year		16,569,056	29,498,622
Attributable to owners of the Company :			
- Profit for the year		12,542,651	28,785,200
- Total comprehensive income for the year		16,569,056	29,498,622
Basic earnings per share attributable to owners of the Company (Sen)	25	7.13	16.37

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 May 2015

	Attributable to Owners of the Company						Total RM
	Non-Distributable			Distributable			
Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Fair Value Adjustment Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM
2014							
Balance at 1 June 2013	90,001,000	27,639,472	(1,613,314)	94,275	(62,401)	36,194,062	152,253,094
Profit for the year	-	-	-	-	-	28,785,200	28,785,200
Net gain on changes in fair value of available-for-sale financial assets	-	-	-	38,036	-	-	38,036
Exchange gain on translation of foreign operations	-	-	-	-	675,386	-	675,386
Total comprehensive income for the year	-	-	-	38,036	675,386	28,785,200	29,498,622
Purchase of treasury shares	-	-	(31,781)	-	-	-	(31,781)
Dividends	-	-	-	-	-	(7,032,864)	(7,032,864)
Balance at 31 May 2014	90,001,000	27,639,472	(1,645,095)	132,311	612,985	57,946,398	174,687,071

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

consolidated statement of changes in equity (cont'd)
for the year ended 31 May 2015

	Attributable to Owners of the Company						Total RM
	Non-Distributable			Distributable			
Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Fair Value Adjustment Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	
2015							
Balance at 1 June 2014	90,001,000	27,639,472	(1,645,095)	132,311	612,985	57,946,398	174,687,071
Profit for the year	-	-	-	-	-	12,542,651	12,542,651
Net gain on changes in fair value of available-for-sale financial assets	-	-	-	501,064	-	-	501,064
Exchange gain on translation of foreign operations	-	-	-	-	3,525,341	-	3,525,341
Total comprehensive income for the year	-	-	-	501,064	3,525,341	12,542,651	16,569,056
Purchase of treasury shares	-	-	(16,372)	-	-	-	(16,372)
Dividends	-	-	-	-	-	-	-
Balance at 31 May 2015	90,001,000	27,639,472	(1,661,467)	633,375	4,138,326	70,489,049	191,239,755

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 May 2015

	2015 RM	2014 RM
Cash flows from operating activities		
Profit before taxation	12,931,962	34,304,302
Adjustments for :-		
Depreciation	1,747,078	1,547,035
Dividend income	(597,830)	(428,038)
Gain on disposal of available-for-sale financial assets	-	(74,580)
Loss on disposal of property, plant and equipment	-	650
Gain on changes in fair value of derivative financial liabilities	-	(36,210)
Reversal of impairment losses on trade receivables	-	(3,261,725)
Interest expense	1,231,236	1,045,771
Interest income	(234,055)	(839,779)
Defined benefit obligations	138,566	556,946
Property, plant and equipment written off	10,516	5,306
Unrealised gain on foreign exchange	(1,176,931)	(145,552)
Operating profit before working capital changes	14,050,542	32,674,126
Increase in inventories	(72,993,093)	(33,644,178)
Increase in amount due from contract customers	(42,068,390)	(52,826,800)
(Decrease)/Increase in amount due to contract customers	(730,591)	628,209
Decrease/(Increase) in trade and other receivables	21,575,331	(44,444,623)
Increase in trade and other payables	89,733,612	86,748,424
Cash generated from/(utilised in) operations	9,567,411	(10,864,842)
Interest paid	(156,244)	(243,536)
Interest received	234,055	839,779
Tax refunded	241,663	-
Tax paid	(3,608,496)	(5,517,204)
Net cash from/(used in) operating activities	6,278,389	(15,785,803)

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

*consolidated statement of cash flows (cont'd)
for the year ended 31 May 2015*

	2015 RM	2014 RM
Cash flows from investing activities		
Dividend received	597,830	428,038
Purchase of property, plant and equipment	(344,351)	(1,466,045)
Proceeds from disposal of property, plant and equipment	–	230
Purchase of available-for-sale financial assets	(3,233,257)	(8,233,275)
Proceeds from disposal of available-for-sale financial assets	2,912,621	9,218,585
Net cash used in investing activities	(67,157)	(52,467)
Cash flows from financing activities		
Dividend paid	(3,516,132)	(3,516,732)
Purchase of treasury shares	(16,372)	(31,781)
Proceeds from bankers' acceptances and revolving credits	3,571,500	15,237,000
Interests paid on bankers' acceptances and revolving credits	(1,074,992)	(952,986)
Repayment of term loan	–	(5,018)
Net cash (used in)/from financing activities	(1,035,996)	10,730,483
Net increase/(decrease) in cash and cash equivalents	5,175,236	(5,107,787)
Cash and cash equivalents at beginning of year	18,449,296	24,183,458
Effect of changes in foreign exchange rates	665,631	(626,375)
Cash and cash equivalents at end of year	24,290,163	18,449,296
Cash and cash equivalents at end of year comprised :		
Cash and bank balances (Note 11)	26,810,251	22,097,722
Bank overdrafts (Note 18)	(2,520,088)	(3,648,426)
	24,290,163	18,449,296

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

STATEMENT OF FINANCIAL POSITION

as at 31 May 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	1	1
Investments in subsidiaries	5	80,102,752	80,102,752
Other investments	6	15,206,587	14,384,888
Deferred tax assets	16	17,388	13,924
		95,326,728	94,501,565
Current Assets			
Other receivables	9	2,000	2,000
Amount due from subsidiaries	10	26,254,817	25,868,888
Tax recoverable		65,162	40,885
Cash and bank balances	11	519,384	3,826,093
		26,841,363	29,737,866
Total Assets		122,168,091	124,239,431
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	12	90,001,000	90,001,000
Treasury shares	13	(1,661,467)	(1,645,095)
Reserves	14	33,567,756	32,175,699
Total Equity		121,907,289	120,531,604
Non-Current Liabilities			
Retirement benefits	15	69,552	55,695
Current Liabilities			
Other payables	17	191,250	136,000
Dividend payable		–	3,516,132
		191,250	3,652,132
Total Liabilities		260,802	3,707,827
Total Equity and Liabilities		122,168,091	124,239,431

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 May 2015

	Note	2015 RM	2014 RM
Revenue	19	597,830	3,428,038
Other income		1,284,543	1,320,526
Administrative and other expenses		(761,867)	(804,945)
Profit before taxation	22	1,120,506	3,943,619
Income tax expense	24	(229,513)	(267,561)
Profit for the year		890,993	3,676,058
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects :</i>			
Net gain on changes in fair value of available-for-sale financial assets		564,268	81,877
Transferred to profit or loss on disposal of available- for-sale financial assets		(63,204)	(43,841)
Total other comprehensive income for the year		501,064	38,036
Total comprehensive income for the year		1,392,057	3,714,094

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 May 2015

	Attributable to Owners of the Company				Distributable		Total RM
	Non-Distributable		Fair Value		Retained	Profits	
Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Adjustment Reserve RM	Profits RM	RM	RM
2014							
Balance at 1 June 2013	90,001,000	27,639,472	(1,613,314)	94,275	7,760,722	123,882,155	
Profit for the year	-	-	-	-	3,676,058	3,676,058	
Net gain on changes in fair value of available-for-sale financial assets	-	-	-	38,036	-	38,036	
Total comprehensive income for the year	-	-	-	38,036	3,676,058	3,714,094	
Purchase of treasury shares	-	-	(31,781)	-	-	(31,781)	
Dividends	-	-	-	-	(7,032,864)	(7,032,864)	
Balance at 31 May 2014	90,001,000	27,639,472	(1,645,095)	132,311	4,403,916	120,531,604	
2015							
Balance at 1 June 2014	90,001,000	27,639,472	(1,645,095)	132,311	4,403,916	120,531,604	
Profit for the year	-	-	-	-	890,993	890,993	
Net gain on changes in fair value of available-for-sale financial assets	-	-	-	501,064	-	501,064	
Total comprehensive income for the year	-	-	-	501,064	890,993	1,392,057	
Purchase of treasury shares	-	-	(16,372)	-	-	(16,372)	
Dividends	-	-	-	-	-	-	
Balance at 31 May 2015	90,001,000	27,639,472	(1,661,467)	633,375	5,294,909	121,907,289	

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

STATEMENT OF CASH FLOWS

for the year ended 31 May 2015

	2015 RM	2014 RM
Cash flows from operating activities		
Profit before taxation	1,120,506	3,943,619
Adjustments for :-		
Depreciation	-	85,693
Dividend income from :		
- unit trust funds	(597,830)	(428,038)
- a subsidiary	-	(3,000,000)
Gain on disposal of available-for-sale financial assets	-	(74,580)
Unrealised gain on foreign exchange	-	(3,679)
Interest income	(1,257,435)	(1,242,267)
Defined benefit obligations	13,857	55,695
Operating loss before working capital changes	(720,902)	(663,557)
Increase in payables	55,250	-
Cash utilised in operations	(665,652)	(663,557)
Interest received	1,257,435	1,242,267
Tax paid	(300,000)	(399,154)
Tax refunded	42,747	-
Net cash from operating activities	334,530	179,556
Cash flows from investing activities		
Net advances to subsidiaries	(385,929)	(429,575)
Dividend received	597,830	6,428,038
Purchase of available-for-sale financial assets	(3,233,257)	(8,233,275)
Proceeds from disposal of available-for-sale financial assets	2,912,621	9,218,585
Net cash (used in)/from investing activities	(108,735)	6,983,773
Cash flows from financing activities		
Dividend paid	(3,516,132)	(3,516,732)
Purchase of treasury shares	(16,372)	(31,781)
Net cash used in financing activities	(3,532,504)	(3,548,513)
Net (decrease)/increase in cash and cash equivalents	(3,306,709)	3,614,816
Cash and cash equivalents at beginning of year	3,826,093	211,277
Cash and cash equivalents at end of year	519,384	3,826,093
Cash and cash equivalents at end of year comprised :		
Cash and bank balances (Note 11)	519,384	3,826,093

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 May 2015

1. GENERAL INFORMATION

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

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

These financial statements comprise the consolidated financial statements and the financial statements of the Company and they are presented in Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors on 11 August 2015.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of a number of amendments to MFRSs and a new Issues Committee ("IC") Interpretation as disclosed in Note 2.2 below.

2.2 Application of Amendments to MFRSs and a new IC Interpretation

During the financial year, the Group and the Company have applied the following amendments to MFRSs and a new IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 June 2014 :-

Amendments to MFRS 10, MFRS 12 and MFRS 127 - Investment Entities
 Amendments to MFRS 132 - Offsetting Financial Assets and Financial Liabilities
 Amendments to MFRS 136 - Recoverable Amount Disclosures For Non-Financial Assets
 Amendments to MFRS 139 - Novation of Derivatives and Continuation of Hedge Accounting
 IC Interpretation 21, Levies

(a) Amendments to MFRS 10, MFRS 12 and MFRS 127 - Investment Entities

The Amendments to MFRS 10 define an investment entity and require an entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in accordance with MFRS 139, Financial Instruments : Recognition and Measurement in its consolidated and separate financial statements. Consequently, the Amendments also introduce new disclosure requirements for investment entities in MFRS 12, Disclosure of Interests in Other Entities and MFRS 127, Separate Financial Statements.

The Amendments to MFRS 10, MFRS 12 and MFRS 127 have been applied prospectively and as the Company is not an investment entity, the application of the Amendments has no impact on the disclosures or the amounts recognised in the Group's and in the Company's financial statements.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Application of Amendments to MFRSs and a new IC Interpretation (Cont'd)****(b) Amendments to MFRS 132 - Offsetting Financial Assets and Financial Liabilities**

The Amendments clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the Amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The Amendments have been applied retrospectively and the application has no impact on the disclosures or the amounts recognised in the Group's and in the Company's financial statements.

(c) Amendments to MFRS 136 - Recoverable Amount Disclosures for Non-Financial Assets

The Amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") containing goodwill or other intangible assets with indefinite useful lives when there has been no impairment or reversal of impairment of the related CGU. The Amendments also introduce additional disclosure requirements which are applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by MFRS 13, Fair Value Measurement.

The Amendments have been applied retrospectively and the application has no impact on the disclosures in the Group's and in the Company's financial statements.

(d) Amendments to MFRS 139 - Novation of Derivatives and Continuation of Hedge Accounting

The Amendments introduce a narrow-scope exception to the requirement for the discontinuation of hedge accounting in MFRS 139, Financial Instruments : Recognition and Measurement. Specifically, the Amendments provide relief from discontinuing hedge accounting when a novation of a derivative as a hedging instrument meets certain criteria.

The Amendments have been applied retrospectively and the application has no impact on the disclosures or the amounts recognised in the Group's and in the Company's financial statements.

(e) IC Interpretation 21, Levies

IC Interpretation 21 is an interpretation of MFRS 137, Provisions, Contingent Liabilities and Contingent Assets on the accounting for levies imposed by governments. MFRS 137 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event which is known as an obligating event. The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The Interpretation has been applied retrospectively and the application has no impact on the disclosures or the amounts recognised in the Group's and in the Company's financial statements.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3 New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective**

The Group and the Company have not early adopted the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 119 - Defined Benefit Plans : Employee Contributions
 Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2010 - 2012 Cycle"
 Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2011 - 2013 Cycle"

Effective for annual periods beginning on or after 1 January 2016

MFRS 14, Regulatory Deferral Accounts
 Amendments to MFRS 10, MFRS 12 and MFRS 128 - Investment Entities : Applying the Consolidation Exception
 Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 Amendments to MFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
 Amendments to MFRS 101 - Disclosure Initiative
 Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
 Amendments to MFRS 116 and MFRS 141 - Agriculture : Bearer Plants
 Amendments to MFRS 127 - Equity Method in Separate Financial Statements
 Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2012 - 2014 Cycle"

Effective for annual periods beginning on or after 1 January 2017

MFRS 15, Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018

MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

The Group and the Company will apply the above new MFRSs and amendments that are applicable once they become effective. The main features of these standards and amendments are summarised below :-

(a) Amendments to MFRS 119, Defined Benefit Plans : Employee Contributions

The Amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of the service cost in the period in which the related service is rendered.

If the amount of contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit i.e. either based on the plan's contribution formula or on a straight-line basis.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3 New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective (Cont'd)****(b) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation**

The Amendments provide additional guidance on how depreciation of property, plant and equipment and amortisation of intangible assets should be calculated.

MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The Amendments to MFRS 116 prohibit revenue-based depreciation on the basis that revenue does not reflect the way in which an item of property, plant and equipment is used or consumed. The Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on revenue generated by an activity that includes the use of an intangible asset is inappropriate. The presumption can be overcome only in the limited circumstances (i) in which the intangible asset is expressed as a measure of revenue i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or (ii) when it can be demonstrated that revenue and the consumption of the economic benefits of intangible asset are highly correlated.

(c) MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 111, MFRS 118 and the related IC Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps :-

Step 1	Identify the contract(s) with a customer
Step 2	Identify the performance obligations in the contract
Step 3	Determine the transaction price
Step 4	Allocate the transaction price to the performance obligations in the contract
Step 5	Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. MFRS 15 also requires more extensive disclosures.

(d) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

The Standard replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3 New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective (Cont'd)****(d) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014) (Cont'd)**

The key enhancements of MFRS 9 are :

- Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of both an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets under MFRS 139 had been replaced.
- Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9, except for the measurement of financial liabilities designated as at FVTPL. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss. However, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. Under MFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139 i.e. fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. MFRS 9 incorporates a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedge items and hedging instruments respectively.

The initial application of MFRS 9 and MFRS 15 may have an impact on the financial statements of the Group and of the Company. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed. The initial application of other new MFRSs and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and of the Company.

2.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.4 Basis of Consolidation (Cont'd)**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group :

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, 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. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

2.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.5 Business Combinations (Cont'd)**

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

2.6 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any 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 non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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.

2.7 Foreign Currencies**2.7.1 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 i.e. the entity's functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.7.2 Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when 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 profit or loss.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.7 Foreign Currencies (Cont'd)****2.7.2 Foreign currency transactions and balances (Cont'd)**

Exchange differences arising on the translation of foreign currency non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are recognised to other comprehensive income.

2.7.3 Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows :-

- (a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- (c) All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under foreign currency translation reserve will be reclassified to profit or loss.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.8 Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets. On disposal of such investments, the difference between the net disposal proceeds and the net carrying value of the investments is recognised as a gain or loss on disposal in the Company's profit or loss.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.9 Property, Plant and Equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated 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 recognised in profit or loss during the financial period in which they are incurred.

Capital work-in-progress is not amortised. Leasehold land is amortised on a straight line basis over the remaining lease period of 60 years. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The estimated useful lives of the Group's property, plant and equipment are as follows :-

Buildings and workers' quarters	10 to 50 years
Office furniture, fittings and equipment	5 to 10 years
Plant and machinery	5 to 10 years
Motor vehicles	5 years
Slipway and jetty	10 years

The residual values and useful lives of assets are reviewed at each financial year end with the effect of any changes in estimate accounted for on a prospective basis. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial 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 profit or loss.

2.10 Non-current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets or disposal groups (other than deferred tax assets, financial assets and inventories) are measured at the lower of their carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.11 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories, assets arising from construction contracts, deferred tax assets and non-current assets or disposal groups held for sale) are reviewed for impairment at the end of each reporting period 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. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.11 Impairment of Non-Financial Assets (Cont'd)**

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill arising from a business combination allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal 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 recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.12 Construction Contracts**2.12.1 Revenue and expense recognition**

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised over the period of the contract as revenue and expenses respectively using the percentage of completion method, determined by reference to surveys of work performed or to the proportion that contract costs incurred for work performed to-date bear to the estimated total costs for the contract, where appropriate.

When the outcome of a construction contract cannot be ascertained reliably, contract revenue is recognised only to the extent of contract costs incurred that are estimated to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

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

2.12.2 Gross amount due from/(to) customers for contract work

Amount due from/(to) customers for contract work is the net amount of cost incurred for construction contracts-in-progress plus profit attributable to contracts-in-progress less foreseeable losses, if any, and progress billings. Contract costs incurred to-date include costs directly related to the contract or attributable to contract activities in general and costs specifically chargeable to the customers under the terms of the contract.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.13 Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost of raw materials and consumables comprise the original costs of purchase and incidental costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress, cost include costs of direct materials, direct labour and attributable production overheads.

The cost of raw materials and consumables is determined using the weighted average cost method whereas cost of work-in-progress and completed vessels is determined using specific identification of their individual costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.14.1 Classification and measurement

Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are classified into the following specified categories depending on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when the financial assets are either held for trading or designated as such upon initial recognition.

A financial asset is classified as held for trading if :-

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.14 Financial Assets (Cont'd)****2.14.1 Classification and measurement (Cont'd)****(a) Financial assets at fair value through profit or loss (Cont'd)**

After initial recognition, financial assets at fair value through profit or loss are measured at fair value with any gains or losses arising from change in fair value recognised in profit or loss. The net gains or losses do not include any exchange differences, dividend or interest earned on the financial asset. Exchange differences, dividend and interest earned on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment losses.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment losses. A gain or loss is recognised in profit or loss when the held-to-maturity investment is derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and other receivables and cash and cash equivalents (other than bank overdrafts) are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any impairment losses. Gains and losses are recognised in profit or loss when loans and receivables are derecognised or impaired, and through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or at fair value through profit or loss. Available-for-sale financial assets comprise quoted and unquoted equity and debt instruments that are not held for trading.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.14 Financial Assets (Cont'd)****2.14.1 Classification and measurement (Cont'd)****(d) Available-for-sale financial assets (Cont'd)**

Subsequent to initial recognition, quoted equity and debt instruments are measured at fair value and investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. A gain or loss from changes in fair value is recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on an equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

2.14.2 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than financial assets at fair value through profit or loss, is impaired. Financial assets are considered to be impaired when objective evidence indicates that a loss event has occurred after the initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For quoted equity instrument, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

An amount of impairment loss in respect of financial assets measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate i.e. the effective rate computed at initial recognition. The carrying amount of the asset is reduced through an allowance account. The amount of loss is recognised in profit or loss.

If in a subsequent period the amount of the impairment loss on financial assets measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed its amortised cost had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

When an available-for-sale financial asset is impaired, the cumulative loss in relation to decline in fair value previously recognised in other comprehensive income is reclassified from equity and recognised in profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified is the difference between the acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. Increase in fair value, if any, subsequent to the impairment loss, is recognised in other comprehensive income.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.14 Financial Assets (Cont'd)****2.14.2 Impairment of financial assets (Cont'd)**

If the fair value of a debt instrument classified as available-for-sale, increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed with the amount of the reversal is recognised in profit or loss.

An amount of impairment loss in respect of financial assets carried at cost is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.14.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual right to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.15 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits with licensed banks, bank overdrafts and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The statements of cash flows are prepared using the indirect method.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2.14.1(c).

2.16 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 reporting date are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

2.17 Treasury Shares

Shares repurchased by the Company are held as treasury shares and are measured and carried at the cost of purchase. Treasury shares are presented in the financial statements as a set-off against equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Should such shares be re-issued by re-sale in the open market, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity. Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable retained profits or both.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.18 Financial Liabilities**

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

2.18.1 Classification and measurement

Financial liabilities are initially measured at fair value plus, in the case of other financial liabilities, directly attributable transaction costs.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured is measured at cost.

(b) Other financial liabilities

All financial liabilities other than those categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Other financial liabilities of the Group comprise trade and other payables, loans and borrowings.

A gain or loss on other financial liabilities is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.18 Financial Liabilities (Cont'd)****2.18.2 Derecognition of financial liabilities**

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability is substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in profit or loss.

2.19 Offsetting Financial Instruments

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

2.20 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are amortised in profit or loss using the straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made in accordance with MFRS 137, Provisions, Contingent Liabilities and Contingent Assets. If the carrying amount of the financial guarantee is lower than the obligation estimated, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2.21 Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments such as foreign exchange forward contracts to manage its exposure to foreign currency risks.

Derivatives are initially recognised at fair value at the date the derivative contract is entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset and derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group has not designated any derivatives as hedging instruments.

Embedded derivatives

Derivatives embedded in financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.22 Employee Benefits****2.22.1 Short-term employee benefits**

Wages, salaries and social security contributions, paid annual and sick leave, bonuses and non-monetary benefits are recognised as an expense in profit or loss or included in the costs of assets, where applicable, in the period in which the associated services are rendered by employees of the Group.

2.22.2 Post-employment benefits**(a) Defined contribution plans**

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are recognised as an expense in profit or loss in the period to which the contributions relate or included in the costs of assets, where applicable.

(b) Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans and under which the pension benefits payable to employees are usually determined by reference to employee's earning and/or length of service.

The Group operates an unfunded defined benefit final salary plan for eligible employees.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date together with adjustments for actuarial gains or losses and past service cost. The present value of the defined benefit obligation is determined on an annual basis by independent qualified actuaries using the Projected Unit Credit Method.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise and will not be reclassified to profit or loss.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service cost is recognised as an expense in profit or loss in the period of a plan amendment or curtailment.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.22 Employee Benefits (Cont'd)****2.22.3 Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

2.23 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.

2.24 Income Taxes

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities 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 the end of each reporting period 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 end of the reporting period are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.25 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of qualifying assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation.

2.26 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or rendering of services in the ordinary course of the Group's activities. Revenue is recognised when it can be measured reliably and to the extent that it is probable that the economic benefits associated to the transactions will flow to the Group. The following specific recognition criteria must also be met before revenue is recognised :-

(a) Ship construction contract income

Revenue from construction contracts is recognised using the percentage of completion method as described in Note 2.12.1.

Revenue relating to sale of completed vessels is recognised upon the transfer of significant risks and rewards of ownership to the buyer of the goods, net of discounts and returns. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Vessel repair and service income

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

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Dividend income

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

2.27 Earnings Per Share

Basic EPS is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of treasury shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of treasury shares held, for the effects of all dilutive potential ordinary shares.

*notes to the financial statements (cont'd)***2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.28 Operating Segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed by the chief operating decision maker i.e. the Group Managing Director who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

2.29 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :-

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires management 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 management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant judgements made in the process of applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management is of the opinion that any instances of application of judgement are not expected to have 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 (cont'd)***3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)****(b) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that 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 profit or loss 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 property, plant and equipment

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.

(iv) Impairment losses on trade receivables

The Group makes an allowance for impairment losses based on assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of debtors to settle debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables.

(v) Estimation of net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The net realisable values are assessed based on the management's best estimate of the latest selling prices after taking into consideration of the economic condition relevant to the industry and/or pricing of similar assets transacted by the Group and other industry players subsequent to the reporting period. However, factors such as demand levels, technological advances and pricing competition may cause changes to the original estimate and which will impact the carrying amount of inventories. The carrying amount of the Group's inventories as at 31 May 2015 was approximately RM167,986,796 (2014 : RM83,928,054).

notes to the financial statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	2015	Long term leasehold land RM	Building and workers' quarters RM	Plant and machinery RM	Motor vehicles RM	Slipway and jetty RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
Cost									
Balance at 1 June 2014	10,958,668	11,370,491	7,688,172	2,011,579	3,647,287	868,436	3,607,228	40,151,861	
Additions	-	2,600	10,297	-	-	41,645	289,809	344,351	
Write-off	-	-	-	-	-	(22,911)	-	(22,911)	
Transfers	-	-	3,897,037	-	-	-	(3,897,037)	-	
Balance at 31 May 2015	10,958,668	11,373,091	11,595,506	2,011,579	3,647,287	887,170	-	40,473,301	
Accumulated depreciation									
Balance at 1 June 2014	1,831,897	2,488,014	3,963,345	2,011,566	2,985,164	647,847	-	13,927,833	
Charge for the year	168,900	220,238	1,190,843	-	95,954	71,143	-	1,747,078	
Write-off	-	-	-	-	-	(12,395)	-	(12,395)	
Balance at 31 May 2015	2,000,797	2,708,252	5,154,188	2,011,566	3,081,118	706,595	-	15,662,516	
Net book value as at 31 May 2015	8,957,871	8,664,839	6,441,318	13	566,169	180,575	-	24,810,785	

notes to the financial statements (cont'd)

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

Group (Cont'd)

2014	Long term leasehold land RM	Building and workers' quarters RM	Plant and machinery RM	Motor vehicles RM	Slipway and jetty RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
Cost								
Balance at 1 June 2013	10,958,668	11,336,244	6,344,996	2,011,579	3,337,687	862,032	3,869,532	38,720,738
Additions	-	34,247	301,090	-	309,600	41,326	779,782	1,466,045
Disposals/Write off	-	-	-	-	-	(34,922)	-	(34,922)
Transfers	-	-	1,042,086	-	-	-	(1,042,086)	-
Balance at 31 May 2014	10,958,668	11,370,491	7,688,172	2,011,579	3,647,287	868,436	3,607,228	40,151,861
Accumulated depreciation								
Balance at 1 June 2013	1,662,882	2,267,842	3,153,414	1,855,911	2,870,556	598,929	-	12,409,534
Charge for the year	169,015	220,172	809,931	155,655	114,608	77,654	-	1,547,035
Disposals/Write off	-	-	-	-	-	(28,736)	-	(28,736)
Balance at 31 May 2014	1,831,897	2,488,014	3,963,345	2,011,566	2,985,164	647,847	-	13,927,833
Net book value as at 31 May 2014	9,126,771	8,882,477	3,724,827	13	662,123	220,589	3,607,228	26,224,028

notes to the financial statements (cont'd)

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

Company

	Motor vehicle	
	2015 RM	2014 RM
Cost		
At beginning and at end of year	428,470	428,470
Accumulated depreciation		
Balance at beginning of year	428,469	342,776
Charge for the year	–	85,693
Balance at end of year	428,469	428,469
Net book value as at 31 May	1	1

Depreciation is charged to the profit or loss under the following line items :-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Administrative expenses	197,097	411,968	–	85,693
Cost of sales	1,549,981	1,135,067	–	–
	1,747,078	1,547,035	–	85,693

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	80,102,752	80,102,752

Details of the subsidiaries are as follows :-

Name of company	Principal activities	Country of incorporation	Effective equity interest (%)	
			2015	2014
Tuong Aik Shipyard Sdn. Bhd. *	Shipbuilding and provision of ship repairs and maintenance services	Malaysia	100	100
TA Ventures (L) Ltd.	Shipbuilding outside Malaysia	Malaysia	100	100
Western Realty Sdn. Bhd. *	Property investment and property development activities - dormant during the financial year	Malaysia	100	100

* Not audited by Folks DFK & Co.

*notes to the financial statements (cont'd)***6. OTHER INVESTMENTS**

	Group and Company	
	2015	2014
	RM	RM
Available-for-sale financial assets		
Unit trust, at fair value	15,206,587	14,384,888
<hr/>		
Market value of unit trust	15,206,587	14,384,888
<hr/>		

7. INVENTORIES

	Group	
	2015	2014
	RM	RM
At cost		
Raw material and consumable stores	5,534,088	6,234,672
Work-in-progress - vessels under construction	86,490,809	76,625,803
Completed vessels	75,848,951	–
Goods-in-transit	112,948	1,067,579
<hr/>		
	167,986,796	83,928,054
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The costs of vessels under construction in previous financial year include an interest expense incurred of RM150,751.

8. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2015	2014
	RM	RM
Contract costs incurred to-date	197,012,843	147,181,292
Attributable profits	18,282,399	18,293,953
<hr/>		
Progress billings	215,295,242 (54,559,147)	165,475,245 (59,811,465)
<hr/>		
	160,736,095	105,663,780
<hr/>		
Represented by :-		
Amount due from contract customers	160,736,095	106,394,371
Amount due to contract customers	–	(730,591)
<hr/>		
	160,736,095	105,663,780
<hr/>		

notes to the financial statements (cont'd)

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables	52,840,920	89,057,628	–	–
Other receivables, deposits and prepayments	34,852,309	13,158,251	2,000	2,000
	87,693,229	102,215,879	2,000	2,000

- (a) The normal credit period of trade receivables relating to ship repairing is 60 days (2014 : 60 days). In respect of shipbuilding contracts, the debts arising are to be settled within a period of 7 to 15 days (2014 : 7 to 15 days) from the date the billings are rendered. Other credit terms are assessed and approved on a case-by-case basis.
- (b) Ageing analysis

The ageing analysis of trade receivables as at end of the reporting period is as follows :-

Group

	Gross RM	Individual impairment RM	Net RM
2015			
Not past due	34,409,242	–	34,409,242
0 to 30 days past due	188,768	–	188,768
31 to 120 days past due	8,371,511	–	8,371,511
More than 120 days past due	9,871,399	–	9,871,399
	52,840,920	–	52,840,920

	Gross RM	Individual impairment RM	Net RM
2014			
Not past due	41,779,609	–	41,779,609
0 to 30 days past due	1,473,929	–	1,473,929
31 to 120 days past due	5,896,450	–	5,896,450
More than 120 days past due	39,907,640	–	39,907,640
	89,057,628	–	89,057,628

Trade receivables that are not impaired are considered to be creditworthy and are able to settle their debts.

The Group does not hold any collateral as security for the trade receivables as at the end of the reporting period.

During the financial year, the Group has not renegotiated the terms of any trade receivables.

*notes to the financial statements (cont'd)***9. TRADE AND OTHER RECEIVABLES (CONT'D)**

- (c) The movements of allowance for impairment losses on trade receivables during the financial year are as follows :-

	Group	
	2015 RM	2014 RM
Balance at beginning of year	–	3,261,725
Reversal of impairment losses	–	(3,261,725)
Balance at end of year	–	–

- (d) The carrying amounts of the Group's trade receivables are denominated in the following currencies :-

	Group	
	2015 RM	2014 RM
Ringgit Malaysia	10,219,514	1,829,516
United States Dollar	34,948,015	72,716,421
Singapore Dollar	7,673,391	14,511,691
	52,840,920	89,057,628

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deposits paid to shipbuilding suppliers and contractors	34,227,745	12,371,540	–	–
Advances to shipbuilding contractors	437,655	722,630	–	–
Sundry deposits	12,068	7,035	2,000	2,000
Prepayments	64,072	57,046	–	–
Other receivables	110,769	–	–	–
	34,852,309	13,158,251	2,000	2,000

Deposits paid to shipbuilding suppliers and contractors

These comprise deposits paid to suppliers for purchase of materials and equipment and initial payments paid to contractors in accordance with the terms of shipbuilding contracts.

Such deposits will be used to offset against the costs of materials or contract services provided by the suppliers or contractors.

notes to the financial statements (cont'd)

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(e) Other receivables, deposits and prepayment are analysed as follows :- (cont'd)

Advances to shipbuilding contractors

These advances are made to shipbuilding contractors for the purpose of procurement of materials and equipment under the terms of the shipbuilding contracts. The amounts are unsecured, interest free and will be progressively deducted from the billings or claims made by the shipbuilding contractors over the duration of the contracts.

(f) Other receivables of the Group and of the Company are denominated in the following currencies :-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Ringgit Malaysia	1,057,329	1,652,418	2,000	2,000
United States Dollar	32,964,661	10,590,885	–	–
Singapore Dollar	151,750	180,802	–	–
Japanese Yen	76,452	448,006	–	–
Euro	602,117	286,140	–	–
	34,852,309	13,158,251	2,000	2,000

10. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Interest bearing	19,300,000	19,700,000
Non-interest bearing	6,954,817	6,168,888
	26,254,817	25,868,888

The amounts due from subsidiaries are denominated in the following currencies :-

	Company	
	2015 RM	2014 RM
Ringgit Malaysia	26,254,817	25,719,569
United States Dollar	–	149,319
	26,254,817	25,868,888

The amounts due from subsidiaries are non-trade in nature, unsecured, repayable on demand and settlement is expected to be in cash.

Interest charged on interest bearing amount due from subsidiaries during the financial year was calculated at rates ranging from 5.71% to 7.85% (2014 : 5.31% to 7.60%) per annum.

*notes to the financial statements (cont'd)***11. CASH AND BANK BALANCES**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash in hand	36,290	46,695	2,744	1,981
Cash at banks	26,773,961	22,051,027	516,640	3,824,112
	26,810,251	22,097,722	519,384	3,826,093

The Group's and the Company's cash and bank balances are denominated in the following currencies :-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Ringgit Malaysia	803,647	3,976,840	519,384	3,826,093
United States Dollar	25,538,461	10,910,728	–	–
Singapore Dollar	439,189	7,169,683	–	–
Chinese Yuan Renminbi	26,539	37,771	–	–
Euro	2,415	2,700	–	–
	26,810,251	22,097,722	519,384	3,826,093

The effective interest rate of the Group's and the Company's cash in a current account amounting to RM347,088 (2014 : RM3,654,335) as at the end of the reporting period is 2% (2014 : 2%).

12. SHARE CAPITAL

	Group and Company	
	2015	2014
(a) Authorised ordinary shares of RM0.50 each		
Balance at beginning and at end of year :		
- Number of shares	200,000,000	200,000,000
- Nominal value (RM)	100,000,000	100,000,000
(b) Issued and fully paid-up ordinary shares of RM0.50 each		
Balance at beginning and at end of year :		
- Number of shares	180,002,000	180,002,000
- Nominal value (RM)	90,001,000	90,001,000

*notes to the financial statements (cont'd)***13. TREASURY SHARES**

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 10 October 2014, had renewed the approval granted to the Company to buy back its own shares up to 10% of the total issued and paid-up share capital of the Company.

The balance comprised the cost of treasury shares acquired as at end of the reporting period.

The movements in treasury shares are as follows :-

	Number of treasury shares	Cost RM	Average cost per share RM
Balance at 1 June 2013	4,165,400	1,613,314	0.387
Repurchased during the financial year	30,000	31,781	1.059
Balance at 31 May 2014 / 1 June 2014	4,195,400	1,645,095	0.392
Repurchased during the financial year	20,000	16,372	0.819
Balance at 31 May 2015	4,215,400	1,661,467	0.394

The total consideration paid during the financial year for repurchase transactions include transaction costs and which was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares were sold or cancelled during the financial year.

The number of shares in issue after the share buy-back is 175,786,600 (2014 : 175,806,600) ordinary shares of RM0.50 each.

14. RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Distributable				
Retained profits	70,489,049	57,946,398	5,294,909	4,403,916
Non-distributable				
Share premium	27,639,472	27,639,472	27,639,472	27,639,472
Fair value adjustment reserve	633,375	132,311	633,375	132,311
Foreign currency translation reserve	4,138,326	612,985	-	-
	32,411,173	28,384,768	28,272,847	27,771,783
	102,900,222	86,331,166	33,567,756	32,175,699

*notes to the financial statements (cont'd)***14. RESERVES (CONT'D)****(a) Fair value adjustment reserve**

	Group and Company	
	2015	2014
	RM	RM
Balance at beginning of year	132,311	94,275
Gain on fair value changes of available-for-sale ("AFS") financial assets	564,268	81,877
Transfer to profit or loss on disposal of AFS financial assets	(63,204)	(43,841)
Balance at end of year	633,375	132,311

(b) Foreign currency translation reserve

	Group	
	2015	2014
	RM	RM
Balance at beginning of year	612,985	(62,401)
Foreign currency translation gain	3,525,341	675,386
Balance at end of year	4,138,326	612,985

15. RETIREMENT BENEFITS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Present value of unfunded defined benefit obligations	695,512	556,946	69,552	55,695

The Company implements an unfunded defined benefit plan for eligible directors and an employee. The benefits are payable upon attaining normal retirement age of between 60 to 70 years old, death, or ill health. The actuarial valuation was performed on 31 May 2014.

notes to the financial statements (cont'd)

15. RETIREMENT BENEFITS (CONT'D)

The movements in the present value of employee benefits during the financial year are as follows :-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Balance at beginning of year	556,946	–	55,695	–
Recognised in profit or loss				
Current service costs	110,896	91,783	11,090	9,179
Interest on obligation	27,670	3,860	2,767	386
Past service costs	–	461,303	–	46,130
	138,566	556,946	13,857	55,695
Balance at end of year	695,512	556,946	69,552	55,695

The amount recognised to the profit or loss has been included in administrative expenses.

The significant actuarial assumptions used to determine the present value of the defined benefit obligations are as follows :-

	Group		Company	
	2015	2014	2015	2014
Discount rate	5.00%	5.00%	5.00%	5.00%
Future average salary increases	4.00%	4.00%	4.00%	4.00%

The sensitivity of the defined benefit obligations to changes in the significant actuarial assumptions is shown below.

	Increase/(Decrease) in defined benefit obligations			
	2015		2014	
	Group RM	Company RM	Group RM	Company RM
Discount rate increases by 1%	(50,779)	(5,078)	(45,233)	(4,523)
Discount rate decreases by 1 %	60,204	6,020	53,659	5,366
Future average salary growth increases by 1%	75,059	7,506	59,812	5,981
Future average salary growth decreases by 1%	(64,156)	(6,416)	(51,153)	(5,115)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant.

notes to the financial statements (cont'd)

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Balance at beginning of year	(2,952,775)	(1,656,880)	13,924	–
Amount recognised in profit or loss	(73,929)	(1,295,895)	3,464	13,924
Balance at end of year	(3,026,704)	(2,952,775)	17,388	13,924
Presented after appropriate offsetting as follows :-				
Deferred tax assets	17,388	13,924	17,388	13,924
Deferred tax liabilities	(3,044,092)	(2,966,699)	–	–
	(3,026,704)	(2,952,775)	17,388	13,924

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting of balances are as follows :-

Group

2015	As at 01.06.2014 RM	Recognised in profit or loss RM	As at 31.05.2015 RM
Deferred tax liabilities			
Property, plant and equipment	(3,166,282)	(247,880)	(3,414,162)
Deferred tax assets			
Retirement benefits	139,237	34,641	173,878
Unabsorbed capital allowances	–	46,424	46,424
Other deductible temporary differences	74,270	92,886	167,156
	213,507	173,951	387,458
2014	As at 01.06.2013 RM	Recognised in profit or loss RM	As at 31.05.2014 RM
Deferred tax liabilities			
Property, plant and equipment	(3,063,714)	(102,568)	(3,166,282)
Deferred tax assets			
Retirement benefits	–	139,237	139,237
Other deductible temporary differences	1,406,834	(1,332,564)	74,270
	1,406,834	(1,193,327)	213,507

notes to the financial statements (cont'd)

16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Company

	As at 01.06.2014 RM	Recognised in profit or loss RM	As at 31.05.2015 RM
2015			
Deferred tax assets			
Retirement benefits	13,924	3,464	17,388
2014			
Deferred tax assets			
Retirement benefits	–	13,924	13,924

17. TRADE AND OTHER PAYABLES

	2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade payables	239,760,198	131,154,569	–	–
Other payables and accruals	9,040,558	5,645,177	191,250	136,000
	248,800,756	136,799,746	191,250	136,000

(a) The Group's trade payables are denominated in the following currencies :-

	2015 RM	Group 2014 RM
Ringgit Malaysia	8,904,080	12,923,949
United States Dollar	230,487,326	116,989,275
Singapore Dollar	363,380	1,236,460
Pound Sterling	5,412	4,885
	239,760,198	131,154,569

(b) The normal credit period of trade payables granted to the Group ranges from 7 to 90 days (2014 : 7 to 90 days).

*notes to the financial statements (cont'd)***17. TRADE AND OTHER PAYABLES (CONT'D)**

(c) Other payables and accruals consist of the following :-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	8,165,872	318,130	–	–
Deposits received	–	4,659,575	–	–
Accruals	874,686	667,472	191,250	136,000
	9,040,558	5,645,177	191,250	136,000

(d) The other payables and accruals are denominated in the following currencies :-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Ringgit Malaysia	752,718	652,990	191,250	136,000
United States Dollar	8,287,840	4,992,187	–	–
	9,040,558	5,645,177	191,250	136,000

18. SHORT TERM BORROWINGS

	Group	
	2015 RM	2014 RM
Unsecured		
Bank overdrafts	2,520,088	3,648,426
Revolving credits	39,791,500	32,135,000
	42,311,588	35,783,426

The borrowings are denominated in the following currencies :-

	Group	
	2015 RM	2014 RM
Ringgit Malaysia	9,520,088	3,648,426
United States Dollar	32,791,500	32,135,000
	42,311,588	35,783,426

All the bank borrowings are granted by licensed banks to subsidiaries and are secured by way of a facility agreement, a Deed of Assignment of Contract Proceeds and Power of Attorney to cover all shipbuilding contracts/agreements financed by the lending banks and a corporate guarantee from the Company.

*notes to the financial statements (cont'd)***18. SHORT TERM BORROWINGS (CONT'D)**

Rates on interest charged on the bank borrowings during the financial year are as follows :-

	Group's effective interest rate	
	2015	2014
	%	%
Bank overdrafts	7.60 - 7.85	7.60
Revolving credits	2.35 - 6.11	2.34 - 5.35
Bankers' acceptances	4.70 - 4.97	4.28 - 4.38
Term loan	-	6.80

19. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Shipbuilding construction contract income	273,389,295	252,768,957	-	-
Vessel repairs and service income	1,886,361	1,073,981	-	-
Dividend income from :				
- unit trust funds	597,830	428,038	597,830	428,038
- a subsidiary	-	-	-	3,000,000
	275,873,486	254,270,976	597,830	3,428,038

20. COST OF SALES

	Group	
	2015	2014
	RM	RM
Cost of construction contracts	257,714,386	218,436,404
Cost of service rendered	837,009	646,171
	258,551,395	219,082,575

*notes to the financial statements (cont'd)***21. FINANCE COSTS**

	2015 RM	Group 2014 RM
Interest on :-		
Bank overdrafts	156,244	92,785
Bankers' acceptances and revolving credits	1,074,992	952,986
Late payment to shipbuilding contractors	-	150,751
	<hr/> 1,231,236	<hr/> 1,196,522
Less : Included in inventories - vessels under construction	-	(150,751)
	<hr/> 1,231,236	<hr/> 1,045,771

Finance costs are charged to the profit or loss under the following line items :-

	2015 RM	Group 2014 RM
Cost of sales	372,397	776,455
Administrative expenses	858,839	269,316
	<hr/> 1,231,236	<hr/> 1,045,771

notes to the financial statements (cont'd)

22. PROFIT BEFORE TAXATION

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before taxation is arrived at after charging :-				
Auditors' remuneration :				
- Annual statutory audit :				
- current year	91,428	74,705	30,000	25,000
- underprovision in prior year	15,286	3,000	5,000	-
- Non-audit fees	7,000	-	7,000	-
Bad debts written off	-	140,714	-	-
Defined benefit obligations	138,566	556,946	13,857	55,695
Depreciation of property, plant and equipment	1,747,078	1,547,035	-	85,693
Directors' remuneration (Note 23)	2,971,428	2,957,847	419,166	367,155
Hire of plant and machinery	137,000	50,000	-	-
Inventories written off	5,200	8,708	-	-
Land rental	19,200	19,200	-	-
Loss on disposal of property, plant and equipment	-	650	-	-
Loss on termination of a vessel sale agreement	614,545	-	-	-
Realised loss on foreign exchange	18,469	-	-	-
Rental of premises paid	18,857	1,728	-	-
Property, plant and equipment written off	10,516	5,306	-	-
and crediting :-				
Dividend income from :				
- unit trust funds	597,830	428,038	597,830	428,038
- a subsidiary	-	-	-	3,000,000
Gain on changes in fair value of derivative financial liabilities	-	36,210	-	-
Gain on disposal of available- for-sale financial assets	-	74,580	-	74,580
Gain on foreign exchange :				
- realised	1,695,260	1,365,768	27,108	-
- unrealised	1,176,931	145,552	-	3,679
Interest income from :				
- deposits with licensed banks	15,101	48,247	3,206	5,930
- a subsidiary	-	-	1,254,229	1,236,337
- shipbuilding contractors	-	791,532	-	-
- late payment from customers	218,954	-	-	-
Reversal of impairment losses on trade receivables	-	3,261,725	-	-
Bad debts recovered	2,000	-	-	-

*notes to the financial statements (cont'd)***23. 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive directors				
Salaries, allowances and bonus	2,288,806	2,011,542	211,500	184,500
Defined contribution plan - Employees Provident Fund	274,715	241,413	25,380	22,140
Defined benefit obligations	121,352	486,151	12,136	48,615
Other benefits	66,405	58,841	-	-
	2,751,278	2,797,947	249,016	255,255
Non-executive directors				
Fees	193,250	141,000	143,250	93,000
Allowances	26,900	18,900	26,900	18,900
	220,150	159,900	170,150	111,900
Total directors' remuneration	2,971,428	2,957,847	419,166	367,155
Estimated value of benefits-in-kind	41,350	41,350	41,350	41,350
Total directors' remuneration including benefits-in-kind	3,012,778	2,999,197	460,516	408,505

24. INCOME TAX EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax :				
- On profit for the year	229,839	4,193,794	209,839	255,115
- Under provision in prior year	85,543	29,413	23,138	26,370
	315,382	4,223,207	232,977	281,485
Deferred tax expense/(income) resulting from origination and reversal of temporary differences :				
- Current year	26,111	1,278,875	(3,464)	(13,924)
- Under provision in prior year	47,818	17,020	-	-
	73,929	1,295,895	(3,464)	(13,924)
Total tax expense	389,311	5,519,102	229,513	267,561

*notes to the financial statements (cont'd)***24. INCOME TAX EXPENSE (CONT'D)**

- (a) A reconciliation of tax expense applicable to the profit before taxation at the statutory tax rate to the tax expense at the effective income tax rate of the Group and of the Company is as follows :-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before taxation	12,931,962	34,304,302	1,120,506	3,943,619
Taxation at applicable statutory tax rate of 25% (2014 : 25%)	3,232,991	8,576,075	280,127	985,904
Tax effect in respect of :-				
Expenses that are not deductible in determining taxable profit	271,381	117,657	26,013	56,749
Income not subject to tax	(669,994)	(51,462)	(99,765)	(801,462)
Effect of differential in tax rate	(2,578,428)	(3,169,601)	-	-
Under provision in prior year :				
- Current tax	85,543	29,413	23,138	26,370
- Deferred tax	47,818	17,020	-	-
Total tax expense	389,311	5,519,102	229,513	267,561

- (b) As at 31 May 2015, subject to agreement by the tax authorities, the Group has an estimated unutilised capital allowances amounting to RM185,696 (2014 : NIL) which are available for set-off against future taxable profits.

25. 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 RM12,542,651 (2014 : RM28,785,200) and is based on the weighted number of ordinary shares outstanding during the financial year of 175,799,933 (2014 : 175,822,873).

(b) Diluted

Diluted profit per share is not presented as there are no dilutive potential ordinary shares outstanding as at 31 May 2015 (2014 : NIL).

*notes to the financial statements (cont'd)***26. DIVIDENDS**

	Group and Company	
	2015	2014
	RM	RM
Interim single tier dividend of 2 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 May 2013 declared on 24 July 2013 and paid on 27 September 2013	–	3,516,732
Interim single tier dividend of 2 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 May 2014 declared on 23 April 2014 and paid on 12 June 2014	–	3,516,132
	–	7,032,864

27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Staff costs comprised :-				
Salaries, wages and bonuses	4,864,483	4,414,569	270,350	240,694
Defined contribution plan -				
Employees Provident Fund	553,095	510,844	32,650	29,075
Defined benefit obligations	138,566	556,946	13,857	55,695
Others	165,988	158,048	372	372
	5,722,132	5,640,407	317,229	325,836

The employee benefit expenses have been charged to the profit or loss under the following line items :-

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Administrative expenses	4,241,511	4,342,078	317,229	325,836
Cost of sales	1,480,621	1,298,329	–	–
	5,722,132	5,640,407	317,229	325,836

Included in employee benefits expense of the Group and of the Company are remuneration paid to executive directors amounting to RM2,751,278 (2014 : RM2,797,947) and RM249,016 (2014 : RM255,255).

*notes to the financial statements (cont'd)***28. 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 related parties

Transactions with companies in which certain directors have substantial interests are as follows :-

	2015	Group	2014
	RM		RM
Expenditure incurred			
Purchase of marine paints	2,128		1,993
Rental of slipway	45,000		40,000

Transactions between the Company and its subsidiaries are as follows :-

	2015	Company	2014
	RM		RM
Interest charged to subsidiaries	1,254,229		1,236,337
Dividend income from a subsidiary	-		3,000,000

(b) Year-end outstanding balances with related parties

As at the end of the reporting period, the Group has no significant outstanding balances with its related parties other than the indebtedness between the Company and its subsidiaries as follows :-

	2015	Company	2014
	RM		RM
Amount receivable from subsidiaries	26,254,817		25,868,888

The terms and conditions of the above indebtednesses are disclosed in Note 10.

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

*notes to the financial statements (cont'd)***28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)****(c) 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 and non-executive directors.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors				
Short-term employee benefits	2,575,361	2,230,283	381,650	296,400
Post-employment benefits - contribution to Employees Provident Fund	274,715	241,413	25,380	22,140
Defined benefit obligations	121,352	486,151	12,136	48,615
Estimated value of benefits- in-kind	41,350	41,350	41,350	41,350
	3,012,778	2,999,197	460,516	408,505
Other key management personnel				
Short-term employee benefits	254,898	240,324	25,490	24,645
Post-employment benefits - contribution to Employees Provident Fund	30,659	28,919	3,066	2,963
Defined benefit obligations	17,214	70,795	1,721	7,080
	302,771	340,038	30,277	34,688
Total	3,315,549	3,339,235	490,793	443,193

29. SEGMENT REPORTING**(a) Operating Segment**

The Group's operations comprise mainly of shipbuilding and ship repairing activities which collectively are considered as one business segment. Accordingly, the operating revenue and results of this segment are reflected in the Group's profit or loss. The segment assets and liabilities are as presented in the Group's statement of financial position.

notes to the financial statements (cont'd)

29. SEGMENT REPORTING (CONT'D)

(b) Geographical Information

In determining geographical segments of the Group, "Revenue" is based on the geographical location of customers and "Non-current assets" are based on the geographical location of the assets. The non-current assets do not include financial instruments and deferred tax assets.

	2015 Revenue RM	2015 Non-current assets RM	2014 Revenue RM	2014 Non-current assets RM
Malaysia	16,248,693	24,810,785	9,327,737	26,224,028
United Arab Emirates	7,802,127	-	100,565,601	-
Indonesia	48,361,918	-	75,373,197	-
Singapore	17,326,934	-	36,697,704	-
Saint Vincent Island	186,133,814	-	32,303,640	-
Papua New Guinea	-	-	3,097	-
	275,873,486	24,810,785	254,270,976	26,224,028

(c) Major Customers

Revenue from transactions with major customers who individually accounted for 10 percent or more of the Group's revenue are summarised below :-

	2015 RM	2014 RM	Segment
Customer A	123,675,732	100,565,601	Shipbuilding and ship repairing
Customer B	62,458,082	38,081,950	Shipbuilding and ship repairing
Customer C	39,461,582	36,299,570	Shipbuilding and ship repairing

30. CONTINGENT LIABILITIES - UNSECURED

	2015 RM	Company 2014 RM
Corporate guarantees favouring banks for facilities granted to subsidiaries :		
- Facility limit	163,716,000	152,328,000
- Amount utilised	42,433,588	35,834,676

As at the reporting date, no values were placed on the unsecured corporate guarantees provided by the Company as the directors regard the value of the credit enhancement provided by the corporate guarantees to be minimal and the likelihood of default to be low.

*notes to the financial statements (cont'd)***31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

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 investments and cash and bank balances.

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

In respect of the Company, financial assets also include amount due from subsidiaries.

(a) Categories of Financial Instruments

The Group's and the Company's financial instruments are categorised as follows :-

2015***Financial assets as per statement of financial position***

	Note	Carrying amount RM	Loans and receivables RM	Available- for-sale financial assets RM
Group				
Other investments	6	15,206,587	–	15,206,587
Trade receivables	9	52,840,920	52,840,920	–
Other receivables	9	34,788,237	34,788,237	–
Cash and bank balances	11	26,810,251	26,810,251	–
		129,645,995	114,439,408	15,206,587
Company				
Other investments	6	15,206,587	–	15,206,587
Other receivables	9	2,000	2,000	–
Amount due from subsidiaries	10	26,254,817	26,254,817	–
Cash and bank balances	11	519,384	519,384	–
		41,982,788	26,776,201	15,206,587

notes to the financial statements (cont'd)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Categories of Financial Instruments (Cont'd)

2015 (Cont'd)

Financial liabilities as per statement of financial position

	Note	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Group			
Trade payables	17	239,760,198	239,760,198
Other payables	17	9,040,558	9,040,558
Bank overdrafts	18	2,520,088	2,520,088
Other bank borrowings	18	39,791,500	39,791,500
		291,112,344	291,112,344
Company			
Other payables	17	191,250	191,250

2014

Financial assets as per statement of financial position

	Note	Carrying amount RM	Loans and receivables RM	Available-for-sale financial assets RM
Group				
Other investments	6	14,384,888	–	14,384,888
Trade receivables	9	89,057,628	89,057,628	–
Other receivables	9	13,101,205	13,101,205	–
Cash and bank balances	11	22,097,722	22,097,722	–
		138,641,443	124,256,555	14,384,888
Company				
Other investments	6	14,384,888	–	14,384,888
Other receivables	9	2,000	2,000	–
Amount due from subsidiaries	10	25,868,888	25,868,888	–
Cash and bank balances	11	3,826,093	3,826,093	–
		44,081,869	29,696,981	14,384,888

*notes to the financial statements (cont'd)***31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)****(a) Categories of Financial Instruments (Cont'd)****2014 (Cont'd)*****Financial liabilities as per statement of financial position***

	Note	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Group			
Trade payables	17	131,154,569	131,154,569
Other payables	17	5,645,177	5,645,177
Bank overdrafts	18	3,648,426	3,648,426
Other bank borrowings	18	32,135,000	32,135,000
		172,583,172	172,583,172
Company			
Other payables	17	136,000	136,000

(b) Financial Risk Management

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.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate.

(i) 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 bank balances. The Company's exposure to credit risk arises principally from amount due from subsidiaries, bank balances and corporate guarantees given to banks for credit facilities of subsidiaries as disclosed in Note 30.

*notes to the financial statements (cont'd)***31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)****(b) Financial Risk Management (Cont'd)****(i) Credit Risk (Cont'd)**

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. In addition, credit risk is minimised and monitored by limiting the Group's associations to business partners with high creditworthiness.

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposures as disclosed below :-

- (a) Amount due from three (2014 : five) major customers amounting to RM51,069,022 (2014 : RM88,363,159) representing 97% (2014 : 99%) of total trade receivables.
- (b) Deposits paid and advance payment of RM33,728,911 (2014 : RM11,919,675) to five (2014 : six) suppliers representing 99% (2014 : 95%) of total deposits paid and advance payment to shipbuilding suppliers and contractors.

The amounts due from the above receivables are monitored by the management on an ongoing basis.

Information on the ageing of the Group's trade receivables is disclosed in Note 9(b).

Cash and cash equivalents are only placed with licensed banks.

The Company provides unsecured corporate guarantees to banks for facilities granted to subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and their ability to fulfill the financing obligations. The Company's maximum exposure to credit risk arising from the corporate guarantees provided is represented by the outstanding banking facilities utilised by the subsidiaries as at 31 May 2015 amounting to RM42,433,588 (2014 : RM35,834,676). The fair value of the financial liability in respect of the corporate guarantees provided has not been recognised in the Company's financial statements as the fair value on initial recognition was not material. As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment.

(ii) Liquidity and Cash Flow Risks

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 (cont'd)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**(b) Financial Risk Management (Cont'd)****(ii) Liquidity and Cash Flow Risks (Cont'd)****Maturity Analysis**

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows:-

2015	Less than 1 year RM	Maturity profile More than 1 year and less than 5 years RM	Total RM	Effective interest rate %
Group				
Trade payables	239,760,198	-	239,760,198	-
Other payables	9,040,558	-	9,040,558	-
Bank overdrafts	2,520,088	-	2,520,088	7.85
Other bank borrowings	40,334,830	-	40,334,830	2.38 - 6.11
Company				
Other payables	191,250	-	191,250	-
2014				
2014	Less than 1 year RM	Maturity profile More than 1 year and less than 5 years RM	Total RM	Effective interest rate %
Group				
Trade payables	131,154,569	-	131,154,569	-
Other payables	5,645,177	-	5,645,177	-
Bank overdrafts	3,648,426	-	3,648,426	7.60
Other bank borrowings	32,673,345	-	32,673,345	3.33
Company				
Other payables	136,000	-	136,000	-

(iii) Market Risk

Market risk is the risk that the value of financial instruments will fluctuate due to changes in market prices.

The Group's market risk exposure to currency and interest rate fluctuations are discussed under the respective risk headings.

notes to the financial statements (cont'd)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial Risk Management (Cont'd)

(iv) 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 Dollar ("USD"), Singapore Dollar ("SGD") and European Union Euro ("Euro"). Foreign exchange exposures in transactional currencies other than functional currencies of the Group are kept to an acceptable level. The movements in the rates of foreign currencies are monitored by the management and where considered necessary, the Group will enter into forward foreign currency exchange contracts to limit its exposure on foreign currency receipts and payments.

The Group does not speculate in foreign currency derivatives.

Exposure to currency risk

The foreign currency exposure profiles of financial assets and liabilities of the Group and of the Company are as follows:-

	Denominated in foreign currency				Total RM
	USD RM	SGD RM	Euro RM	Others RM	
Group					
<i>Functional currency</i> : RM					
2015					
Trade and other receivables	36,444,451	7,825,141	602,117	76,452	44,948,161
Cash and bank balances	1,589,908	439,189	2,415	31,093	2,062,605
Trade and other payables	(514,343)	(363,380)	–	(5,412)	(883,135)
	37,520,016	7,900,950	604,532	102,133	46,127,631
2014					
Trade and other receivables	270,331	14,692,493	286,140	448,006	15,696,970
Cash and bank balances	10,484,962	7,169,683	2,700	41,905	17,699,250
Trade and other payables	(427,275)	(1,236,460)	–	(4,885)	(1,668,620)
	10,328,018	20,625,716	288,840	485,026	31,727,600

*notes to the financial statements (cont'd)***31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)****(b) Financial Risk Management (Cont'd)****(iv) Currency Risk (Cont'd)*****Exposure to currency risk (Cont'd)*****Company**

	Denominated in USD	
	2015	2014
<i>Functional currency : RM</i>	RM	RM
Amount due from subsidiaries	–	149,319

Currency risk sensitivity analysis

A 10 percent strengthening of the major foreign currencies against the functional currency, RM, at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
USD	3,752,002	1,032,802	–	14,932
SGD	790,095	2,062,572	–	–
Euro	60,453	28,884	–	–
Others	10,213	48,503	–	–
	4,612,763	3,172,761	–	14,932

A 10 percent weakening of the foreign currency against the RM currency at the end of the reporting period would have an equal but opposite effect on the profit or loss, assuming that all other variables remain constant.

(v) Interest Rate Risk

The Group has interest rate risk in respect of its bank borrowings, deposits with licensed bank and investments in unit trust funds which investments are primarily in money market instruments.

Market interest rate 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.

notes to the financial statements (cont'd)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**(b) Financial Risk Management (Cont'd)****(v) Interest Rate Risk (Cont'd)****Exposure to interest rate risk**

The interest rate exposure profile of the Group's and Company's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period is as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Floating rate instruments				
<i>Financial assets</i>				
Other investments	15,206,587	14,384,888	15,206,587	14,384,888
Amount due from subsidiaries	–	–	19,300,000	19,700,000
<i>Financial liabilities</i>				
Bank overdrafts	(2,520,088)	(3,648,426)	–	–
Other borrowings	(39,791,500)	(32,135,000)	–	–
	(27,105,001)	(21,398,538)	34,506,587	34,084,888

Interest rate risk sensitivity analysis

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity or post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

2015	Equity		Profit or loss	
	100bp increase RM	100bp decrease RM	100bp increase RM	100bp decrease RM
Floating rate instruments				
Group				
<i>Financial assets</i>				
Other investments	152,066	(152,066)	–	–
<i>Financial liabilities</i>				
Bank overdrafts	–	–	(25,201)	25,201
Other borrowings	–	–	(397,915)	397,915
Company				
<i>Financial assets</i>				
Other investments	152,066	(152,066)	–	–
Amount due from subsidiaries	–	–	193,000	(193,000)

notes to the financial statements (cont'd)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**(b) Financial Risk Management (Cont'd)****(v) Interest Rate Risk (Cont'd)****Interest rate risk sensitivity analysis (Cont'd)**

2014	Equity		Profit or loss	
	100bp increase RM	100bp decrease RM	100bp increase RM	100bp decrease RM
Floating rate instruments				
Group				
<i>Financial assets</i>				
Other investments	143,849	(143,849)	–	–
<i>Financial liabilities</i>				
Bank overdrafts	–	–	(36,484)	36,484
Other borrowings	–	–	(321,350)	321,350
<hr/>				
Company				
<i>Financial assets</i>				
Other investments	143,849	(143,849)	–	–
Amount due from subsidiaries	–	–	197,000	(197,000)

(c) Fair Value of Financial Instruments

- (i) The fair value of the investment in unit trust funds is determined by reference to market price at the end of the reporting period.
- (ii) The fair value of other current financial assets and liabilities of the Group and of the Company at the reporting date approximate to their carrying amounts in the statement of financial position due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments at the end of the reporting period which are measured at fair value by the various levels within a fair value hierarchy:-

2015	Fair value measurement using			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
Group				
<i>Financial assets</i>				
Available-for-sale investments	15,206,587	–	–	15,206,587
<hr/>				
Company				
<i>Financial assets</i>				
Available-for-sale investments	15,206,587	–	–	15,206,587

*notes to the financial statements (cont'd)***31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)****(c) Fair Value of Financial Instruments (Cont'd)****2014**

	Fair value measurement using			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
Group				
<i>Financial assets</i>				
Available-for-sale investments	14,384,888	–	–	14,384,888
Company				
<i>Financial assets</i>				
Available-for-sale investments	14,384,888	–	–	14,384,888

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio on an on-going basis.

The debt-to-equity ratio as at 31 May 2015 and 31 May 2014 were as follows:-

Debt-to-Equity ratio

	Group	
	2015 RM	2014 RM
Trade and other payables	248,800,756	136,799,746
Bank borrowings	42,311,588	35,783,426
Less : Cash and bank balances	(26,810,251)	(22,097,722)
Net debts	264,302,093	150,485,450
Total equity	191,239,755	174,687,071
Debt-to-equity ratio	1.382	0.861

There were no changes in the Group's strategy and approach to capital management from the previous financial year.

*notes to the financial statements (cont'd)***33. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS****Realised and Unrealised Profits/(Losses)**

The breakdown of retained profits of the Group and the Company as at 31 May 2015, into realised and unrealised profits/(losses), pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010, is as follows:-

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
Total retained profits of TAS Offshore Berhad and its subsidiaries:				
- Realised	113,478,620	101,699,950	5,277,521	4,386,313
- Unrealised	490,279	(418,804)	17,388	17,603
Consolidation adjustments	113,968,899 (43,479,850)	101,281,146 (43,334,748)	5,294,909 -	4,403,916 -
Retained profits as per financial statements	70,489,049	57,946,398	5,294,909	4,403,916

The determination of realised and unrealised profits/(losses) is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

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 36 to 100 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 as at 31 May 2015 and of the results of operations and cash flows of the Group and of the Company for the financial year ended on that date.

The information set out in Note 33 to the financial statements on page 101 have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

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 : 11 August 2015

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 36 to 100 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 11 August 2015)

HII CHAI HUNG

Before me,

COMMISSIONER FOR OATHS

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 statements of financial position as at 31 May 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 100.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 about 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 entity's preparation of the financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as at 31 May 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 and its subsidiaries of which we have acted as auditors 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 5 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.

*independent auditors' report (cont'd)***Other Reporting Responsibilities**

The supplementary information set out in Note 33 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

FIRM NO. : AF 0502

CHARTERED ACCOUNTANTS

NG ENG KIAT

NO. : 1064/03/17(J/PH)

CHARTERED ACCOUNTANT

Kuala Lumpur

Date: 11 August 2015

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 31.5.2015 (RM)
Lot 199 Block 1 Sibul 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	11	19.11.2008	Lease- hold 60 years expiring in 2070	17,925,580

ANALYSIS OF SHAREHOLDINGS

as at 7 August 2015

Authorise Share Capital	:	RM100,000,000.00 divided into 200,000,000 shares of RM0.50 each
Issued and fully paid-up capital	:	RM90,001,000.00 divided into 180,002,000 shares of RM0.50 each
Class of shares	:	Ordinary Shares of RM0.50 each
Voting rights	:	One (1) vote per ordinary share

DISTRIBUTION SCHEDULE OF ORDINARY SHARES

Holdings	No. of Holders	Total Holdings	Percentage of issued capital
Less than 100 shares	7	214	0.00 *
100 – 1,000 shares	331	285,088	0.16
1,001 – 10,000 shares	2,082	11,979,600	6.82
10,001 – 100,000 shares	1,036	31,944,504	18.19
100,001 – less than 5% of issue shares	109	40,881,523	23.28
5% and above of issued shares	4	90,525,671	51.55
Total	3,569	175,616,600 #	100.00

* Less than 0.01 %

Excluding 4,385,400 ordinary shares of RM0.50 each bought back by the Company and retained as treasury shares based on Record of Depositors as at 7 August 2015.

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Account Holders	Shareholdings	Percentage
1.	Lau Nai Hoh	30,000,000	17.08
2.	Lau Nai Hoh	30,000,000	17.08
3.	Lau Nai Hoh	20,000,000	11.39
4.	Lau Nai Hoh	10,525,671	5.99
5.	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Bong Lee Min</i>	3,981,000	2.27
6.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Bong Lee Min</i>	3,241,900	1.85
7.	Kumpulan Wang Simpanan Guru Guru	2,365,000	1.35
8.	Hii Sieng Teck	1,965,800	1.12
9.	Hii Kiong Thai	1,241,317	0.71
10.	Lau Chui Tai	1,226,600	0.70

*analysis of shareholdings
as at 7 August 2015 (cont'd)*

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Account Holders	Shareholdings	Percentage
11.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Too Boon Siong</i>	1,181,900	0.67
12.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Datin Christine Ang Chiew Mui</i>	953,000	0.54
13.	Ng Faai @ Ng Yoke Pei	731,000	0.42
14.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Siow Shan</i>	654,800	0.37
15.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chai Min Foh</i>	652,400	0.37
16.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Faai @ Ng Yoke Pei (SRB/PMS)</i>	540,000	0.31
17.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Soon Hiang (001)</i>	530,700	0.30
18.	Ng Teng Song	508,000	0.29
19.	Loh Chwee Chew Mooring Services Private Limited	500,000	0.28
20.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chuah Swee Huat (E-KLC)</i>	466,600	0.27
21.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Fong Siling (CEB)</i>	451,000	0.26
22.	Lau Choon Yee	450,000	0.26
23.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chan Teng Leng</i>	450,000	0.26
24.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lau Kiing Ho (E-SDK)</i>	445,000	0.25
25.	Goh Ah Soi @ Goh Geok Swee	440,000	0.25
26.	Tan Aik Choon	440,000	0.25
27.	Yit Siew Shing	419,000	0.24
28.	Lau Choo Chin	409,006	0.23
29.	Lau Kiing Ho	400,900	0.23
30.	Abdul Rashid Hussain	400,000	0.23
	Total	115,570,594	65.81

*analysis of shareholdings
as at 7 August 2015 (cont'd)*

SUBSTANTIAL SHAREHOLDER

The substantial shareholders' interests in shares in the Company as per the Register of Substantial Shareholders as at 7 August 2015 are as follows:-

	No. of Ordinary Shares of RM0.50 each			
	Direct	%	Indirect	%
1. Datuk Lau Nai Hoh	90,525,671	51.54	1,281,317 ⁽ⁱ⁾	0.73

Note

(i) Deemed interested by virtue of the shareholdings of his spouse, Datin Hii Kiong Thai (1,241,317 shares) and his children, Mr Lau Choo Kuang (20,000 shares) and Ms Lau Siew Ling (20,000 shares) in the Company.

DIRECTORS' INTERESTS

The directors' interests in shares in the Company and related corporations as per the Register of Directors' Shareholdings as at 7 August 2015 are as follows:-

	No. of Ordinary Shares of RM0.50 each			
	Direct	%	Indirect	%
1. Datuk Lau Nai Hoh	90,525,671	51.54	1,281,317 ⁽ⁱ⁾	0.73
2. Lau Choo Chin	409,006	0.23	40,000 ⁽ⁱⁱ⁾	0.02
3. Tan Sri Dato' Seri Mohd Jamil Bin Johari	10,000	0.01	–	–
4. Ling Ka Chuan	10,000	0.01	–	–
5. Lau Kiing Yiing	10,000	0.01	–	–
6. Datu Haji Mohammed Sepuan bin Anu	15,000	0.01	–	–

Notes:

- (i) Deemed interested under Section 134(12)(c) of the Act by virtue of his spouse and children's shareholdings in the Company.
- (ii) Deemed interested under Section 134(12)(c) of the Act by virtue of his spouse's shareholdings in the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Perdana Room 6, Kingwood Hotel Sibul, No 12, Lorong Lanang 4, 96000, Sibul, Sarawak on Tuesday 29 September 2015 at 10.00 a.m. to transact the following business:-

AGENDA

ORDINARY BUSINESS

- | | |
|--|---|
| <p>1 To receive the Audited Financial Statements of the Company for the financial year ended 31 May 2015 together with the Reports of the Directors and Auditors thereon.</p> | |
| <p>2 To approve the payment of directors' fees in respect of the financial year ending 31 May 2016.</p> | <p>Ordinary Resolution 1</p> |
| <p>3 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 :-</p> <p>(i) Datuk Lau Nai Hoh</p> <p>(ii) Mr Lau Kiing Yiing</p> | <p>Ordinary Resolution 2</p> <p>Ordinary Resolution 3</p> |
| <p>4 To re-appoint Messrs. FOLKS DFK & Co. as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.</p> | <p>Ordinary Resolution 4</p> |

SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolutions:

- | | |
|---|-------------------------------------|
| <p>5 Authority to Issue and Allot shares</p> <p>"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 does not exceed ten per cent (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."</p> | <p>Ordinary Resolution 5</p> |
| <p>6 Proposed Renewal of Authority for the Company to Purchase its Own Shares ("Proposed Share Buy-Back")</p> <p>"THAT subject always to the Companies Act 1965 ("the Act"), the Company's Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia as the Directors may deemed fit and expedient in the interest of the Company provided that :</p> | <p>Ordinary Resolution 6</p> |

notice of annual general meeting (cont'd)

- a) the aggregate number of shares to be purchased shall not exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company;
- b) 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;
- c) 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

AND THAT such authority shall commence upon the passing of this resolution until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting;

AND THAT the Directors be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and amendments as may be imposed by the relevant authorities."

7 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.

By order of the Board

Pauline Kon Suk Khim (MAICSA 7014905)
Company Secretary

Date : 7 September 2015

Notes :-

1. *For the purpose of determining a member who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 60 of the Company's Article of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 21 September 2015. Only a depositor whose name appears on the General Meeting Record of Depositors as at 21 September 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
2. *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.*
3. *To be valid, the proxy form, duly completed must be deposited at the registered office of the Company at Lot 199, Jalan Sg. Maaw, 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.*
4. *Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
5. *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.*
6. *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.*
7. *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.*

*notice of annual general meeting (cont'd)***EXPLANATORY NOTES ON SPECIAL BUSINESS:**

(a) Ordinary Resolution 5 – Authority to Issue and Allot shares

This Ordinary Resolution, if passed, is a renewal of the general mandate to 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 per cent (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.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last Annual General Meeting held on 10 October 2014 and which will lapse at the conclusion of the forthcoming Annual General Meeting.

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

(b) Ordinary Resolution 6 - Proposed Renewal of Authority for the Company to Purchase its Own Shares

The Proposed Ordinary Resolution No. 6 if passed, will authorise the Company to purchase up to ten per cent (10%) of the issued and paid-up share capital of the Company through Bursa Malaysia Securities Berhad.

Statement accompanying Notice of Annual General Meeting

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

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TAS OFFSHORE BERHAD

(Company No 810179-T)
(Incorporated in Malaysia)

No. of Shares held

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 8th Annual General Meeting of the Company
to be held at Perdana Room 6, Kingwood Hotel Sibul, No 12, Lorong Lanang 4, 96000, Sibul, Sarawak on Tuesday 29th
day of September 2015 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 approve the Directors' fees.		
Ordinary Resolution 2.	To re-elect Datuk Lau Nai Hoh as Director.		
Ordinary Resolution 3.	To re-elect Mr Lau Kiing Yiing as Director.		
Ordinary Resolution 4.	To re-appoint Messrs. FOLKS DFK & Co. as Auditors for the ensuing year.		
Special business			
Ordinary Resolution 5.	To approve the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Ordinary Resolution 6.	To approve the proposed renewal of authority for the Company to purchase its own shares		

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. 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:

	Numbers 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 thisday of2015

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

Notes:

- For the purpose of determining a member who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 60 of the Company's Article of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 21st September 2015. Only a depositor whose name appears on the General Meeting Record of Depositors as at 21st September 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- 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.
- To be valid, the proxy form, duly completed must be deposited at the registered office of the Company at Lot 199, Jalan Sg. Maaw, 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.
- Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
- 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.
- 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.
- If the appointer is a corporation, the 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. Maaw
Sungai Bidut
P. O. Box 920,
96008 Sibu, Sarawak

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www.tasoffshore.com

TAS OFFSHORE BERHAD

(Company No. 810179-T)

Lot 199, Sungai Ma'aw Road,
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