TAS OFFSHORE BERHAD

200801008892 (810179-T)

ANNUAL REPORT 2022

TABLE OF CONTENTS

CORPORATE MISSION AND PHILOSOPHY

OUR PHILOSOPHY

Value our customers' feedbacks and improve the quality of our vessels and services to cater for their present and future needs.

Aim to grow our share of the market and to maximise the returns on investment for our shareholders.

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

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.

OUR CORPORATE MISSION

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATU HAJI MOHAMMED SEPUAN BIN ANU	Independent Non-Executive Chairman
DATUK LAU NAI HOH	Managing Director
LAU CHOO CHIN	Deputy Managing Director
TAN SRI DATO' SERI MOHD JAMIL BIN JOHARI	Independent Non-Executive Director
LAU KIING YIING	Senior Independent Non-Executive Director
LING KA CHUAN	Independent Non-Executive Director

COMPANY SECRETARY

Pauline Kon Suk Khim
(MAICSA No. 7014905)
(CCM Practicing Certificate
No 202008001607)

REGISTERED AND HEAD OFFICE

Lot 199, Jalan Sg Maaw
Sg Bidut,
96000 Sibu,
Sarawak
Tel : 084-310211
Fax : 084-319139
Website: www.tasoffshore.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor, Malaysia
T: +60-3-7890 4700
F: +60-3-7890 4670

AUDITORS

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

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK NAME

TAS

STOCK CODE

5149

CORPORATE PROFILE

TAS OFFSHORE AT A GLANCE....

TAS Offshore Berhad ("TAS") was incorporated on 18 March 2008 as an investment holding company 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 Sdn. Bhd. on 3 April 2009. Through its wholly-owned subsidiaries, Tuong Aik Shipyard Sdn. Bhd., TAS is involved in shipbuilding and ship repairing activities.

TAS history can be traced back to 1977 when 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 shipbuilding in 1991. As the shipbuilding activities grew, Datuk Lau Nai Hoh set up another company, Tuong Aik Shipyard Sdn. Bhd., in 2002 to take care of the shipbuilding and ship repairing activities and has never looked back since.

The principal business activity of TAS is shipbuilding and 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 equipment 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, Sibu.

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, garbage collection crafts, flotsam retrieval crafts, ferries and workboats.

FIVE-YEAR FINANCIAL HIGHLIGHTS AS AT 31 MAY

YEAR	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
GROUP REVENUE & PROFIT					
Revenue	48,460	36,880	16,182	34,903	**57,499**
Profit/(Loss) Before Taxation	465	5,344	(75,221)	2,831	**(806)**
Net Profit/(Loss) For The Year	789	3,989	(74,907)	1,887	**(1,517)**
EQUITY ATTRIBUTABLE TO OWNERS					
Share Capital	117,640	117,640	117,640	117,640	**117,640**
Treasury Shares	(1,777)	(1,777)	(1,913)	(1,913)	**(303)**
Other Reserves	44,321	46,588	(29,553)	(22,719)	**(25,651)**
FINANCIAL STATISTICS					
Basic Earnings/(Loss) per Share (Sen)	0.45	2.27	(42.70)	1.08	**(0.86)**
Net Assets per Share (RM)	0.91	0.93	0.49	0.53	**0.51**
Gearing Ratio	0.25	0.20	0.17	0.11	**0.07**

CORPORATE STRUCTURE

TAS OFFSHORE BERHAD
200801008892 (810179-T)

100%
TUONG AIK SHIPYARD SDN. BHD.
200201007489
(575152-H)

100%
TA VENTURES (L) LTD.
(LL07438)

100%
PANTAS MARINE SDN. BHD.
201001018555
(902261-M)

100%
WESTERN REALTY SDN. BHD.
201001002926
(887507-X)

100%
TAS EPIC SDN. BHD.
201601014069
(1185000-P)

DIRECTORS' PROFILE

DATU HAJI MOHAMMED SEPUAN BIN ANU

Independent Non-Executive Chairman

Malaysian, 76, Male

Board Committee:
Member of Audit Committee

Datu Haji Mohammed Sepuan Bin Anu 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 later 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.

DATUK LAU NAI HOH

Non-Independent Managing Director

Malaysian, 71, Male

Board Committee:
Member of Remuneration Committee

Datuk Lau Nai Hoh, is the founder of TAS Group and was appointed as the Non-Independent Group Managing Director on 18 March 2008. He has been instrumental in the growth and development of the Group. He has approximately 32 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 the 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.

DIRECTORS' PROFILE (CONT'D)

LAU CHOO CHIN

Non-Independent Deputy Managing Director

Malaysian, 47, Male

Lau Choo Chin 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 and involved in the coordination of shipbuilding activities. He has more than 24 years of experience in shipbuilding and project management related especially in the oil and gas industry. He has been instrumental in developing the Middle-East market and in spearheading the development of engineering design for 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

Malaysian, 75, Male

Board Committee:
Chairman of Nomination Committee
Member of Audit Committee

Tan Sri Dato' Seri Mohd Jamil Bin Johari was appointed as our Independent Non-Executive Director effective from 1 June 2009. He graduated 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, Washington State, USA. He joined the Royal Malaysian Police in January 1971 as Chief Inspector and retired with the rank of Deputy Inspector General of Police in May 2003. 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 and also a member of the Board of Trustees for the First Division Malay Charitable Trust Board.

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

DIRECTORS' PROFILE (CONT'D)

LAU KIING YIING

Senior Independent Non-Executive Director

Malaysian, 67, Male

Board Committee:
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee

Lau Kiing Yiing 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 Chartered Accountants, Australia and New Zealand. His working experience commenced with auditing various businesses while with Ernst and Whinney (now known as Ernst and Young). With over 42 years of experience, he is well versed in corporate reporting, corporate finance, restructuring work, auditing and taxation matters.

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 of Hock Seng Lee Berhad.

LING KA CHUAN

Independent Non-Executive Director

Malaysian, 64, Male

Board Committee:
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee

Ling Ka Chuan 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.

Notes:
- None of our Directors has been convicted of any offences within the past 5 years and no public sanction or penalty was imposed by the relevant regulatory bodies on our Directors during the financial year.
- Directors' attendance at Board meetings is listed on page 25 of this Annual Report.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of TAS Offshore Berhad and its Group of Companies ("the Group") for the financial year ended 31 May 2022 ("FYE2022").

PERFORMANCE REVIEW

The business environment for the FYE2022 remained challenging. The Group recorded revenues of RM57.50 million for FYE2022, which were mainly attributable to sales of tugboats to Indonesia and Iraq. Loss after taxation for FYE2022 stood at RM1.57 million, as compared to a profit of RM1.89 million for FYE2021. For FYE2022, we registered net loss per share of 0.86 sen and net assets per share of 52.17 sen as compared to net earnings per share of 1.08 sen and net assets per share of 53.21 sen recorded for FYE2021.

Compounding the damage from the COVID-19 pandemic, the Russian invasion of Ukraine has magnified the slowdown in the global economy, which is entering a protracted period of feeble growth and elevated inflation, according to the World Bank's latest Global Economic Prospects report. The war in Ukraine, the worse-than-anticipated slowdown in China amid COVID-19 outbreaks and lockdowns, supply-chain disruptions, and the sanctions imposed by the United States and European Nations, have all contributed to the world inflation and the risk of stagflation. All these factors are hampering the world economic growth.

Despite all the negativity, global coal demand is set to return to its all-time high in 2022 as stated in International Energy Agency (IEA) report. The global coal demand is being propped up this year by rising natural gas prices, which have intensified gas-to-coal switching in many countries, as well as economic growth in India. Indonesia, as the world's largest coal exporter by tonnage has gained most in the global scramble for coal. Indonesia coal producers are looking to seize this opportunity to take

MESSAGE TO SHAREHOLDERS (CONT'D)

advantage of rising demand and surging prices. The bright outlook for the coal mining industry in Indonesia is expected to spur demand for more tugboats which are essential in transporting coal. Our Group is looking forward to reaping further benefits from this development.

During FYE2022, the Group had signed four shipbuilding contracts, which include three units of tugboats and one unit of harbour tug with customers from Indonesia and Iraq respectively. The new customer from Iraq represents our first customer from that new market segment and this marks an important milestone for the Group. We hope to maintain a long-term relationship with our valued customer and further penetrate this new market segment to secure more shipbuilding contracts.

The global economic climate remains challenging and the Board will continue to cautiously work towards securing more projects and profits for the shareholders. We remain committed to our tradition of being prudent in steering the Group to a better year and are optimistic of the Group's prospect.

On behalf of the Board, I would like to thank our valued clients, business associates and shareholders for their continuous support and confidence in us and we look forward to serving them better in the forthcoming year. Our sincere appreciation and gratitude also goes to the Management and staff for their hard work, commitment and dedication.

Datu Haji Mohammed Sepuan Bin Anu
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Group's Business and Operation

Our Group is involved principally in the shipbuilding operations and secondary in the ship-repairing activities. Shipbuilding generates about 98.01% of the revenue while ship repairing activities contribute approximately 0.76% of the FYE2022's revenue. Though a small player in the global shipbuilding arena, the Group has established itself in the shipbuilding industry and has a well-equipped shipyard located at the bank of Igan River at Sibu, Sarawak with engineers and skilled workers for the construction of vessels in compliance with the standards of the International Association of Classification Societies.

In the Group's operation records, it has constructed vessels used by the transportation, timber, mining, oil and gas industries, and harbour operation. These vessels include ferries, tugboats, harbour tugs, barges, landing craft, anchor handling tugs (AHT), anchor handling tug and supply (AHTS), utility/support vessels, workboats, garbage collection crafts and flotsam retrieval crafts.

During FYE2022 the main markets for the Group are Indonesia (60.22%) and Iraq (38.86%).

Our Group adds value to its vessels by being innovative in the designs of vessels, promoting green technology and savings on fuel consumption.

Review of Financial Results and Financial Condition

The Group recorded revenues of RM57.50 million for FYE2022, an increase of RM22.60 million or 64.74% as compared to RM34.90 million recorded for FYE2021. The increase in revenue was mainly attributed to the increase in the number of vessels being delivered.

Loss before tax for FYE2022 stood at RM0.81 million, as compared to a profit of RM2.83 million for FYE2021. The current year loss was mainly due to the loss on changes in fair value of investment measured at fair value through profit or loss.

The decrease in inventories by 48.93% to amounted to RM3.92 million, RM29.77 million during FYE2022 was mainly due to the delivery of completed vessels to the customers. Trade and other receivables for FYE2022 decreased by 17.89% to RM5.81 million from RM7.08 million for FYE2021 due mainly to the payment received from the ship owners upon delivery of vessels. Trade and other payables decreased by RM8.97 million or 42.36% to RM12.21 million. The decrease was mainly due to reversal of deposits received from customers for shipbuilding contracts completed during FYE2022.

Capital Expenditure Requirements, Capital Structure and Resources

In view of the current depressing global economic condition, there is no plan to incur new capital expenditure as the Group maintains its current operating capacity. As for working capital requirements, currently, the Group relies on funds generated internally and short-term bank borrowing to finance the needs. In the long term, where implementation of a business plan calls for substantial capital sum injection, the Group will contemplate sourcing the fund from the equity market and may also seek a synergic and reliable joint-venture partner.

Known Trend and Events

The European Union (EU), which gets more than 40 percent of its coal supplies from Russia, is set to fully ban coal imports from Russia by September this year while the United Kingdom will follow suit by end of this year. Japan and South Korea have announced similar plan. The mass cancellation of Russian coal has caused supply shocks and put the world into an energy crisis. The Energy and Mineral Resources Ministry of Indonesia said Spain, Italy and the Netherlands have joined Germany in exploring options to purchase a large amount of coal from Indonesia. India, which is Indonesia's second largest coal export destination, has also approached Indonesia to acquire more coal to meet its domestic needs. The bright outlook for the coal mining industry in Indonesia is expected to spur demand for more tugboats and our Group is looking forward to reaping further benefits from this development.

According to the latest market research report by Technavio, the tugboats market growth momentum is expected to accelerate at a CAGR of 13.61% during 2021–2025. About 37% of the market growth is expected to originate from Asia Pacific. The increasing seaborne trading and the expansion of ports are creating significant growth opportunities for tugboat manufacturers operating in the region. Our Group is well-positioned to benefit from the positive outlook of the tugboats market.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Review of Operation Activities

Our group is actively involved with the principal business activity of shipbuilding which involves the construction of tugboats for the mineral ores industries, harbour tugs for the port operations and landing crafts which can be used by various industries for transportation purposes.

During FYE2022, we have successfully completed and delivered two units of flotsam retrieval craft, one unit of harbour tug and six units of tugboat with total contract sum of RM59.06 million to the ship owners based in Singapore, Iraq and Indonesia respectively. The construction of these vessels is financed with funds internally generated. The remaining contracts on hand will contribute positively to the financial year 2023.

Anticipated or Known Risks

Concerns about the environmental impacts of coal combustion, including perceived impacts on global climate change, are resulting in increased regulations on coal combustion in many countries, and the increasing adoption of renewable energy-based power plants is likely to have an adverse effect on the coal market in the long run. However, there is a rise in Indonesia nickel supply. According to *Macquarie analyst Jim Lennon*, by 2025, Indonesia could reach 60% of global nickel supply compared with 30% in 2020. Nickel demand for batteries used in electric vehicles is growing rapidly. *Wood Mackenzie* estimates the world will need an additional 1.65 million tonnes of nickel between 2026 to 2038, most of which is expected to come from Indonesia. Hence, we foresee the demand for tugboats will be sustainable as tugboats are essential for inter-island transportation of bulk materials in Indonesia.

Forward-looking Statement

The Group will focus on the transportation, ports operations and mining industries in the short and medium-term.

The Indonesian coal market is expected to witness a CAGR of more than 5.3% during the forecast period, 2022-2027. (*Source : Mordor Intelligence*) The International Energy Agency sees coal consumption in Europe rising by 7% in 2022 on top of last year's 14% surge. Demand for coal in India, the world's second-biggest coal importer, is expected to rise almost 10% in 2022 as the country's economy expands and electricity use increases. Markets were tight even before the Ukraine war as soaring natural gas prices in Europe and Asia in late 2021 intensified gas-to-coal switching in many countries. According to the Indonesia Coal Mining Association (APBI), the government had given the approval to increase coal production amid surging demand and persistent supply disruptions exacerbated by the war in Eastern Europe. These developments will bring a positive impact on the demand for tugboats which are essential in transporting coal and augur well for the Group.

In view of the expected recovery of the global economy, the Group is actively prospecting for new clients from new market segments to add to our customer base to enhance the sale growth and profitability. Overall, the Group is positive about our ability to remain resilient during this challenging times.

SUSTAINABILITY REPORT

We endeavor to meet the needs of our people and our communities as well as to balance our business objectives in line with our goal to protect the environment. Our philosophy is to build quality and price competitive vessels in an environmentally friendly workplace while delivering exceptional value to our customers and stakeholders.

TAS has embarked on its journey of incorporating sustainability into our business. This provides a balance for continuously meeting our business objectives while incorporating economic, environmental and social (EES) considerations into our business practices to ensure long-term success for our sustainable future.

With that, we are happy to present our Sustainability Report 2022. This statement outlines TAS Group's approach to and management of the risks and opportunities associated with the EES pillars and how we have initialized these approaches into our practices and operations. These are elaborated under the sections – Governance, Materiality, Stakeholder Engagement and Sustainability Management (encompassing economic, environmental and social considerations).

Unless otherwise stated, our Sustainability Report 2022 mainly covers our business operations dealing with shipbuilding and ship repairing, located in Sibu, Sarawak. Our Sustainability Report 2022 is in accordance with Bursa Malaysia's requirements and its Sustainability Reporting Guidelines.

Sustainability Governance

The TAS Board of Directors is responsible for promoting and embedding sustainability into our business strategy. Since 2019 we had appointed key personnel to oversee the incorporation of sustainability strategies and reporting. TAS always looks into developing a longer-term governance structure for improving allocation of roles and responsibilities as well as appropriate resources for sustainability. One of our long-term goals is to reduce business and EES risks through good governance. Our governance policy and procedures are elaborated in further detail within our Annual Report 2022.

A significant aspect of good governance is communicating with our key stakeholders. This enables TAS to develop relations with the various stakeholder groups and take into account their respective sustainability concerns for our common future.

Stakeholder Engagement

At TAS, we value our stakeholders. Our philosophy centres on our customers, shareholders, society and our employees as elaborated below:

- We value our customers' feedbacks and improve the quality of our vessels and services to cater for their present and future needs.
- We aim to grow our share of the market and to maximise the returns on investment for our shareholders.
- We assume our role as a responsible corporate citizen by sharing and growing with the community in a tangible way through corporate social responsibility.
- 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.

We thus are dependent on our stakeholders and their concerns for our continued sustainability. Such concerns need to be identified and prioritised so that appropriate engagement methods can be utilised.

In our various engagements with stakeholders we have been able to identify our key stakeholders and prioritise their influences on our organisation. These key stakeholders are those who are highly dependent and have most influence on our operations and activities. They include both internal and external stakeholders, i.e. Customers, our Employees, Our Board of Directors, Shareholders, Government agencies, Certification bodies, Financiers and vendors, as shown in the following prioritisation matrix.

Stakeholders Prioritisation Matrix

		Stakeholder Influence on the organization			
		No Influence	**Low Influence**	**Some Influence**	**High Influence**
Stakeholder Dependence on the organisation	**High Dependence**				• Customers • Employees • Government Agencies • Certification Bodies • Board of Directors
	High Dependence			• Shareholders • Financiers • Vendors/ Suppliers	
	Low Dependence				
	Low Dependence	• Media • Universities • Local communities			

Following from the identification and prioritisation of our key stakeholders, TAS is pleased to report that we continue to engage with these key stakeholders-on regular and/or on ad hoc basis.

Our stakeholders engagement are summarised in the following tables.

Stakeholder	Engagement Methods	Frequency	Material Matters	Outcomes
Employees	• Employment agreements and contracts • Annual performance review • Daily operations • Meeting/ Discussion • Training and development	Ongoing	• Employees engagement • Learning & development • Talent recruitment and retention	• Enhance employees' competency • Improve understanding of company's policies and practices

SUSTAINABILITY REPORT (CONT'D)

Stakeholder	Engagement Methods	Frequency	Material Matters	Outcomes
Directors	• Appointment letters • Board Meetings and Committee meetings	At least quarterly	• Economic sustainability • Corporate governance and ethics	• Continuous compliance to statutory requirements
Shareholders	• Annual General Meetings • Annual Reports • Quarterly announcements • Company website	Annually/ Quarterly/ Ongoing	• Economic sustainability	• Maintain good relationship with shareholders
Customers	• Proposals/ Quotations • Agreements • Customer visits	Ongoing	• Market place • Product selection	• To meet customers satisfaction
Government and Regulators	• Regular reporting and submission • Legal compliance	Ongoing	• Corporate governance • Statutory compliance	• Ensure compliance with relevant laws, rules, regulations and listing requirements
Suppliers/Business partners	• Supply of goods and services • Supplier evaluation	Ongoing	• Economic sustainability • Product selection	• To achieve sustainable supply chain of products
Local communities	• Donation and sponsorship • Participation in job fair	Ad hoc	• Corporate social responsibility	• To provide job opportunities • Socially responsible corporate citizen

Sustainability Management

- **Economic**

Despite a highly challenging year that followed the spread of Covid-19 pandemic, the Group generated a higher revenue for FYE 2022 compared to the preceding financial year. The slowdown of the global economic climate had affected the financial performance of most industries. However TAS has remained resilient. TAS will continue the contribution towards community events and donating to worthy charitable courses. Further elaboration on our community involvement is provided under the Social Section below.

Over the years, we have invested in equipment necessary to improve the safety features of our shipyard. We have also upgraded our communication systems and technology to increase our capacity and efficiency. These investments have enabled us to provide better service to our customers and to better meet the needs of our other stakeholders now and in the future.

The Board of Directors continued to support the Management through looking into business opportunities to ensure business continuity. We apply continuous improvement efforts under our ISO 9001 standard operating procedures by improving operational efficiency as well as implementing cost-cutting measures.

In terms of indirect economic impact, TAS has provided employment opportunities for the local communities, especially for those living in the nearby Sg. Bidut area. The priority placed on local hiring has helped boost the economic value and livelihood of these communities. TAS has also participated in job fairs for recruitment opportunities for those from local communities, the local universities and educational institutions.

Additionally, TAS supports local suppliers through purchasing mostly from these local suppliers. This encourages local economic growth and development for the local business and industry stakeholders. Besides supporting our immediate procurement needs, such arrangements enable TAS to maintain our carbon footprint.

The Group conducts its business in a legal and ethical manner. The Directors and employees of the Group are committed to act professionally and with integrity in all business dealings. The Anti-Bribery and Corruption Policy had been established to set out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group. The Whistleblowing Policy is also in place to provide avenue for all employees of the Group and members of the public to disclose any unethical or illegal conduct within the Group using proper procedure and in a confidential manner without compromising the identity and safety of the person who reports such allegation. This is to ensure highest level of moral values and principles, emphasizing on transparency, ethical conduct in discharging duties both within and outside the organization.

- **Environmental**

The shipbuilding and ship repair industry can be considered as a heavy industry, with a high possibility of impacting the environment. TAS is aware of the industry's impact on the environment which includes generation of industrial wastes, water and air pollution and depletion of natural resources, such as energy and water.

In awareness of our key environmental issues, which have to be managed to minimise their possible impact, TAS is committed towards compliance with local environmental legislations and regulations, performance review, waste minimisation, continuous improvement and resource efficiency.

In upholding our environmental policy, our current areas of concern are centred on energy consumption, material consumption, wastes management and water resource management.

The shipbuilding and ship repairing operations utilise materials such as iron and steel. In addition to material consumption, operations such as welding and cutting generate solid wastes, especially scrap metal. As these have economic value such scraps are recycled and reused. This helps to increase our resource efficiency for materials consumption.

There is also the potential for spillages from hazardous substances such as oils and paints used in our operations. Our activities are mainly dry processes that have minimum discharge of wastewater. In our daily operations and activities over the years, we have managed to prevent any spillages from flowing into the waterways that eventually flow into Sg Rajang.

At the same time, environmental monitoring and our 5S approach will enable us to ensure that our employees pay attention to our use of resources, maintain a clean yard, reduce emissions and discharges and reduce wastes. This will also ensure clean and safe premises for our employees and our visitors.

TAS will continue to look for opportunities to improve on its resource management as well as its environmental management in line with its sustainability philosophy.

SUSTAINABILITY REPORT (CONT'D)

- **Social**

Throughout the year, we continued to emphasise the need for awareness on health and safety for our employees who are our human capital and valued resources.

OCCUPATIONAL SAFETY AND HEALTH

As the safety, health and welfare of our employees at the workplace have always been of paramount importance, TAS seeks to continuously improve in providing a safe work environment as far as practicable for our employees and those who may be affected by the work activities. We are thus committed towards compliance with the relevant laws and regulations prescribed by the Department of Occupational Safety and Health ("DOSH").

To ensure compliance and a safe working environment, TAS has established an Occupational Safety & Health Committee, which involves all departments in the organisation. The Safety & Health Committee assists in the development of safety and health rules and system of work. The committee meets regularly to review the measures taken to ensure the safety and health of persons at the place of work.

According to the Prevention and Control of Infectious Diseases Act 1988, it is the duty of the employer to ensure that employee is able to work in a reasonably safe workplace which include a workplace that is safe from COVID-19 exposure. In compliance with the regulation amid the spread of COVID-19 pandemic, TAS has ensured that the guidelines and standard operating procedures (SOPs) are followed strictly and staff are encouraged to maintain social distancing and good personal hygiene practices. Various precautionary measures such as contactless temperature scanning, availability of hand sanitizers at strategic locations, routine disinfection within the office premises are carried out to maintain a safe working environment. Notices and latest news updates on Covid-19 are posted at the bulletin boards to create awareness among the employees.

TAS thus believes in a proactive approach in managing health and safety-related issues. We continually review the system that is in place. If necessary, new measures are introduced to improve safe and hygienic working conditions and/or minimise workplace accidents. Regular maintenance of safety equipment is conducted. Key personnel have been trained in coping with basic safety and health issues, such as first aid. In addition briefings on Occupational Safety and Health Policy and Toolbox are provided to our staff.

OUR PEOPLE

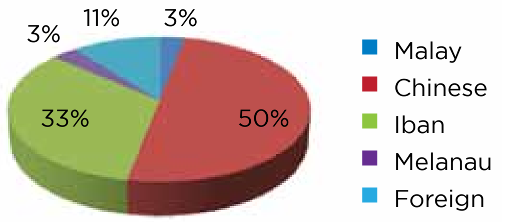
People are a treasured asset of TAS as we realise that without them, the Group will not grow from strength-to-strength. We take care of our people as far as possible within our means and capability to do so. We provide the necessary training opportunities for their development in order to achieve their best. Their success is our success.

We do not discriminate in employing people. We hire the most suitable person for the job to ensure that the job will be performed to a satisfactory level. This will ensure that we can always deliver quality products to meet the customers' satisfaction.

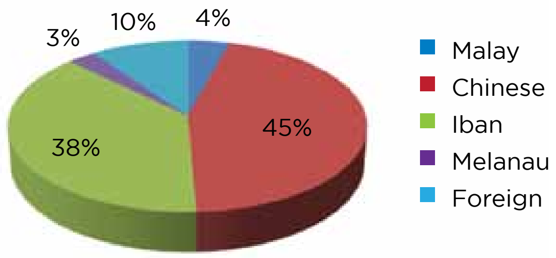
We are proud that our employee mix is truly a reflection of the population mix of Sarawak, in particular, Sibu.

Foreign workers are employed in the general worker category where it is difficult to hire Malaysians.

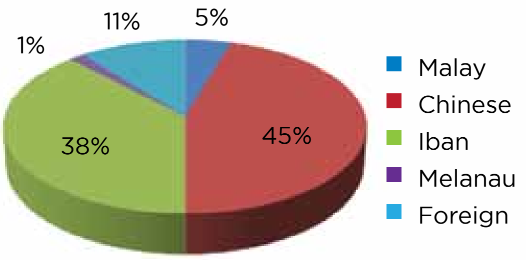
Staff by Ethnicity as of 31 May 2018



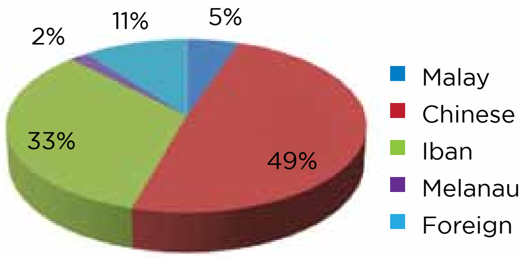
Staff by Ethnicity as of 31 May 2019



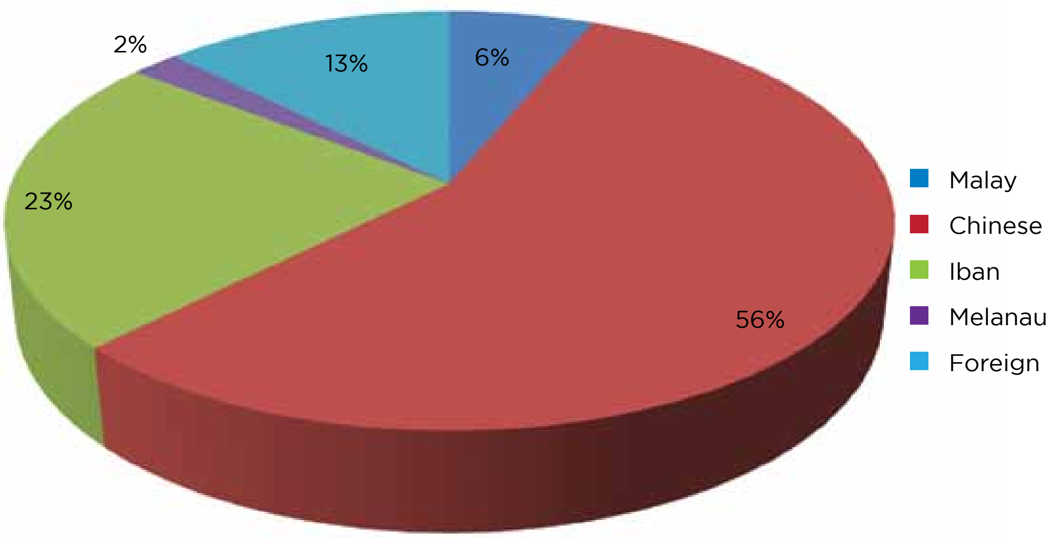
Staff by Ethnicity as of 31 May 2020



Staff by Ethnicity as of 31 May 2021

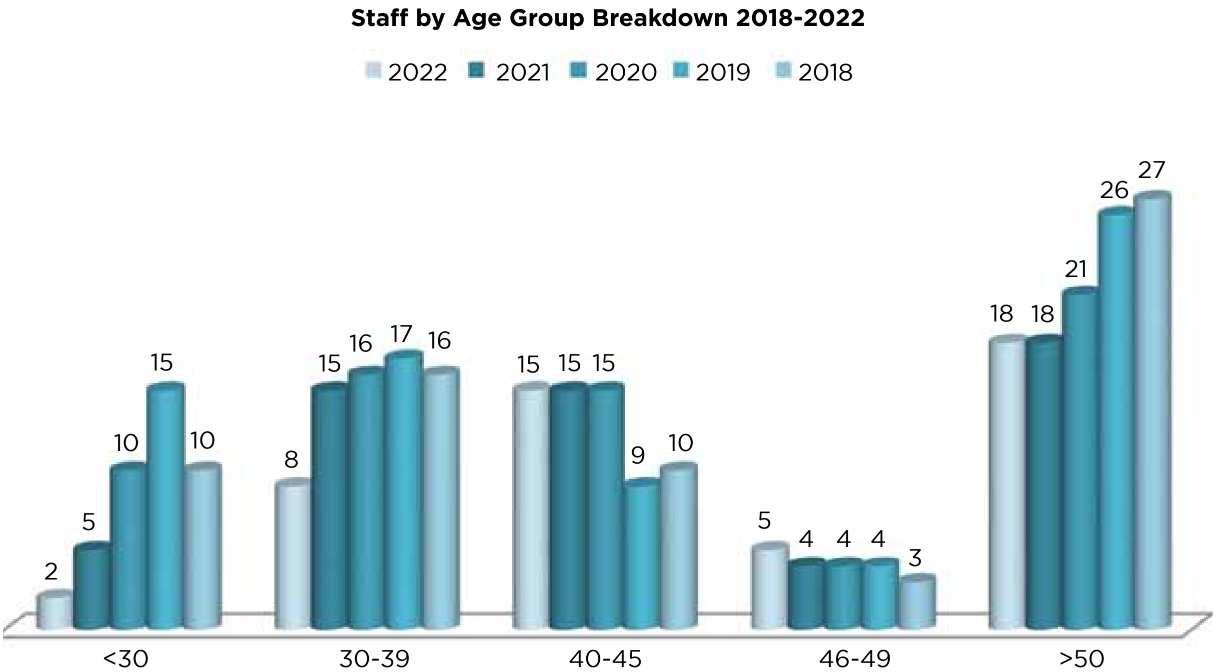


Staff by Ethnicity as of 31 May 2022

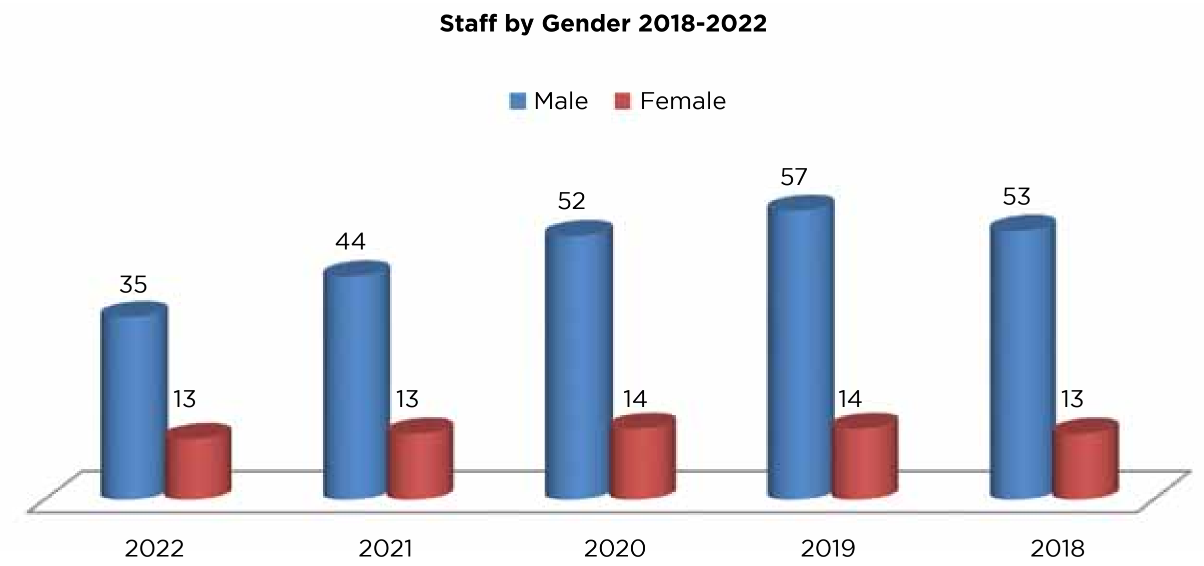


SUSTAINABILITY REPORT (CONT'D)

The above chart reflects our total employee population by category from 31 May 2018 to 31 May 2022. As can be seen, we only have a staff population of 48 as of 31 May 2022. We have a relatively small employee population as we out-source should we require specialised or short-term services. The small staff population is actually part of our business strategy as we want to ensure that we can maintain all of our employees should there be a business down turn. Our executive level staff just comprises 31% of our total staff with the balance of 69% being non-executive as that is where our business focus is.



The above chart shows our staff by age group. We have slightly more mature staff than the younger staff. More than 37% of our employees are aged 50 and above. We appreciate having the older staff as they serve to guide the younger staff with their experience and knowledge. This is very important in our industry as experience is a very big factor in ensuring a quality end product which will satisfy our customers.



The chart above shows that our company is staffed mostly by males. This is inevitable as our business falls in the heavy industry sector. Our female employees form 27% of our staff and they are all office based.

- **Staff Engagement**

  An annual Performance Review is conducted for all executives and those at supervisory level. Their performance is reviewed against set KPIs. Discussion will be carried out on what their strengths and weaknesses are and where improvements can be made in order for them to reach their full potential.

  Our annual lunch and dinner events are other avenues for us to engage with our staff on an informal manner to forge better relationships between management and staff.

- **Staff Benefits**

  TAS offers competitive staff benefits and they include:

  - Health coverage
  - Maternity and paternity Leave
  - Travel allowance
  - Mobile line
  - Insurance
  - Laptop usage
  - Company car
  - Training development

- **Training**

  The training programs that employees have attended include the following:

Courses	Number of courses conducted				
	2018	2019	2020	2021	2022
Health & Safety	8	4	9	10	14
Finance & Accounts	12	2	5	3	3
Technical	2	0	2	0	1
Human Resources & Administration	9	5	5	2	9

SUSTAINABILITY REPORT (CONT'D)

We realise that having competent staff is very important for our success. As such, we place strong emphasis on our training plan.

Our training plan is developed annually according to annual training needs assessment and current needs development. Our goal in training is to provide employee with development opportunities and effective training for continuous improvement.

SOCIAL ACTIVITIES

As a good corporate citizen, we try to give back to society whenever and wherever we can. We see it as our responsibility to try to create positive changes and to lend a helping hand to bring joy to the underprivileged, as well as support the social activities of our industry NGOs.

Year 2018
Malaysia-China Chamber of Commerce Conference & Gala Dinner
Malaysia-China Chamber of Commerce MCCC-AAET Green Award 2015
Malaysia-China Chamber of Commerce Anniversary Luncheon
Sibu Shipyard Association's Dinner Event
Donation to the Malaysia-China Chamber of Commerce

Year 2019
Donation to Methodist Children Home
Donation to the Sibu Kidney Foundation
Donation to the Association for Children with Special Needs Sibu
Sponsorship towards Sibu Shipyard Association's New Year Lunch

Year 2020
Donation to National Cancer Society of Malaysia
Donation to the Sibu Kidney Foundation
Donation to the Association for Children with Special Needs Sibu

Year 2021
Sponsorship towards Sarawak Heart Foundation for purchase of Magnetic Resonance Imaging (MRI) Machine for Sibu Hospital

Year 2022
Donation to National Cancer Society of Malaysia
Donation to the Sibu Kidney Foundation
Donation to the Association for Children with Special Needs Sibu
Donation to Malaysia-China Chamber of Commerce Sarawak Branch

The TAS Group will continue its effort to formalise and further integrate the sustainability elements of Economic, Environmental and Social into its Corporate Governance and Operations in the years to come. This will increase our transparency and performance, as well as build up more confidence and trust from our stakeholders for TAS' long-term sustainability, profitability and success.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of TAS ensures that core values such as accountability, transparency, integrity and sustainability are practised throughout the Group in discharging its responsibilities to protect shareholders' value whilst taking into account the best interest of the stakeholders of the Company.

This Corporate Governance Overview Statement ("this Statement") is prepared in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"). The Board is mindful of the need to embrace the best practices and guidance set up in the Malaysian Code of Corporate Governance 2021 ("MCCG 2021"). This Statement is to be read together with the Corporate Governance Report 2022 of the Company which is available on the Company's website at www.tasoffshore.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is primarily responsible for determining the Company's strategic objectives and policies and monitoring the progress toward achieving the objectives and policies. In this regard, the Board is guided by the principles and practices set out in the approved Board Charter to ensure that all Board members, acting collectively and individually on behalf of the Company, are aware of the specific functions of the Board, their duties and responsibilities, the principles and practices of good corporate governance are applied in all their dealings in respect of and on behalf of the Company.

The Board has the following major responsibilities:

a) Strategic Direction

The Board establishes the vision and overall objectives of TAS Group. The Board reviews the operation performances quarterly to ensure that the performances are aligned to the Group's overall strategic direction and its objectives.

b) Overall Management

The Board oversees the conduct of the Group's business to ensure that it has been properly managed and is sustainable. The Executive Directors are delegated with relevant approving authorities for the management of the business operations.

c) Risk Management and Internal Control

The Board has entrusted the Audit Committee to oversee the efficiency and adequacy of the Group's risk management and internal control system by establishing a risk management framework with an ongoing process for identifying, evaluating and managing significant financial risks faced by the Group.

d) Succession Planning

The Board ensures high standard prevails in the processes of appointing, training, assessing the right candidates in succession planning. The Nomination Committee monitors and evaluates the performances of the Senior Management and members of the Board with a view for continuous improvement and to plan for successors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

The Board has the following major responsibilities : (Cont'd)

e) Good Corporate Governance

The Board ensures that corporate governance adopted and practised are in line with the principles of transparency, sustainability, accountability and integrity to protect and enhance shareholders' value and financial performance of the Group. To further enhance good governance, the Code of Conduct and Ethics, an Anti-Bribery and Corruption Policy and Whistleblowing Policy have been established to ensure that the Group's business is conducted in a socially ethical manner and provides an avenue for stakeholders to report any genuine concerns relating to the Group's activities.

f) Sustainability Management

The Board together with the Management acknowledged their responsibility in achieving a sustainable long-term business in order to enhance business prosperity and the interests of shareholders and stakeholders. The Board recognises that this has to start from the Board of Directors and its senior level of management, to ensure that this is practiced throughout the Group.

The Group's efforts to promote sustainable initiatives for the communities in which it operates, the environment and the employees are set out in the Sustainability Report in this Annual Report.

2. Board Committee

To ensure the effectiveness in discharging its duties and responsibilities, the Board has delegated certain responsibilities to the Management and the committees appointed by the Board. The Board has established and delegated certain responsibilities to the following three (3) Board Committees, namely:

(a) Audit Committee ("AC")
(b) Nomination Committee ("NC")
(c) Remuneration Committee ("RC")

Each committee operates its functions within their terms of reference approved by the Board which are reviewed by the Board as and when necessary.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Board Leadership

The positions of the Chairman, an Independent Non-Executive member of the Board and the Managing Director are distinctly segregated. There is a clear division of responsibility between the Chairman and the Managing Director to ensure an appropriate balance of power and authority and accountability at the Board level.

The management of TAS Group's operational activities is delegated by the Board to the Managing Director who has in-depth knowledge of the business to drive the daily business activities of the Group. The Managing Director is well supported by management committees of various functions as he leads the Senior Management in the daily business operations of the Group and the implementation of strategies and policies approved by the Board. The functions and powers of the Management are governed by approved limits of authority adopted throughout the Group and embedded in the control systems. The delegation of the Board authority to the Managing Director is reviewed as and when the need arises.

4. Board Commitment

The Board has also shown their commitment towards the Company in their attendance and active participation at Board and Committee meetings throughout the year in review.

Details of attendance of Directors are set out below.

Name of Directors	Board Meeting	AC Meeting	NC Meeting	RC Meeting
Datu Haji Mohammed Sepuan Bin Anu	5/5	5/5	–	–
Datuk Lau Nai Hoh	5/5	–	–	1/1
Lau Choo Chin	5/5	–	–	–
Tan Sri Dato' Seri Mohd Jamil Bin Johari	4/5	4/5	1/1	–
Lau Kiing Yiing	5/5	5/5	1/1	1/1
Ling Ka Chuan	5/5	5/5	1/1	1/1

5. Board Administration

The Board is supported by a qualified Company Secretary who ensures that meeting procedures and all applicable rules and regulations are complied with. Deliberations of the Directors in these meetings and their conclusions and/or resolutions are properly recorded by the Company Secretary in the form of minutes of meeting and these minutes are kept in the Minutes Book of the Company.

The Company Secretary, besides performing the statutory duties under the Companies Act 2016, provide sound governance advices. All Board members have unlimited access to the professional advice and services of the Company Secretary.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

6. Board Composition

The Board has six (6) members, comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors. The structure of the composition is consistent with the MMLR and the Code. The diverse background of the current board members gives the right mix of skills, knowledge and experience which enable various perspective to be considered whenever a proposal is put before the Board for decision.

In accordance with the Company's Constitution, 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. Thereon, an election of Directors shall take place every year where one-third (1/3) of the Directors for the time being or, if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3) shall retire but shall be eligible for re-election; provided always that all Directors shall retire from office at least once in every three (3) years.

The Board has established a Directors' Fit and Proper Policy, to ensure that any person to be appointed or elected / re-elected as a Director of the Group shall possess the key qualities and character as well as integrity, competency, and commitment to carry out the role of a Director. The execution of the said policy is delegated to the NC and will be reviewed and updated periodically by the Board, or at any time when the Board deems proper. The Fit and Proper Policy is available at the Company's website.

During the financial year, the NC has carried out the following activities :

- reviewed and assessed the required size, composition, mix of skill, 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 services of the Directors who were due for retirement;
- reviewed the terms of office of AC and the performance of the AC and each of its members to determine whether they have carried out their duties in accordance with their terms of reference; and
- facilitated training programmes for the Directors.

Pursuant to its recent annual review held on 8 September 2022, the NC is satisfied that the current size and composition of the Board with a wide range of technical, management and accounting experience is appropriate and vital for the effective functioning of the Board.

Although all the Directors have equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in ensuring the 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 identified Mr Lau Kiing Yiing as the Senior Independent Non-Executive Director. Being the Chairman of the AC, he is the most appropriate spokesperson for all Independent Non-Executive Directors as well as a channel for other stakeholders to convey their concerns if any.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

7. Board Training

All Directors have completed the mandatory accreditation programme. During FYE2022, the Directors have attended the following training to better equip themselves to carry out their duties and responsibilities:

Directors	Courses	Date of Attendance
Datu Haji Mohammed Sepuan Bin Anu	• MAICSA Webinar Series : Violation of the Companies Act 2016 : Oversights by Directors and Company Secretaries	27 May 2022
Datuk Lau Nai Hoh	• MAICSA Webinar Series : Violation of the Companies Act 2016 : Oversights by Directors and Company Secretaries	27 May 2022
Lau Choo Chin	• MAICSA Webinar Series : Violation of the Companies Act 2016 : Oversights by Directors and Company Secretaries	27 May 2022
Tan Sri Dato' Seri Mohd Jamil Bin Johari	• MAICSA Webinar Series : Violation of the Companies Act 2016 : Oversights by Directors and Company Secretaries	27 May 2022
Lau Kiing Yiing	• Taxation on land transactions – Live webinar • MIA Webinar Series : The Auditor's Response to Assessed Risks • Tax implication for business restructuring • 2022 Budget Seminar • MAICSA Webinar Series : Violation of the Companies Act 2016 : Oversights by Directors and Company Secretaries	3 June 2021 1 September 2021 13 September 2021 17 December 2021 27 May 2022
Ling Ka Chuan	• MAICSA Webinar Series : Violation of the Companies Act 2016 : Oversights by Directors and Company Secretaries	27 May 2022

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

8. Remuneration

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

The RC 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 remuneration.

In formulating the remuneration policy and package, the RC 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

  Meeting Allowances are paid to Independent Non-Executive Directors for their meeting attendance at various Board and 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 and retirement benefits.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

8. Remuneration (Cont'd)

A summary of remuneration provided to the Directors for the FYE 2022 distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components are set out below:

	Fees		Salaries		Meeting Allowances		Bonus and Other Benefits		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group
Executive Director										
Datuk Lau Nai Hoh	-	-	100,920	1,009,200	-	-	61,537	368,541	162,457	1,377,741
Lau Choo Chin	-	-	32,814	328,140	-	-	20,596	127,293	53,410	455,433
Non-Executive Directors										
Datu Haji Mohammed Sepuan Bin Anu	46,000	46,000	-	-	7,300	7,300	-	-	53,300	53,300
Tan Sri Dato' Seri Mohd Jamil Bin Johari	35,000	35,000	-	-	5,300	5,300	-	-	40,300	40,300
Lau Kiing Yiing	35,000	35,000	-	-	8,000	8,000	-	-	43,000	43,000
Ling Ka Chuan	35,000	35,000	-	-	6,800	6,800	-	-	41,800	41,800
TOTAL	**151,000**	**151,000**	**133,734**	**1,337,340**	**27,400**	**27,400**	**82,133**	**495,834**	**394,267**	**2,011,574**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee ("AC")

The AC was established by the Board to assist the Board of Directors in fulfilling statutory and fiduciary responsibilities with regard to the financial reporting process, reviewing the scope and results of internal and external auditing processes and monitoring the effectiveness of the internal controls and risk management.

The AC has four (4) members, comprising of all Independent Non-Executive Directors, with the Chairman who is a member of the Malaysian Institute of Accountants. The structure of the composition is consistent with the MMLR.

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

More details on the activities of the AC can be found in the Audit Committee Report on page 34 to 36 of the Annual Report. The terms of reference of the AC is found on the Company's website at *www.tasoffshore.com*.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2. Risk Management and Internal Control

The Board recognises that proper risk management and internal control are important aspects of a company's governance, management and operation.

The Board has the overall responsibility of identifying, assessing, managing and monitoring the material business risks. This is to safeguard shareholders' investments and the Group's assets.

Detailed information on risk management and internal control is set out in the Statement on Risk Management and Internal Control on page 32 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

The Company recognises the importance of maintaining transparency and effective communication with the shareholders, stakeholders and investors and keeping them abreast of all developments concerning TAS Group. As such, the Board is committed to ensuring timely, accurate and proper dissemination of information on the operations, activities and performance of the Group to its shareholders, stakeholders and investors.

The Company strictly adheres to the disclosure requirements stipulated in the MMLR and due care is taken to ensure material and market-sensitive information are not unduly disclosed before an official announcement is made to Bursa Malaysia for public release.

2. Conduct of General Meetings

The Company's General Meetings remain the main channel of communication with the Company's shareholders. At each General Meeting shareholders are encouraged and given sufficient time and opportunity to participate in the proceedings, to raise questions and participate in discussions pertaining to the operation and financial aspects of the Group. They may seek clarifications on the Group's performance, major development as well as on the resolutions being proposed. All Board members, Senior Management team as well as the Company's External Auditors are available to respond to shareholders' relevant questions raised at the meeting.

In line with good corporate governance practice, the notice of the Annual General Meeting ("AGM") of the Company was issued more than 28 days before the AGM date.

The Minutes of the 15th AGM which includes the questions raised by the shareholders together with the response by the Company and the outcome of the voting results will be made available to the shareholders within thirty (30) business days after the AGM on the Company's website.

The Company's AGMs have always been held at easily accessible venues for the convenience of the shareholders. The Company will explore the leveraging of technology, enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company.

This Statement is made in accordance with the resolution of the Board of Directors dated 8 September 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to maintaining 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's 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 of risk management and internal control will continually need to be enhanced to suit the needs and requirements of the expanding Group.

The Board is of the view 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 and has received the same assurance from the Managing Director and Group Accountant.

Key Processes on Risk Management and Internal Control

The main features of the Group's risk management and internal control system and the key processes that have been applied in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Key Processes on Risk Management and Internal Control (Cont'd)

The main features of the Group's risk management and internal control system and the key processes that have been applied in reviewing the adequacy and effectiveness of the risk management and internal control system include the following : (Cont'd)

Risk Management

The Board has formalised the risk management policy 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 the 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 risks 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 sustainability including policies and procedures by which these risks are managed.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

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

Composition

The Audit Committee has four (4) members, comprising of all Independent Non-Executive Directors, with the Chairman who is a member of the Malaysian Institute of Accountants. The structure of the composition is consistent with the Listing Requirements.

The Audit Committee held six (6) 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	5/5
Tan Sri Dato' Seri Mohd Jamil Bin Johari	4/5
Ling Ka Chuan	5/5

Summary of Works of the Audit Committee

In line with the terms of reference of the Audit Committee, the following works were carried out by the Committee during the FYE2022:

(a) Reviewed and discussed with the Management the quarterly unaudited financial results of the Group focusing on matters affecting the Group's performance significantly, compliance with the provisions of the Companies Act 2016, the applicable accounting standards, Bursa Malaysia Securities Berhad Main Market Listing Requirements and other relevant regulatory requirements, before recommending them to the Board for approval and subsequent release to Bursa Malaysia Securities Berhad;

(b) Reviewed and discussed the annual audited financial statements of the Company and of the Group with the Management as to their compliance with the provisions of the Companies Act 2016, the applicable accounting standards, Bursa Malaysia Securities Berhad Main Market Listing Requirements, and other relevant regulatory requirements before recommending them to the Board for approval and subsequent release to Bursa Malaysia Securities Berhad;

(c) Reviewed the annual Internal Audit Plan and the audit programme with the Internal Auditors to ensure adequate audit coverage of the key risk areas;

(d) Discussed the Internal Auditors' Reports, their major findings and recommendations and the Management's response in addressing the issues raised to ensure that the associated risks were adequately addressed;

(e) Reviewed or appraised the performance of the Internal Auditors before recommending their re-nomination to the Board;

Summary of Works of the Audit Committee (Cont'd)

In line with the terms of reference of the Audit Committee, the following works were carried out by the Committee during the FYE2022 : (Cont'd)

(f) Reviewed and discussed with the External Auditors, their annual audit planning memorandum encompassing areas of focus, key audit matters to be included in the auditors' report, audit methodology and time-table and audit materiality prior to commencement of their annual audit for the FYE2022;

(g) Reviewed and discussed with the External Auditors and the Management, the significant audit findings and recommendations by the External Auditors and any significant audit issues arising therefrom;

(h) Appraised the performance and evaluated the independence and objectivity of the External Auditors in providing their services and made recommendations to the Board on their re-appointment and the quantum of audit fees;

(i) Met with the External Auditors twice without the presence of the Management for discussions of additional matters in relation to audit issues noted in the course of their audit;

(j) Reviewed quarterly the related party transaction within the Company or the Group to ensure that the transactions were on normal commercial terms which were not detrimental to the interest of minority;

(k) Reviewed quarterly the Risk Management Report from the Risk Management Working Committee, any significant risks, mitigation actions and made relevant recommendations to the Board for necessary actions; and

(l) Reviewed the Statement on Risk Management and Internal Control to be published in the Annual Report.

Internal Audit Function

We have appointed an external firm to carry out the Internal Audit function.

The Internal Audit is responsible for the independent assessment on the adequacy and effectiveness of the internal control systems in place in anticipation of the risk exposures of key business processes. It also provides assurance on the systems and recommends improvements to the systems if necessary, 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 a reasonable cost;

(b) Ascertaining the extent of compliance with established policies, procedures and statutory requirements;

AUDIT COMMITTEE REPORT (CONT'D)

Internal Audit Function (Cont'd)

The main activities carried out by the Internal Auditor involve: (Cont'd)

(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 financial 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 FYE2022 were RM36,000.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016, to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia 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 complied with;

(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 that 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 2016 and applicable approved accounting standards.

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

Status of Utilisation of Proceeds Raised from Corporate Proposals

There were no corporate proposals during the financial year.

Material Contracts

There was no material contract entered into by the Company or its subsidiaries involving the interest of the Directors, or major shareholders either still subsisting at the end of the financial year ended 31 May 2022 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions

The related party transactions are disclosed on page 103 and 104 of this Annual Report.

Audit and Non-Audit Fees

Details of the audit and non-audit fees paid or payable to the Company's External Auditors, Messrs. FOLKS DFK & CO. for the FYE2022 are as follows:

	Company	Group
Statutory audit fees (RM)	40,000	46,392
Non-audit fee (RM) • *Review of Statement on Risk Management and Internal Control*	3,000	3,000
	43,000	49,392

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors submit herewith their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities and details of its subsidiaries are set out in Note 5.1 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
Loss for the year attributable to owners of the Company	(1,516,649)	(2,848,384)

RESERVES AND PROVISIONS

There were no material transfers made to or from reserves and provisions during the financial year ended 31 May 2022 other than as disclosed in the financial statements.

DIVIDENDS

Other than the distribution of treasury shares as share dividend as disclosed in the *Treasury Shares* section below, no cash dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividends in respect of the current financial year.

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 held on 27 October 2021, the shareholders of the Company renewed the Directors' authority for the Company to repurchase its own shares up to ten percent (10%) of its issued and paid-up share capital.

There were no shares repurchased during the financial year. The shares previously repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016. On 14 March 2022, the Company distributed 4,370,101 treasury shares to the entitled shareholders as share dividend on the basis of one (1) treasury share for every forty (40) existing ordinary shares held in the Company as at 15 February 2022.

TREASURY SHARES (CONT'D)

As at 31 May 2022, the Company held a total number of 822,799 treasury shares at a total carrying amount of RM303,113. Further details of the treasury shares are disclosed in Note 14 to the financial statements.

DIRECTORS OF THE COMPANY

The names of the Directors during the financial year and during the period from the end of the financial year to the date of this report are :-

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

The names of the directors of the Company's subsidiaries who served during the financial year to the date of this report, not including those Directors mentioned above are as follows :-

Tan Sri Dato' Sharil @ Shahrir Bin AB. Samad
Datin Hii Kiong Thai
Ng Cheng Lee

DIRECTORS' INTERESTS

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 :-

	Number of ordinary shares			
	Balance at	During the financial year		Balance at
Names of Directors	**01.06.2021**	**Share dividend**	**Disposed**	**31.05.2022**
Datu Haji Mohammed Sepuan Bin Anu				
- Direct interest	15,000	375	–	15,375
Datuk Lau Nai Hoh				
- Direct interest	90,525,671	2,263,141	–	92,788,812
- Indirect interest *	1,281,317	32,032	–	1,313,349
Lau Choo Chin				
- Direct interest	409,006	10,225	–	419,231
- Indirect interest *	40,000	1,000	–	41,000
Tan Sri Dato' Seri Mohd Jamil Bin Johari				
- Direct interest	10,000	250	–	10,250
Ling Ka Chuan				
- Direct interest	10,000	250	–	10,250

DIRECTORS' INTERESTS (CONT'D)

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 :- (Cont'd)

	Number of ordinary shares			
	Balance at	During the financial year		Balance at
Names of Directors	**01.06.2021**	**Share dividend**	**Disposed**	**31.05.2022**
Lau Kiing Yiing				
- Direct interest	10,000	250	–	10,250

* Interest held by spouses and children treated as interest of the Directors in accordance with Section 59(11)(c) of the Companies Act 2016.

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 wholly-owned subsidiaries of the Company, namely Tuong Aik Shipyard Sdn. Bhd., TA Ventures (L) Ltd., Pantas Marine Sdn. Bhd., Western Realty Sdn. Bhd. and TAS Epic Sdn. Bhd. 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 during the financial year.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits (other than those disclosed in the *Directors' Remuneration* section below) 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 27 to the financial statements.

DIRECTORS' REMUNERATION

The remuneration received or receivable by the Directors of the Company from the Company and its subsidiaries during the financial year are as follows :-

	Received or receivable from		
	The Company RM	Subsidiaries RM	Total RM
Fees	151,000	–	151,000
Other remuneration	204,542	1,617,307	1,821,849
Estimated value of benefits-in-kind	38,725	–	38,725
	394,267	1,617,307	2,011,574

No indemnity was given to nor was there any insurance effected for the Directors or officers of the Group and of the Company during the financial year.

AUDITORS' REMUNERATION

The remuneration paid or payable to the auditors of the Group and of the Company for the financial year are RM93,392 and RM43,000 respectively.

No indemnity was given to nor was there any insurance effected for the auditors during the financial year.

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 so 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;

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the Directors are not aware of any circumstances :- (Cont'd)

(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.

(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

8 September 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	16,552,197	17,360,161	1	1
Investments in subsidiaries	5	–	–	77,500,004	77,500,004
Other investments	6	30,912,394	30,224,883	28,160,226	27,522,122
Deferred tax assets	7	307,702	770,449	28,465	31,084
Amount due from subsidiaries	8	–	–	6,700,000	16,750,791
		47,772,293	48,355,493	112,388,696	121,804,002
Current Assets					
Inventories	9	29,768,509	58,292,148	–	–
Contract assets	10	374,202	1,912,882	–	–
Trade and other receivables	11	5,814,057	7,080,524	3,650	2,000
Amount due from subsidiaries	8	–	–	884,739	309,899
Tax recoverable		1,126,949	423,338	38,124	57,518
Fixed deposits, cash and bank balances	12	29,966,539	11,676,788	10,629,345	4,605,677
		67,050,256	79,385,680	11,555,858	4,975,094
Total Assets		114,822,549	127,741,173	123,944,554	126,779,096

The annexed notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	13	117,640,472	117,640,472	117,640,472	117,640,472
Treasury shares	14	(303,113)	(1,913,025)	(303,113)	(1,913,025)
(Accumulated losses)/ Retained profits		(37,332,258)	(34,400,654)	6,274,331	10,713,131
Foreign currency translation reserve		11,681,542	11,681,592	–	–
Total Equity		91,686,643	93,008,385	123,611,690	126,440,578
Non-Current Liabilities					
Bank borrowings (Secured)	15	3,054,480	6,523,565	–	–
Retirement benefits	16	1,186,054	1,295,169	118,606	129,518
Deferred tax liabilities	7	1,921,419	1,967,852	–	–
		6,161,953	9,786,586	118,606	129,518
Current Liabilities					
Trade and other payables	17	12,207,338	21,178,950	214,258	209,000
Contract liabilities	10	971,325	–	–	–
Bank borrowings (Secured)	15	3,620,636	3,453,752	–	–
Derivative financial liabilities	18	174,654	268,922	–	–
Taxation		–	44,578	–	–
		16,973,953	24,946,202	214,258	209,000
Total Liabilities		23,135,906	34,732,788	332,864	338,518
Total Equity and Liabilities		114,822,549	127,741,173	123,944,554	126,779,096

The annexed notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue	19	57,498,981	34,903,322	708,108	497,773
Cost of sales	20	(50,315,198)	(25,564,892)	–	–
Gross profit		7,183,783	9,338,430	708,108	497,773
Other income		660,700	3,734,386	813,751	33,199,460
Administrative expenses		(8,218,358)	(8,594,004)	(4,685,255)	(643,093)
Net reversal of impairment for financial assets		4,286	43,157	449,209	–
Other operating expenses		–	(1,095,427)	–	–
Operating (loss)/profit		(369,589)	3,426,542	(2,714,187)	33,054,140
Finance costs	21	(436,289)	(595,083)	–	–
(Loss)/Profit before taxation	22	(805,878)	2,831,459	(2,714,187)	33,054,140
Taxation	24	(710,771)	(944,568)	(134,197)	(66,124)
(Loss)/Profit for the year		(1,516,649)	1,886,891	(2,848,384)	32,988,016
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligations		194,957	–	19,496	–
Item that will be reclassified subsequently to profit or loss					
(Loss)/Gain on foreign currency translation		(50)	4,946,809	–	–
Total other comprehensive income for the year		194,907	4,946,809	19,496	–
Total comprehensive (loss)/ income for the year		(1,321,742)	6,833,700	(2,828,888)	32,988,016
Attributable to owners of the Company :					
- (Loss)/Profit for the year		(1,516,649)	1,886,891	(2,848,384)	32,988,016
- Total comprehensive (loss)/ income for the year		(1,321,742)	6,833,700	(2,828,888)	32,988,016
(Loss)/Earnings per share attributable to owners of the Company (Sen) :					
- Basic	25	(0.86)	1.08		

The annexed notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Attributable to Owners of the Company				
			Non-Distributable	Distributable	
Group	Share Capital RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	(Accumulated Losses)/ Retained Profits RM	Total RM
2022					
Balance at 1 June 2021	117,640,472	(1,913,025)	11,681,592	(34,400,654)	93,008,385
Loss for the year	–	–	–	(1,516,649)	(1,516,649)
Loss on foreign currency translation	–	–	(50)	–	(50)
Remeasurement of defined benefit obligations	–	–	–	194,957	194,957
Total comprehensive loss for the year	–	–	(50)	(1,321,692)	(1,321,742)
Distribution of treasury shares as share dividend	–	1,609,912	–	(1,609,912)	-
Balance at 31 May 2022	117,640,472	(303,113)	11,681,542	(37,332,258)	91,686,643
2021					
Balance at 1 June 2020	117,640,472	(1,913,025)	6,734,783	(36,287,545)	86,174,685
Profit for the year	–	–	–	1,886,891	1,886,891
Gain on foreign currency translation	–	–	4,946,809	–	4,946,809
Total comprehensive income for the year	–	–	4,946,809	1,886,891	6,833,700
Balance at 31 May 2021	117,640,472	(1,913,025)	11,681,592	(34,400,654)	93,008,385

The annexed notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Share Capital RM	Treasury Shares RM	Distributable (Accumulated Losses)/ Retained Profits RM	Total RM
	Attributable to Owners of the Company			
2022				
Balance at 1 June 2021	117,640,472	(1,913,025)	10,713,131	126,440,578
Loss for the year	–	–	(2,848,384)	(2,848,384)
Remeasurement of defined benefit obligations	–	–	19,496	19,496
Total comprehensive loss for the year	–	–	(2,828,888)	(2,828,888)
Distribution of treasury shares as share dividend	–	1,609,912	(1,609,912)	–
Balance at 31 May 2022	117,640,472	(303,113)	6,274,331	123,611,690
2021				
Balance at 1 June 2020	117,640,472	(1,913,025)	(22,274,885)	93,452,562
Total comprehensive income comprising profit for the year	–	–	32,988,016	32,988,016
Balance at 31 May 2021	117,640,472	(1,913,025)	10,713,131	126,440,578

The annexed notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities				
(Loss)/Profit before taxation	(805,878)	2,831,459	(2,714,187)	33,054,140
Adjustments for :-				
Depreciation of property, plant and equipment	1,094,931	1,196,457	–	–
Defined benefit cost	147,406	111,609	14,740	11,161
Income from unit trust funds	(752,060)	(585,841)	(708,108)	(497,773)
Write-down in value of inventories	–	1,095,427	–	–
Net reversal of allowance for impairment losses on :				
- trade receivables	(4,286)	(43,157)	–	–
- investment in a subsidiary	–	–	–	(30,489,961)
- amount due from a subsidiary	–	–	(449,209)	–
Loss/(Gain) on changes in fair value of :				
- investments measured at fair value through profit or loss	3,921,710	(2,138,382)	3,927,165	(2,135,307)
- derivative instruments	(94,268)	(265,307)	–	–
(Gain)/Loss on disposal of :				
- property, plant and equipment	(39,999)	(1,999)	–	–
- investments measured at fair value through profit or loss	62,463	(773)	62,463	(2,133)
Property, plant and equipment written off	2,186	3,332	–	–
Inventories written off	20,957	5,588	–	–
Interest expense	443,728	660,217	–	–
Interest income	(17,428)	(16,143)	(812,838)	(572,059)
Unrealised (gain)/loss on foreign exchange	(115,693)	4,758,320	(912)	–
Waiver of debts	–	(708,183)	–	–
Operating profit/(loss) before working capital changes	3,863,769	6,902,624	(680,886)	(631,932)

The annexed notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Operating profit/(loss) before working capital changes	3,863,769	6,902,624	(680,886)	(631,932)
Decrease in inventories	28,502,682	354,398,335	–	–
Decrease/(Increase) in contract assets	1,538,680	(1,392,283)	–	–
Increase/(Decrease) in contract liabilities	971,325	(2,271,041)	–	–
Decrease/(Increase) in trade and other receivables	1,326,285	7,833,286	(1,650)	–
(Decrease)/Increase in trade and other payables	(8,981,471)	(355,410,958)	5,258	(23,000)
Cash generated from/(utilised in) operations	27,221,270	10,059,963	(677,278)	(654,932)
Interest paid	(16,212)	(29,430)	–	–
Interest received	17,428	16,143	812,838	572,059
Tax paid	(1,104,212)	(830,193)	(118,341)	(84,551)
Net cash from/(used in) operating activities	26,118,274	9,216,483	17,219	(167,424)
Cash flows from investing activities				
Return of capital by a subsidiary (Note 5.2)	–	–	–	14,500,000
Income from investments in unit trust funds	752,060	585,841	708,108	497,773
Purchase of property, plant and equipment (Note 31.1)	(89,154)	(500,084)	–	–
Proceeds from disposal of property, plant and equipment	40,000	2,000	–	–
Investments in unit trust funds	(5,656,905)	(10,585,841)	(5,612,953)	(10,497,773)
Proceeds from disposal of investments in unit trust funds	985,222	13,000,000	985,222	10,500,000
(Increase)/Decrease in fixed deposits pledged as security	(124,082)	96,047	–	–
Net repayment from/(advances to) subsidiaries	–	–	9,926,072	(10,618,167)
Net cash (used in)/from investing activities	(4,092,859)	2,597,963	6,006,449	4,381,833

The annexed notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Cash flows from financing activities				
Net repayment of bank borrowings (Note 31.2)	(3,502,201)	(4,441,891)	–	–
Interests paid on bank borrowings	(427,516)	(630,787)	–	–
Net cash used in financing activities	(3,929,717)	(5,072,678)	–	–
Net increase in cash and cash equivalents	18,095,698	6,741,768	6,023,668	4,214,409
Cash and cash equivalents at beginning of year	9,571,687	2,797,171	4,605,677	391,268
Effect of changes in foreign exchange rates	69,971	32,748	–	–
Cash and cash equivalents at end of year (Note 12)	27,737,356	9,571,687	10,629,345	4,605,677

The annexed notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
- 31 MAY 2022

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 that of investment holding. The principal activities of the subsidiaries are set out in Note 5.1 to the financial statements.

These financial statements comprised the financial statements of the Group 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 8 September 2022.

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 ("IFRSs") and the provisions of the Companies Act 2016 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 the amendments to MFRSs as disclosed in Note 2.2 below.

2.2 Application of Amendments to MFRSs

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) which are effective for accounting period beginning on or after 1 June 2021 :-

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2 *(effective on 1 January 2021)*
Amendments to MFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 *(effective on 1 April 2021)*

The initial application of amendments to MFRSs did not have any significant impact on the Group's and the Company's financial statements for the current and prior financial periods and is not expected to have a material impact on future periods.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New MFRS and Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group and the Company have not early adopted the following new MFRS 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 January 2022
Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 116 - Proceeds before Intended Use
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2018 - 2020" :
- Amendment to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendment to MFRS 9, Financial Instruments
- Amendment to MFRS 16, Leases
- Amendment to MFRS 141, Agriculture

Effective for annual periods beginning on or after 1 January 2023
MFRS 17, Insurance Contracts
Amendments to MFRS 17 - Insurance Contracts
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 - Disclosure of Accounting Policies
Amendments to MFRS 108 - Definition of Accounting Estimates
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after a date to be determined by the MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective and the adoption is not expected to have any material impact on the Group's and on the Company's financial statements in the period of initial application.

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.

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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of Consolidation (Cont'd)

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.

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. 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

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.

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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign Currencies (Cont'd)

2.7.3 Foreign operations (Cont'd)

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.

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 depreciated. 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

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Property, Plant and Equipment (Cont'd)

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 Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date. Contract assets are reviewed for impairment in accordance with the Group's accounting policy on impairment as disclosed in Note 2.16.1.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

2.12 Contract Costs

Contract costs are recognised as an asset when the following criteria are met :-

(a) In relation to incremental costs of obtaining a contract, the Group recognises the costs as an asset if the Group expects to recover those costs.

(b) In relation to costs to fulfil a contract, the Group recognises the contract costs as an asset if (i) they relate directly to a contract or to an anticipated contract that the Group can specifically identify; (ii) when the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Contract Costs (Cont'd)

These assets are initially measured at cost and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration expected to be received less the remaining costs expected to be incurred. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved. The increased carrying amount does not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

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, costs 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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial Assets (Cont'd)

2.14.1 Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :-

(a) at amortised cost;

(b) fair value through other comprehensive income; and

(c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

2.14.2 Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other 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. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories :-

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition :-

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial Assets (Cont'd)

2.14.2 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

(i) Amortised cost (Cont'd)

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss.

(ii) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition :-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

(iii) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial Assets (Cont'd)

2.14.2 Measurement (Cont'd)

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

2.14.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights 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 measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) 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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Impairment

2.16.1 Financial assets and contract assets

The Group recognises loss allowance for expected credit losses ("ECLs") on :-

(a) financial assets measured at amortised cost;

(b) debt instruments measured at fair value through other comprehensive income ("FVOCI"); and

(c) contract assets.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months i.e. a 12-month ECL. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default i.e. a lifetime ECL.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Refer to Note 30.2(a)(ii) for further details.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

An impairment loss in respect of financial assets measured at amortised cost and contract assets is recognised in profit or loss and the carrying amount of the assets is reduced through the use of an allowance account.

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Impairment (Cont'd)

2.16.2 Non-financial assets

The carrying amounts of non-financial assets (other than inventories, contract assets and assets arising from costs to obtain and fulfil a contract, 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.

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.

2.17 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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 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 distributable retained profits.

2.19 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.

2.19.1 Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial liabilities at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

(a) Fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL upon initial recognition or derivatives that are liabilities.

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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Financial Liabilities (Cont'd)

2.19.1 Classification and measurement (Cont'd)

(a) Fair value through profit or loss ("FVTPL") (Cont'd)

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented 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 FVTPL are recognised separately in profit or loss as part of other income or other expenses.

(b) Amortised cost

All financial liabilities, other than those categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

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

2.19.2 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.

2.20 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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 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 measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

2.22 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

Embedded derivatives are separated from host contract and accounted for separately if the host contract is not a financial asset and 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.

2.23 Employee Benefits

2.23.1 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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Employee Benefits (Cont'd)

2.23.2 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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Employee Benefits (Cont'd)

2.23.3 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.

2.24 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.

2.25 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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Income Taxes (Cont'd)

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.

2.26 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.

2.27 Leases as a Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset of the Group comprises acquired leasehold land which is included under the line item of Property, Plant and Equipment (Note 4) and is depreciated over the remaining lease period of 60 years.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise :-

- fixed lease payments (including in-substance fixed payments), less lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable by the Group under residual value guarantees;

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Leases as a Lessee (Cont'd)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise :- (Cont'd)

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payment of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable lease payment that does not depend on an index or a rate is recognised as an expense in the period in which it is incurred.

The Group has elected not to recognise the right-of-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.28 Revenue from Contracts with Customers

The Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Performance obligations may be satisfied over time or at a point in time. Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

The Group recognises revenue from the following business activities :-

2.28.1 Sales of vessels

Depending on the terms of a contract with customer, control of the vessel under construction may transfer over time or at a point in time.

The Group satisfies a performance obligation over time and therefore transfers control of a vessel under construction over time if the Group's performance :-

(a) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or

(b) creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) provide benefits that the customer simultaneously receives and consumes as the Group performs.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Revenue from Contracts with Customers (Cont'd)

2.28.1 Sales of vessels (Cont'd)

Where any one of the above conditions is met, the Group recognises revenue over time. Otherwise, revenue is recognised at a point in time when control of a completed vessel is transferred upon delivery and acceptance by the customer.

If control of the vessel under construction transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group recognises revenue over time using the input method, which is based on the level of proportion that the construction costs incurred for work performed to-date bear to the estimated total costs for the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Revenue is the amount of transaction price agreed under a vessel sale agreement and variations in contract works. When it is probable that the contract cannot be fulfilled on time, liquidated ascertained damages will be estimated based on expected value method and deducted from the contract transaction price. An upfront deposit is collected from the customer upon the signing of vessel sale agreement and the remaining balance is to be collected upon the achievement of agreed milestones.

There is no significant financing component in contracts with customers as the payment term is less than twelve (12) months from the date of milestone payment or transfer of promised goods to customers. Therefore, no adjustment is made to the promised amount of consideration for the effects of time value of money.

2.28.2 Vessel repair services

Revenue from vessel repair services comprise multiple deliverables which are highly integrated and are therefore recognised as a single performance obligation. The Group recognises revenue from vessel repair services on an over time basis using an input method to measure the progress towards complete satisfaction of the service when the customer simultaneously receives and consumes the benefits from the services provided. Otherwise, revenue is recognised at point in time when the customer obtains control of the asset or services.

2.28.3 Vessel chartering services

Revenue from vessels under charter is recognised on a straight-line basis over the lease term determined at the inception of the lease.

Certain charter income is recognised when services are rendered and are computed at the contracted daily rate.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 Revenue from other Sources and Other Income

2.29.1 Dividend income

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

2.29.2 Interest income

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

2.30 Earnings Per Share

Basic earnings per share 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 earnings per share 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.

2.31 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.

2.32 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.32 Fair Value Measurements (Cont'd)

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).

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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.

3.1 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 are 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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

3.2 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.

(a) Recognition of revenue and costs from shipbuilding construction contracts

The Group recognises revenue from shipbuilding construction contracts over time or at a point in time depending on the terms of contracts with customers. Where revenue is recognised over time, the Group uses the input method also known as the percentage of completion method which is based on the proportion of contract costs incurred for work performed to-date bear to the estimated total costs for that contract.

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

The management also assess each construction contract individually to ensure that the recognition of revenue and profit is appropriate and that the amounts due from customers are recoverable. Significant judgement is required in determining and assessing whether the Group's customers would be able to fulfill their contractual obligations and take delivery of their respective vessels. The carrying amounts of the Group's contract assets and contract liabilities as at the end of the reporting period are disclosed in Note 10.

(b) Impairment of investments in subsidiaries

The Company assesses impairment of investments in subsidiaries when the events or changes in circumstances indicate that their carrying amounts may not be recoverable. The determination of the recoverable amount requires an estimation of value in use of the cash-generating units which is derived from the use of discounted future cash flows method. Significant judgement is required to estimate the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's investments in subsidiaries as at the end of the reporting period is disclosed in Note 5.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

3.2 Key sources of estimation uncertainty (Cont'd)

(c) Estimation of net realisable values of inventories - vessels

The net realisable values of vessels 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. Where appropriate, the Group engages independent external valuers to assess the net realisable values of its vessels. 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 the vessels. The carrying amount of the Group's vessels as at 31 May 2022 was RM19,974,736 (2021 : RM48,590,789) as disclosed in Note 9.

(d) Impairment losses on receivables including amount due from subsidiaries

The Group and the Company make allowances for impairment losses on receivables based on their assessment that involves making assumptions about the default risk and expected loss rate of the counterparty and the collaterals held, if any. Significant judgement is required in making these assumptions and in determining the inputs used for impairment calculation. Where the actual outcome is different from the estimates, the difference will impact the carrying value of the receivables. The carrying amounts of the Group's trade and other receivables as at the end of the reporting period are disclosed in Note 11 and the amount due from subsidiaries to the Company is disclosed in Note 8.

(e) 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 estimate 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, vessels chartering 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. The carrying amounts of the Group's and the Company's property, plant and equipment as at the end of the reporting period are disclosed in Note 4.1.

(f) 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.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 The movements of property, plant and equipment during the financial year are as follows :-

Group

2022

	Right-of-use asset Long-term leasehold land RM	Buildings and workers' quarters RM	Plant and machinery RM	Motor vehicles RM	Slipway and jetty RM	Office equipment, furniture and fittings RM	Total RM
Costs							
Balance at 1 June 2021	10,958,668	11,151,415	11,487,260	2,345,689	3,720,347	684,901	40,348,280
Additions	-	-	1,408	280,000	-	7,746	289,154
Disposal	-	-	-	(288,000)	-	-	(288,000)
Write-off	-	-	(90,858)	-	-	(11,368)	(102,226)
Balance at 31 May 2022	10,958,668	11,151,415	11,397,810	2,337,689	3,720,347	681,279	40,247,208
Accumulated depreciation							
Balance at 1 June 2021	3,014,898	3,934,546	9,468,772	2,300,880	3,629,145	639,878	22,988,119
Charge for the year	169,017	215,504	575,180	78,400	38,266	18,564	1,094,931
Disposal	-	-	-	(287,999)	-	-	(287,999)
Write-off	-	-	(90,278)	-	-	(9,762)	(100,040)
Balance at 31 May 2022	3,183,915	4,150,050	9,953,674	2,091,281	3,667,411	648,680	23,695,011
Net book value as at 31 May 2022	7,774,753	7,001,365	1,444,136	246,408	52,936	32,599	16,552,197

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

4.1 The movements of property, plant and equipment during the financial year are as follows :- (Cont'd)

Group (Cont'd)

2021

	Right-of-use asset Long-term leasehold land RM	Buildings and workers' quarters RM	Plant and machinery RM	Motor vehicles RM	Slipway and jetty RM	Office equipment, furniture and fittings RM	Total RM
Costs							
Balance at 1 June 2020	10,958,668	11,151,415	11,033,790	2,368,689	3,720,347	733,611	39,966,520
Additions	–	–	487,640	–	–	12,444	500,084
Disposal	–	–	–	(23,000)	–	–	(23,000)
Write-off	–	–	(34,170)	–	–	(61,154)	(95,324)
Balance at 31 May 2021	10,958,668	11,151,415	11,487,260	2,345,689	3,720,347	684,901	40,348,280
Accumulated depreciation							
Balance at 1 June 2020	2,845,881	3,719,041	8,815,585	2,301,479	3,547,799	676,868	21,906,653
Charge for the year	169,017	215,505	687,356	22,400	81,346	20,833	1,196,457
Disposal	–	–	–	(22,999)	–	–	(22,999)
Write-off	–	–	(34,169)	–	–	(57,823)	(91,992)
Balance at 31 May 2021	3,014,898	3,934,546	9,468,772	2,300,880	3,629,145	639,878	22,988,119
Net book value as at 31 May 2021	7,943,770	7,216,869	2,018,488	44,809	91,202	45,023	17,360,161

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

4.1 The movements of property, plant and equipment during the financial year are as follows :- (Cont'd)

Company

	Motor vehicle 2022 RM	Motor vehicle 2021 RM
Cost		
At beginning and at end of year	428,470	428,470
Accumulated depreciation		
Balance at beginning of year	428,469	428,469
Charge for the year	–	–
Balance at end of year	428,469	428,469
Net book value as at 31 May	1	1

4.2 Property, plant and equipment include the following assets acquired under hire-purchase arrangements :-

Group

	Cost RM	Accumulated depreciation RM	Carrying amount RM	Current depreciation RM
2022				
Motor vehicles	280,000	(56,000)	224,000	56,000

2021 - NIL

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

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Administrative expenses	283,977	224,422	–	–
Cost of sales	810,954	972,035	–	–
	1,094,931	1,196,457	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	Company 2022 RM	Company 2021 RM
Unquoted shares, at cost (Note 5.2)	82,102,754	82,102,754
Accumulated impairment losses (Note 5.3)	(4,602,750)	(4,602,750)
	77,500,004	77,500,004

5.1 Details of subsidiaries

Details of the subsidiaries are as follows :-

Names of companies	Principal activities	Country of incorporation	Effective equity interest (%) 2022	Effective equity interest (%) 2021
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
TAS Epic Sdn. Bhd. *	Agricultural development activities - dormant during the financial year	Malaysia	100	100
Pantas Marine Sdn. Bhd. *	Ship repairing, maintenance and provision of vessel chartering services	Malaysia	100	100

* *Not audited by Folks DFK & Co.*

5.2 Return of capital by a subsidiary, Pantas Marine Sdn. Bhd. ("Pantas Marine") in the previous financial year

Pursuant to its share capital reduction exercise, on 21 May 2021, Pantas Marine returned RM14,500,000 of the capital previously contributed by the Company which represents an excess of Pantas Marine's operating requirements. The share capital reduction exercise had no impact on the Company's effective equity interest in Pantas Marine which remained at 100% as at 31 May 2021.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

5.3 Impairment losses

The movements in the Company's allowance for impairment losses on the investments in its subsidiaries during the financial year are as follows :-

	2022 RM	2021 RM
Balance at beginning of year	4,602,750	35,092,711
Reversal	–	(30,489,961)
Balance at end of year	4,602,750	4,602,750

The Company assessed its subsidiaries at the end of each financial year for any indication of impairment which includes considering the financial performance and changes in shareholders' fund of the subsidiaries. Where such indication for an investment in subsidiary exists, the recoverable amount for the subsidiary concerned shall be determined and the excess of the carrying amount of the investment over its recoverable amount is recognised as an impairment loss.

During the previous financial year, the Company recorded a reversal of impairment loss of RM30,489,961 on investment in a subsidiary as a result of higher recoverable amount which was determined based on the subsidiary's value in use. The reversal was recognised under the line item other income of the Company's previous financial year profit or loss.

6. OTHER INVESTMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Investments in unit trust funds classified as financial assets at fair value through profit or loss	30,912,394	30,224,883	28,160,226	27,522,122

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Balance at beginning of year	(1,197,403)	(1,459,983)	31,084	28,406
Recognised in profit or loss	(354,748)	262,580	3,538	2,678
Recognised in other comprehensive income	(61,566)	–	(6,157)	–
Balance at end of year	(1,613,717)	(1,197,403)	28,465	31,084

Presented after appropriate offsetting as follows :-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax assets	307,702	770,449	28,465	31,084
Deferred tax liabilities	(1,921,419)	(1,967,852)	–	–
	(1,613,717)	(1,197,403)	28,465	31,084

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

Group

2022	As at 01.06.2021 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	As at 31.05.2022 RM
Deferred tax liabilities				
Property, plant and equipment	(1,709,580)	103,886	–	(1,605,694)
Right-of-use asset	(1,174,290)	24,985	–	(1,149,305)
	(2,883,870)	128,871	–	(2,754,999)
Deferred tax assets				
Retirement benefits	310,840	35,379	(61,566)	284,653
Other deductible temporary differences	1,375,627	(518,998)	–	856,629
	1,686,467	(483,619)	(61,566)	1,141,282

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

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

Group (Cont'd)

2021	As at 01.06.2020 RM	Recognised in profit or loss RM	As at 31.05.2021 RM
Deferred tax liabilities			
Property, plant and equipment	(1,865,437)	155,857	(1,709,580)
Right-of-use asset	(1,199,275)	24,985	(1,174,290)
	(3,064,712)	180,842	(2,883,870)
Deferred tax assets			
Retirement benefits	284,054	26,786	310,840
Unutilised capital allowances	334,428	(334,428)	-
Unabsorbed tax losses	87,522	(87,522)	-
Other deductible temporary differences	898,725	476,902	1,375,627
	1,604,729	81,738	1,686,467

Company

2022	As at 01.06.2021 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	As at 31.05.2022 RM
Deferred tax assets				
Retirement benefits	31,084	3,538	(6,157)	28,465

2021	As at 01.06.2020 RM	Recognised in profit or loss RM	As at 31.05.2021 RM
Deferred tax assets			
Retirement benefits	28,406	2,678	31,084

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2022	**2021**
	RM	**RM**
Non-current		
Interest bearing	6,700,000	17,200,000
Allowance for impairment losses	–	(449,209)
	6,700,000	16,750,791
Current		
Non-interest bearing	884,739	309,899
	7,584,739	17,060,690

The amounts due from subsidiaries are non-trade in nature, unsecured, repayable on demand and settlement is expected to be in cash. The amounts due have been classified as current and noncurrent based on the expected timing of settlement of debts. The allowance for impairment losses of RM449,209 has been reversed in the current financial year.

Interest charged on interest-bearing amount due from a subsidiary during the financial year was calculated at rates ranging from 4.80% to 6.82% (2021 : 4.80% to 6.57%) per annum.

9. INVENTORIES

	Group	
	2022	**2021**
	RM	**RM**
Raw materials and consumable stores	9,740,110	9,696,877
Work-in-progress - vessels under construction	7,435,981	11,527,242
Completed vessels	12,538,755	37,063,547
Goods-in-transit	53,663	4,482
	29,768,509	58,292,148

Completed vessels as at the end of the financial year include a vessel carried at net realisable value of RM6,152,572 (2021 : RM6,449,025).

The Group has written down the carrying amount of the completed vessel as at end of the financial year to its estimated net realisable value in accordance with the Group's accounting policy. This net realisable value has been determined by the management with reference to a valuation performed by an independent external valuer and the management's estimates of the costs to complete the vessel and costs to make the sale, where appropriate.

9. INVENTORIES (CONT'D)

Inventories recognised as an expense during the financial year amounted to RM45,640,109 (2021 : 9,400,163). This expense is included under cost of sales of the Group's profit or loss.

10. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	Group	
	2022 RM	2021 RM
Contract assets	374,202	1,912,882
Contract liabilities	(971,325)	–
	(597,123)	1,912,882

The contract assets and contract liabilities of the Group are analysed as follows :-

	Group	
	2022 RM	2021 RM
Balance at beginning of year	1,912,882	(1,750,442)
Add : Contract revenue recognised during the year	3,433,125	22,463,117
Less : Progress billings issued during the year	(5,943,130)	(18,799,793)
Balance at end of year	(597,123)	1,912,882

Contract assets primarily relate to the Group's rights to consideration for vessels delivered to customers but not yet billed at end of the reporting date. The contract assets are transferred to receivables when rights to consideration become unconditional. Contract liabilities primarily relate to the Group's obligations to transfer completed vessels to customers for which the consideration has been received or receivable from the customers.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables (Note 11.1)	4,479,076	6,517,902	–	–
Other receivables, deposits and prepayments (Note 11.2)	1,334,981	562,622	3,650	2,000
	5,814,057	7,080,524	3,650	2,000

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.1 Trade receivables

The normal credit period of trade receivables relating to ship repairing activities is 60 days (2021 : 60 days). In respect of shipbuilding contracts, the debts arising are to be settled within a period of 7 days (2021 : 7 days) from the date the billings are rendered. Other credit terms are assessed and approved on a case-by-case basis.

The Group's exposure to credit risk and allowance for expected credit losses ("ECLs") on trade receivables are summarised below :-

2022

	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	67,207	–	67,207
0 to 30 days past due	69,582	–	69,582
31 to 120 days past due	–	–	–
More than 120 days past due	519,171	(35,000)	484,171
	655,960	(35,000)	620,960
Credit impaired	4,901,092	(1,042,976)	3,858,116
	5,557,052	(1,077,976)	4,479,076

2021

	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	1,440	–	1,440
0 to 30 days past due	335,992	–	335,992
31 to 120 days past due	765,630	(4,286)	761,344
More than 120 days past due	1,693,769	(35,000)	1,658,769
	2,796,831	(39,286)	2,757,545
Credit impaired	4,803,333	(1,042,976)	3,760,357
	7,600,164	(1,082,262)	6,517,902

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.1 Trade receivables (Cont'd)

The movements in the Group's allowance for ECLs during the financial year are as follows :-

	Lifetime ECLs RM	Credit impaired RM	Total RM
2022			
Balance at 1 June 2021	39,286	1,042,976	1,082,262
Net gain on remeasurement of loss allowance	(4,286)	–	(4,286)
Balance at 31 May 2022	35,000	1,042,976	1,077,976
2021			
Balance at 1 June 2020	82,443	1,042,976	1,125,419
Net gain on remeasurement of loss allowance	(43,157)	–	(43,157)
Balance at 31 May 2021	39,286	1,042,976	1,082,262

The gain on remeasurement of loss allowance has been included under the line item other income of the Group's profit or loss.

The Group's trade receivables are denominated in the following currencies :-

	Group	
	2022 RM	2021 RM
Ringgit Malaysia	67,056	245,769
Singapore Dollar	4,342,287	6,272,133
United States Dollar	69,733	–
	4,479,076	6,517,902

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.2 Other receivables, deposits and prepayments

These comprised :-

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Deposits paid to shipbuilding suppliers and contractors (Note 11.2(a))	1,262,702	482,022	–	–
Sundry deposits	5,640	5,640	2,000	2,000
Other receivables	2,578	23,576	–	–
	1,270,920	511,238	2,000	2,000
Prepayments	64,061	51,384	1,650	–
	1,334,981	562,622	3,650	2,000

(a) Deposits paid to shipbuilding suppliers and contractors

These comprised 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.

(b) The movements in the Group's allowance for impairment losses on other receivables during the financial year are as follows :-

	Group	
	2022 RM	**2021 RM**
Balance at beginning of year	–	17,448,257
Adjustment for derecognition of deposits	–	(17,039,692)
Effects of changes in exchange rates	–	(408,565)
Balance at end of year	–	–

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.2 Other receivables, deposits and prepayments (Cont'd)

(c) Other receivables, deposits and prepayments of the Group and of the Company are denominated in the following currencies :-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	426,610	274,865	3,650	2,000
United States Dollar	5,619	4,955	–	–
Japanese Yen	902,752	282,802	–	–
	1,334,981	562,622	3,650	2,000

12. FIXED DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash in hand	10,149	7,514	1,065	1,386
Cash at banks	27,727,207	9,564,173	10,628,280	4,604,291
Fixed deposits with a licensed bank	2,229,183	2,105,101	–	–
Total as per the statements of financial position	29,966,539	11,676,788	10,629,345	4,605,677
Less : Fixed deposits pledged to a licensed bank	(2,229,183)	(2,105,101)	–	–
Cash and cash equivalents as per the statements of cash flows	27,737,356	9,571,687	10,629,345	4,605,677

The fixed deposits as at the end of the financial year have been pledged to a licensed bank as consideration for credit facilities granted to the Group as disclosed in Note 15.1. The effective interest rate of these fixed deposits is 1.25% (2021 : 0.15%) per annum with original maturity period of 12 months (2021 : 12 months).

The effective interest rate of the Group's and the Company's cash in current accounts amounting to RM11,713,348 and RM10,459,975 respectively as at the end of the reporting period (2021 : RM7,926,654 and RM4,490,055 respectively) is 0.50% (2021 : 0.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. FIXED DEPOSITS, CASH AND BANK BALANCES (CONT'D)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	11,827,287	8,005,821	10,629,345	4,605,677
United States Dollar	4,640,762	2,151,308	–	–
Singapore Dollar	13,498,490	1,519,659	–	–
	29,966,539	11,676,788	10,629,345	4,605,677

13. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount (RM)	
	2022	2021	2022	2021
Issued and fully paid-up				
Balance at beginning and at end of year	180,002,000	180,002,000	117,640,472	117,640,472

Ordinary shares of the Company have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

14. TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 27 October 2021, had renewed the Directors' authority for the Company to buy back its own shares up to ten percent (10%) of the total issued and paid-up share capital of the Company.

On 14 March 2022, the Company distributed 4,370,101 treasury shares to the entitled shareholders as share dividend on the basis of one (1) treasury share for every forty (40) existing ordinary shares held in the Company as at 15 February 2022.

14. TREASURY SHARES (CONT'D)

The movements in treasury shares are as follows :-

	Number of treasury shares	Cost RM	Average cost per share RM
Balance at 1 June 2020	5,192,900	1,913,025	0.368
Repurchased during the year	–	–	–
Balance at 31 May 2021 / 1 June 2021	5,192,900	1,913,025	0.368
Distributed during the year	(4,370,101)	(1,609,912)	0.368
Balance at 31 May 2022	822,799	303,113	0.368

The total consideration paid for repurchase transactions include transaction costs and was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016. As at 31 May 2022, the number of the Company's shares in issue after deducting treasury shares is 179,179,201 (2021 : 174,809,100) ordinary shares.

15. BANK BORROWINGS (SECURED)

	Group	
	2022 RM	2021 RM
Non-current		
Term loan (Note 15.1)	2,973,882	6,523,565
Hire-purchase (Note 15.2)	80,598	–
	3,054,480	6,523,565
Current		
Term loan (Note 15.1)	3,554,405	3,453,752
Hire-purchase (Note 15.2)	66,231	–
	3,620,636	3,453,752
	6,675,116	9,977,317

15. BANK BORROWINGS (SECURED) (CONT'D)

15.1 Term loan

The term loan and all other credit facilities granted by a licensed bank to a subsidiary of the Group are secured by fixed deposits pledged, a facility agreement, a Deed of Assignment of Contract Proceeds and Power of Attorney to cover all shipbuilding contracts/agreements financed by the lending bank and a corporate guarantee from the Company.

The term loan is repayable by 60 monthly instalments of RM308,000 each commencing from August 2019 and during the financial year, was subject to interest at rates ranging from 2.86% to 3.14% (2021 : 2.85% to 3.69%) per annum.

15.2 Hire-purchase

	Group	
	2022 RM	2021 RM
Future minimum payments :		
- Within 1 year	70,752	–
- Between 2 and 5 years	82,528	–
	153,280	–
Future finance charges on hire-purchase	(6,451)	–
Present value	146,829	–
Payable within 1 year (included under current liabilities)	(66,231)	–
Payable between 2 and 5 years (included under non-current liabilities)	80,598	–

16. RETIREMENT BENEFITS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Present value of unfunded defined benefit obligations	1,186,054	1,295,169	118,606	129,518

The Group implements an unfunded defined benefit plan for eligible Directors. The benefits are payable upon attaining normal retirement age of between 70 and 75 years old, death, or ill health. The actuarial valuation was performed on 26 April 2022.

16. RETIREMENT BENEFITS (CONT'D)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Balance at beginning of year	1,295,169	1,183,560	129,518	118,357
Recognised in profit or loss				
Current service costs	89,123	76,837	8,912	7,684
Interest on obligation	58,283	34,772	5,828	3,477
	147,406	111,609	14,740	11,161
Recognised in other comprehensive income				
Actuarial gains arising from :				
- changes in actuarial assumptions	(114,857)	–	(11,486)	–
- experience adjustments	(141,664)	–	(14,166)	–
	(256,521)	–	(25,652)	–
Balance at end of year	1,186,054	1,295,169	118,606	129,518

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

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Discount rate	4.50%	5.30%	4.50%	5.30%
Future average salary increases	2.00%	4.00%	2.00%	4.00%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. RETIREMENT BENEFITS (CONT'D)

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

	Increase/(Decrease) in defined benefit obligations			
	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Discount rate increases by 1%	(69,297)	(51,372)	(6,930)	(5,137)
Discount rate decreases by 1 %	80,494	64,689	8,049	6,469
Future average salary growth increases by 1%	87,962	73,109	8,796	7,311
Future average salary growth decreases by 1%	(77,002)	(57,688)	(7,700)	(5,769)

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

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables	7,166,434	5,606,878	–	–
Other payables and accruals	5,040,904	15,572,072	214,258	209,000
	12,207,338	21,178,950	214,258	209,000

17.1 The Group's trade payables are denominated in the following currencies :-

	Group	
	2022 RM	2021 RM
Ringgit Malaysia	6,088,119	4,742,402
United States Dollar	213,147	201,711
Singapore Dollar	865,168	355,321
Euro	–	307,444
	7,166,434	5,606,878

17. TRADE AND OTHER PAYABLES (CONT'D)

17.2 The normal credit period of trade payables granted to the Group ranges from 7 to 90 days (2021 : 7 to 90 days).

17.3 Other payables and accruals

These comprised :-

	Group		Company	
	2022 **RM**	**2021** **RM**	**2022** **RM**	**2021** **RM**
Other payables	30,453	27,081	5,258	–
Deposits received from customers for shipbuilding contracts	4,640,048	15,167,865	–	–
Accruals	370,403	377,126	209,000	209,000
	5,040,904	15,572,072	214,258	209,000

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

	Group		Company	
	2022 **RM**	**2021** **RM**	**2022** **RM**	**2021** **RM**
Ringgit Malaysia	394,288	391,775	214,258	209,000
Singapore Dollar	4,640,048	15,167,865	–	–
United States Dollar	6,568	12,432	–	–
	5,040,904	15,572,072	214,258	209,000

18. DERIVATIVE FINANCIAL LIABILITIES

	Group	
	2022 **RM**	**2021** **RM**
Non-hedging derivatives at fair value through profit and loss :		
- Interest rate swaps	74,909	268,922
- Forward exchange contracts	99,745	–
	174,654	268,922
Nominal amounts :		
- Interest rate swaps	6,803,573	10,137,596
- Forward exchange contracts	5,251,400	-
	12,054,973	10,137,596

18. DERIVATIVE FINANCIAL LIABILITIES (CONT'D)

The Group enters into interest rate swaps to hedge its exposure to fluctuations in interest rates in respect of a floating-rate term loan facility obtained from a licensed bank.

The forward exchange contracts were used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in foreign currencies.

19. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers	56,790,873	34,405,549	–	–
Revenue from other sources :				
- Income from unit trust funds	708,108	497,773	708,108	497,773
	57,498,981	34,903,322	708,108	497,773

19.1 Disaggregation of revenue from contracts with customers

	Group	
	2022 RM	2021 RM
Nature of contracts with customers		
Shipbuilding contracts	56,352,720	33,956,521
Vessel repair services	438,153	449,028
	56,790,873	34,405,549
Geographical markets		
Malaysia	438,153	449,028
Indonesia	33,935,354	11,493,404
Singapore	518,478	22,463,117
Iraq	21,898,888	–
	56,790,873	34,405,549
Timing of recognition		
At a point in time	53,357,748	11,942,432
Over time	3,433,125	22,463,117
	56,790,873	34,405,549

19. REVENUE (CONT'D)

19.2 Unsatisfied performance obligations

The aggregate amount of transaction prices allocated to unsatisfied performance obligations as of the end of the reporting period and the periods in which they are expected to be recognised are as follows :-

	Revenue recognition		
	At a point in time RM	Over time RM	Total RM
Group - 2022			
Within one year	28,267,287	9,045,223	37,312,510
Between one and two years	–	–	–
	28,267,287	9,045,223	37,312,510
Group - 2021			
Within one year	37,789,372	1,167,118	38,956,490
Between one and two years	–	–	–
	37,789,372	1,167,118	38,956,490

As a practical expedient, the Group has not disclosed the remaining performance obligations that have an original expected duration of one year or less or where the Group recognises revenue at the amount to which the Group has the right to invoice for services rendered.

20. COST OF SALES

	Group	
	2022 RM	2021 RM
Cost of shipbuilding contracts	50,053,333	25,235,253
Cost of services rendered	261,865	329,639
	50,315,198	25,564,892

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. FINANCE COSTS

	Group	
	2022	**2021**
	RM	**RM**
Interest on :-		
Bank overdrafts	16,212	29,430
Bankers' acceptances and revolving credits	7,439	65,134
Term loan	414,288	565,653
Hire-purchase	5,789	–
	443,728	660,217

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

	Group	
	2022	**2021**
	RM	**RM**
Cost of sales	7,439	65,134
Administrative expenses	436,289	595,083
	443,728	660,217

22. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
(Loss)/Profit before taxation is arrived at after charging :-				
Auditors' remuneration :				
- Annual statutory audit	90,392	96,737	40,000	40,000
- Non-audit fees	3,000	5,000	3,000	5,000
Defined benefit cost	147,406	111,609	14,740	11,161
Depreciation of property, plant and equipment	1,094,931	1,196,457	–	–
Property, plant and equipment written off	2,186	3,332	–	–
Inventories written off	20,957	5,588	–	–
Write-down in value of inventories	–	1,095,427	–	–
Loss on foreign exchange :				
- realised	–	3,625	–	3,625
- unrealised	–	4,758,320	–	–

22. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
(Loss)/Profit before taxation is arrived at after charging :- (Cont'd)				
Loss on disposal of investments measured at fair value through profit or loss	62,463	–	62,463	–
Loss on changes in fair value of investments measured at fair value through profit or loss	3,921,710	–	3,927,165	–
and crediting :-				
Income from unit trust funds	752,060	585,841	708,108	497,773
Gain on changes in fair value of :				
- investments measured at fair value through profit or loss	–	2,138,382	–	2,135,307
- derivative instruments	94,268	265,307	–	–
Gain on disposal of :				
- property, plant and equipment	39,999	1,999	–	–
- investments measured at fair value through profit or loss	–	773	–	2,133
Gain on foreign exchange :				
- realised	343,674	203,448	–	–
- unrealised	115,693	–	912	–
Net reversal of allowance for impairment losses on :				
- trade receivables	4,286	43,157	–	–
- investment in a subsidiary	–	–	–	30,489,961
- amount due from a subsidiary	–	–	449,209	–
Interest income from :				
- fixed and short-term deposits with licensed banks	17,428	16,143	6,892	855
- a subsidiary	–	–	805,946	571,204
Waiver of debts	–	708,183	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. DIRECTORS' REMUNERATION

The details of remuneration provided to the Directors of the Group and of the Company during the financial year are as follows :-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive Directors of the Company				
Salaries, allowances and bonus	1,448,660	1,335,840	144,866	133,584
Defined contribution plan - Employees Provident Fund	173,846	160,308	17,385	16,031
Defined benefit cost	147,406	111,609	14,740	11,161
Other benefits	24,537	22,799	151	151
Estimated value of benefits-in-kind	38,725	27,100	38,725	27,100
	1,833,174	1,657,656	215,867	188,027
Non-executive Directors of the Company				
Fees	151,000	151,000	151,000	151,000
Allowances and other benefits	27,400	33,000	27,400	33,000
	178,400	184,000	178,400	184,000
Executive Directors of the subsidiaries				
Salaries, allowances and bonus	136,110	128,280	–	–
Defined contribution plan - Employees Provident Fund	16,356	15,408	–	–
Other benefits	7,109	5,475	–	–
Estimated value of benefits-in-kind	6,600	1,650	–	–
	166,175	150,813	–	–
Non-executive Directors of the subsidiaries				
Fees	51,000	51,000	–	–
Allowances and other benefits	12,990	11,212	–	–
	63,990	62,212	–	–
Total remuneration	2,241,739	2,054,681	394,267	372,027

24. TAXATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax :				
- for the year	405,573	1,197,768	128,567	67,509
- (over)/under provision in prior year	(49,550)	9,380	9,168	1,293
	356,023	1,207,148	137,735	68,802
Deferred tax expense/(income) resulting from origination and reversal of temporary differences :				
- for the year	290,690	(262,580)	(3,538)	(2,678)
- prior year	64,058	–	–	–
	354,748	(262,580)	(3,538)	(2,678)
Total tax expense	710,771	944,568	134,197	66,124

A reconciliation of tax expense applicable to the (loss)/profit before taxation at the applicable 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	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before taxation	(805,878)	2,831,459	(2,714,187)	33,054,140
Taxation at applicable statutory tax rate of 24% (2021 : 24%)	(193,411)	679,550	(651,405)	7,932,994
Tax effect in respect of :-				
Expenses that are not deductible in determining taxable profit	1,011,225	1,274,823	1,000,329	31,598
Income not subject to tax	(127,998)	(667,638)	(223,895)	(7,899,761)
Current year tax losses of a subsidiary not eligible for carry forward	6,447	367,707	–	–
Tax savings arising from utilisation of previously unrecognised deductible temporary differences	–	(719,254)	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. TAXATION (CONT'D)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Tax effect in respect of :- (Cont'd)				
(Over)/Under provision in prior year :				
- Current tax	(49,550)	9,380	9,168	1,293
- Deferred tax	64,058	–	–	–
Total tax expense	710,771	944,568	134,197	66,124

25. (LOSS)/EARNINGS PER SHARE

25.1 Basic

The basic (loss)/earnings per share is calculated on the Group's (loss)/profit for the financial year attributable to equity holders of the Company of RM1,516,649 (2021 : Group's profit of RM1,886,891) and is based on the weighted number of ordinary shares outstanding during the financial year of 175,754,958 (2021 : 174,809,100).

25.2 Diluted

Diluted earnings per share is not presented as there are no dilutive potential ordinary shares outstanding as at 31 May 2022 (2021 : NIL).

26. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Staff costs comprised :-				
Salaries, wages and bonuses	3,056,760	2,964,070	173,305	160,104
Defined contribution plan - Employees Provident Fund	363,700	350,374	20,977	19,391
Defined benefit cost	147,406	111,609	14,741	11,161
Others	120,288	101,176	488	488
	3,688,154	3,527,229	209,511	191,144

26. EMPLOYEE BENEFIT EXPENSES (CONT'D)

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Administrative expenses	2,896,146	2,640,696	209,511	191,144
Cost of sales	792,008	886,533	–	–
	3,688,154	3,527,229	209,511	191,144

Included in employee benefit expenses are remuneration provided to Executive Directors of the Group and of the Company amounting to RM1,954,024 (2021 : RM1,779,719) and RM177,142 (2021 : RM160,927) respectively.

27. 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.

27.1 Transactions with related parties

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

	Group	
	2022	**2021**
	RM	**RM**
Expenditure incurred		
Purchase of marine paints	1,709	6,195
Purchase of raw materials	177,340	46,590

Transaction between the Company and its subsidiary is as follows :-

	Company	
	2022	**2021**
	RM	**RM**
Interest charged to a subsidiary	805,946	571,204

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

27.2 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 following indebtedness between the Company and its subsidiaries :-

	Company	
	2022 RM	2021 RM
Amount receivable from subsidiaries	7,584,739	17,060,690

The terms and conditions of the above indebtedness are disclosed in Note 8.

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

27.3 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors				
Short-term employee benefits	1,858,806	1,738,606	323,417	317,735
Post-employment benefits - contribution to Employees Provident Fund	190,202	175,716	17,385	16,031
Defined benefit cost	147,406	111,609	14,740	11,161
Estimated value of benefits-in-kind	45,325	28,750	38,725	27,100
	2,241,739	2,054,681	394,267	372,027
Other key management personnel				
Short-term employee benefits	60,593	60,593	6,059	6,059
Post-employment benefits - contribution to Employees Provident Fund	7,800	7,800	780	780
	68,393	68,393	6,839	6,839
Total	2,310,132	2,123,074	401,106	378,866

28. SEGMENT REPORTING

28.1 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.

28.2 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.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	1,146,261	16,552,197	946,801	17,360,161
Indonesia	33,935,354	–	11,493,404	–
Singapore	518,478	–	22,463,117	–
Iraq	21,898,888	–	–	–
	57,498,981	16,552,197	34,903,322	17,360,161

28.3 Major Customers

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

	2022 RM	2021 RM
Customer A	21,898,888	18,073,618
Customer B	15,033,506	7,294,560
Customer C	8,332,480	4,389,499
Customer D	–	4,081,840

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. CORPORATE GUARANTEES (UNSECURED)

	Company	
	2022 RM	2021 RM
Corporate guarantees favouring banks for facilities granted to subsidiaries :		
- Facility limit	44,277,000	44,277,000
- Amount utilised	6,578,287	10,027,317

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.

30. 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 fixed deposits, cash and bank balances.

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

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

30.1 Categories of Financial Instruments

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets				
At fair value through profit or loss				
Investments in unit trust funds	30,912,394	30,224,883	28,160,226	27,522,122
At amortised cost				
Trade receivables	4,479,076	6,517,902	–	–
Other receivables #	1,270,920	511,238	2,000	2,000
Amount due from subsidiaries	–	–	7,584,739	17,060,690
Fixed deposits, cash and bank balances	29,966,539	11,676,788	10,629,345	4,605,677
	66,628,929	48,930,811	46,376,310	49,190,489

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

30.1 Categories of Financial Instruments (Cont'd)

The Group's and the Company's financial instruments are categorised as follows :- (Cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial liabilities				
At fair value through profit or loss				
Derivative financial liabilities	174,654	268,922	–	–
At amortised cost				
Trade payables	7,166,434	5,606,878	–	–
Other payables	5,040,904	15,572,072	214,258	209,000
Term loan	6,528,287	9,977,317	–	–
Hire-purchase	146,829	–	–	–
	19,057,108	31,425,189	214,258	209,000

\# *Exclude prepayments*

30.2 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.

(a) 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, fixed deposits placed with a licensed bank 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 29.

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

30.2 Financial Risk Management (Cont'd)

(a) 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, credit limits and monitoring procedures. In addition, credit risk is minimised and monitored by limiting the Group's association to business partners with low creditworthiness.

The Group's fixed deposits and bank balances and investments in unit trust funds are only placed with licensed banks and financial institutions and the management considers the risk of material loss in the event of non-performance by the financial counterparty to be unlikely.

The Group's and the Company's maximum exposure to credit risk as at 31 May 2022 is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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 financial 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 2022 amounting RM6,578,287 (2021 : RM10,027,317) as disclosed in Note 29. 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.

(i) Concentration of credit risk

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

(a) Amount due from two (2) (2021 : three (3)) major customers amounting to RM4,342,288 (2021 : RM5,997,641) representing 97% (2021 : 92%) of total trade receivables.

(b) Deposits of RM1,259,252 (2021 : RM481,572) paid to three (3) (2021 : three (3)) suppliers and contractors representing 99% (2021 : 99%) of total deposits paid to shipbuilding suppliers and contractors.

The amounts due from the above receivables are monitored by the management on an on-going basis. Deposits paid to suppliers and contractors will be used to offset against the value of future purchases of goods or services by the Group.

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

30.2 Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(ii) Recognition and measurement of loss allowance for expected credit losses ("ECLs")

The Group has contract assets and the following financial assets which are subject to ECLs impairment model :-

- Trade receivables and other receivables; and
- Fixed deposits and bank balances.

In respect of the Company, this includes the amount due from subsidiaries.

Fixed deposits and bank balances and investments in unit trust funds have a low credit risk as they are placed with reputable banks and financial institutions with high quality external credit ratings. Consequently, no allowance for impairment loss has been provided for in the financial statements.

Trade receivables and contract assets

The Group applies the MFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance on trade receivables and contract assets.

The Group has two types of trade receivables which comprise receivables from shipbuilding contracts and receivables from ship repairing services.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor is having significant financial difficulty and does not have sufficient cash flows to repay its debts. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The Group's exposure to credit risk and loss allowance for ECLs on trade receivables are disclosed in Note 11.1.

Trade receivables that are individually determined to be impaired comprised those customers who have defaulted on their payments and are considered to have financial difficulties in repaying their debts.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

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

30.2 Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(ii) Recognition and measurement of loss allowance for expected credit losses ("ECLs") (Cont'd)

Trade receivables and contract assets (Cont'd)

Receivables and contract assets from shipbuilding contracts

The Group will withhold delivery of vessels to the customers until full settlement of the billings raised. When measuring ECLs, the assessment is performed on individual customer and the Group takes into account the cash flows expected from the realisation of the vessels held, the historical payment trends and the customer's financial strength. Contract assets which represent the unbilled work-in-progress will be grouped to the related trade receivables for the same types of contracts when assessing ECLs.

Receivables from ship repairing services

Trade receivables of this category are not collateralised. In measuring ECLs, the Group establishes a provision matrix that is based on the historical credit loss experience.

The historical loss rates are derived from the payment profiles of sales over a period of 36 months before 31 May 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. The Group has identified the GDP of the country to be the most relevant factor and accordingly adjusts the historical loss rates based on expected change in this factor.

Where the credit risk of a debtor has increased significantly and past due more than 1 year, it is excluded from the provision matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the debtor.

Other receivables

Impairment of other receivables is recognised on the general approach within MFRS 9 using the forward-looking ECL model. The methodology used to determine the amount of impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets.

Based on the management's assessment, the probability of default by other receivables is low and hence, no loss allowance has been made in the financial statements.

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

30.2 Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(ii) Recognition and measurement of loss allowance for expected credit losses ("ECLs") (Cont'd)

Deposits paid to suppliers and shipbuilders

Deposits paid to suppliers and shipbuilders are to be used for offset against the value of future purchases of goods and services of the Group. The Group considered that such deposits to have low credit risk as the suppliers are able to meet their obligations in the near term and hence no loss allowance has been recognised in the financial statements.

Amount due from subsidiaries

The Company provides unsecured advances to subsidiaries and monitors their financial performances regularly.

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. Since the Company is able to determine the timing of repayments of the advances, the Company considers the advances to be in default if the subsidiaries are not able to pay when demanded. This is normally evidenced by the subsidiaries' continuing losses and/or having a deficit in shareholders' fund.

The Company determines that the probability of default for the amount due from subsidiaries individually using internal information. The Company's exposure to credit risk and loss allowance on amount due from subsidiaries are disclosed in Note 8. No loss allowance has been recognised on the amount due from subsidiaries as the Company considers them as low credit risk.

(b) 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.

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

30.2 Financial Risk Management (Cont'd)

(b) 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 :-

	Maturity profile			
	On demand or within 1 year RM	More than 1 year and less than 5 years RM	Total RM	Effective interest rate %
Group				
2022				
Trade payables	7,166,434	–	7,166,434	–
Other payables	5,040,904	–	5,040,904	–
Term loan	3,696,000	3,012,800	6,708,800	3.14
Hire-purchase	70,752	82,528	153,280	3.90
Derivative financial liabilities	174,654	–	174,654	–
2021				
Trade payables	5,606,878	–	5,606,878	–
Other payables	15,572,072	–	15,572,072	–
Term loan	3,696,000	6,704,013	10,400,013	2.88
Derivative financial liabilities	268,922	–	268,922	–
Company				
2022				
Other payables	214,258	–	214,258	–
Corporate guarantees	6,578,287	–	6,578,287	–
2021				
Other payables	209,000	–	209,000	–
Corporate guarantees	10,027,317	–	10,027,317	–

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

30.2 Financial Risk Management (Cont'd)

(c) 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.

(d) 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"), Japanese Yen ("YEN") 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 are as follows :-

	Denominated in foreign currency			
	USD RM	SGD RM	Others RM	Total RM
Functional currency : RM				
2022				
Trade and other receivables	69,733	4,342,287	902,752	5,314,772
Fixed deposits, cash and bank balances	4,634,221	13,498,489	–	18,132,710
Trade and other payables	(213,147)	(5,505,216)	–	(5,718,363)
	4,490,807	12,335,560	902,752	17,729,119

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

30.2 Financial Risk Management (Cont'd)

(d) Currency Risk (Cont'd)

Exposure to currency risk (Cont'd)

The foreign currency exposure profiles of financial assets and liabilities of the Group are as follows :- (Cont'd)

	Denominated in foreign currency			
	USD RM	**SGD RM**	**Others RM**	**Total RM**
Functional currency : RM				
2021				
Trade and other receivables	–	6,272,133	282,802	6,554,935
Fixed deposits, cash and bank balances	2,133,255	1,519,658	–	3,652,913
Trade and other payables	(201,711)	(15,523,186)	(307,444)	(16,032,341)
	1,931,544	(7,731,395)	(24,642)	(5,824,493)

The Company is not exposed to currency risk as all of its financial assets and liabilities are denominated in its functional currency.

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	
	2022 RM	**2021 RM**
USD	449,081	193,154
SGD	1,233,556	(773,140)
Others	90,275	(2,464)
	1,772,912	(582,450)

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.

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

30.2 Financial Risk Management (Cont'd)

(e) Interest Rate Risk

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

The Group's fixed deposits and hire-purchase financing are based on a fixed rate while its term loan and investments in unit trust funds are based on floating rates.

In respect of the Company, its interest rate risk includes the interest-bearing amount due from subsidiaries which are based on floating rates.

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.

Exposure to interest rate risk

The interest rate exposure profile of the Group's and of the 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	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Floating rate instruments				
Financial assets				
Other investments	30,912,394	30,224,883	28,160,226	27,522,122
Amount due from subsidiaries	-	-	6,700,000	16,750,791
Financial liabilities				
Term loan	(6,528,287)	(9,977,317)	-	-
	24,384,107	20,247,566	34,860,226	44,272,913

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

30.2 Financial Risk Management (Cont'd)

(e) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

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

	Impact on profit or loss [Increase/(Decrease)]			
	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Floating rate instruments				
Financial assets				
Other investments	309,124	302,249	281,602	275,221
Amount due from subsidiaries	–	–	67,000	167,508
Financial liabilities				
Term loan	(65,283)	(99,773)	–	–

A 100 basis points drop in interest rates 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.

(f) Other Price Risk

The Group is exposed to price risk arising from its investments in unit trust funds which are classified as financial assets at fair value through profit or loss. These investments are managed by licensed asset management companies and the Group does not engage in any speculative trading in respect of those investments.

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

30.3 Fair Value of Financial Instruments

(a) Financial instruments that are carried at fair value

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 :-

	Fair value measurement using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Financial assets				
Investments measured at fair value through profit or loss				
- Group	30,912,394	–	–	30,912,394
- Company	28,160,226	–	–	28,160,226
Derivative financial liabilities				
- Group	–	174,654	–	174,654
2021				
Financial assets				
Investments measured at fair value through profit or loss				
- Group	30,224,883	–	–	30,224,883
- Company	27,522,122	–	–	27,522,122
Derivative financial liabilities				
- Group	–	268,922	–	268,922

The fair value of the investments in unit trust funds is determined by reference to market price at the end of the reporting period.

The fair values of derivative financial liabilities comprising interest rate swaps and forward currency contracts are valued by reference to the third-party pricing information without adjustment.

There were no transfers in between fair value levels during the financial year ended 31 May 2022 and 31 May 2021.

(b) Financial instruments that are not carried at fair value

The carrying amounts of the Group's and of the Company's other financial assets and financial liabilities measured at amortised cost are reasonable approximation of their fair values, either due to their short-term nature or that they are priced to market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

31.1 Purchase of property, plant and equipment

	Group	
	2022 RM	2021 RM
Aggregate cost of property, plant and equipment acquired	289,154	500,084
Amount financed under hire-purchase financing	(200,000)	–
Cash purchase	89,154	500,084

The principal amount of instalment payments for property, plant and equipment acquired by hire-purchase financing are reflected as cash outflows from financing activities.

31.2 Liabilities arising from financing activities

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes, during the financial year are analysed in the table below :-

	At beginning of year RM	Financing obtained RM	Net cash flows RM	At end of year RM
2022				
Term loan	9,977,317	–	(3,449,030)	6,528,287
Hire-purchase	–	200,000	(53,171)	146,829
	9,977,317	200,000	(3,502,201)	6,675,116
2021				
Term loan	13,321,208	–	(3,343,891)	9,977,317
Bankers' acceptances	1,098,000	–	(1,098,000)	–
	14,419,208	–	(4,441,891)	9,977,317

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base, to safeguard the Group's ability to continue as a going concern and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payout to shareholders, return capital to shareholders or issue new shares.

In the management of capital risk, the management takes into consideration the debt-to-equity ratio as well as the Group's working capital requirements.

The debt-to-equity ratio as at 31 May 2022 and 31 May 2021 is as follows :-

	Group	
	2022	**2021**
	RM	**RM**
Trade and other payables	12,207,338	21,178,950
Bank borrowings	6,675,116	9,977,317
Less : Fixed deposits, cash and bank balances	(29,966,539)	(11,676,788)
Net (surplus)/debts	(11,084,085)	19,479,479
Total equity	91,686,643	93,008,385
(Surplus)/Debt-to-equity ratio	(0.121)	0.209

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

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 44 to 119 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

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

....	....
DATUK LAU NAI HOH	**LAU CHOO CHIN**
Director	Director

Sibu, Sarawak

Date : 8 September 2022

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 accompanying financial statements set out on pages 44 to 119 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 8 September 2022)

....
HII CHAI HUNG

Before me,

....
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TAS OFFSHORE BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TAS OFFSHORE BERHAD, which comprise the statements of financial position as at 31 May 2022 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 119.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
1. Revenue recognition from sales of vessels As disclosed in the Group's accounting policies, Note 2.28.1, depending on the terms of contract with customers, revenue from sales of vessels may be recognised at a point in time or over time basis. For a sale of vessel which is recognised using the over time basis, the progress of work done or percentage of completion as at the end of the reporting period is determined by reference to the proportion of contract costs incurred for work performed to-date bear to the estimated total contract costs. Management's estimates are used to evaluate the total contract cost to complete and total contract revenue for a vessel under construction. Note 19 to the financial statements discloses the revenue amounts recognised under the respective basis during the financial year. We considered revenue recognition from sales of vessels as a key audit matter due to the significant estimates used in the evaluation of revenue for recognition purpose and which could have a material impact on the Group's financial performance for the financial year.	The audit procedures include the following : • Reviewed selected sales contracts with customers to understand their contractual terms especially on the performance obligations of the Group and ascertained whether the basis of revenue recognition used by the Group for each contract was consistent with its accounting policies; • Obtained management estimates of the costs to complete for selected contracts in progress as at end of reporting period and compared these estimates to purchases contracts, suppliers' quotations or invoices where applicable to determine their reasonableness; • Performed substantive test procedures over contract revenue and contract costs incurred by checking against the underlying supporting documents including contracts for sales and purchases; and • Performed recomputation of the percentage of completion to assess the arithmetical accuracy of revenue and costs recognised for the current financial year and traced the revenue and costs recognised to the accounting records.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
2. Assessment of impairment losses for investments in subsidiaries As disclosed in Note 5 to the financial statements, the carrying amount of the investments in subsidiaries as at 31 May 2022 is RM77,500,004, after deducting cumulative impairment losses of RM4,602,750. The Company carried out an impairment assessment for its investments in subsidiaries as at the end of the reporting period and where applicable, determined the recoverable amounts of these investments by estimating their value in use ("VIU"). As disclosed in Note 3.2(b) to the financial statements, the determination of VIU which uses the discounted future cash flows method is highly subjective as significant judgement is required to determine the appropriate future cash flows discount rates and growth rates. Due to the involvement of high estimation uncertainty, the impairment assessment of the investments in subsidiaries is considered to be a key audit matter.	The audit procedures include the following : • Compared the cash flow projections estimated by management against recent performance and assessed the reasonableness of the key assumptions used in the preparation of the projections; • With regard to future cash flow amounts from shipbuilding activities, we assessed their reasonableness by comparing them against the values of on-going and unfulfilled shipbuilding contracts at hand, where available, and the expected timing of completion of the contracts; and • Performed sensitivity analysis on a reasonable possible change in key assumptions used by the Company to determine the VIU.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises information contained in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (CONT'D)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also : (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5.1 to the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

....
LEONG KOK TONG
NO. : 02973/11/2023 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : 8 September 2022

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 31.5.2022 (RM)
Lot 199 Block 1 Sibu Town District	Shipyard with 3-storey office, two 3-storey workers' quarters, two utility hangers cum workshop, store, 1-storey guardhouse and a slipway.	12.23	19	19.11.2008	Lease-hold 60 years expiring in 2070	14,776,160

ANALYSIS OF SHAREHOLDINGS
AS AT 1 SEPTEMBER 2022

SHARE CAPITAL

Issued share capital	:	180,002,000 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share

DISTRIBUTION SCHEDULE OF ORDINARY SHARES

Holdings	No. of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100 shares	48	1,862	0.00 *
100 – 1,000 shares	140	41,348	0.02
1,001 – 10,000 shares	1,262	4,905,864	2.74
10,001 – 100,000 shares	1,383	34,698,608	19.36
100,001 – less than 5% of issue shares	175	46,742,707	26.09
5% and above of issued shares	4	92,788,812	51.79
Total	3,012	179,179,201 #	100.00

* Less than 0.01 %

\# Excluding 822,799 ordinary shares bought back by the Company and retained as treasury shares based on Record of Depositors as at 1 September 2022.

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Account Holder	No. of Shares Held	Percentage (%)
1.	Lau Nai Hoh	30,750,000	17.16
2.	Lau Nai Hoh	30,750,000	17.16
3.	Lau Nai Hoh	20,500,000	11.44
4.	Lau Nai Hoh	10,788,812	6.02
5.	CGS-CIMB Nominess (Tempatan) Sdn Bhd Pledged Securities Account for Tay Hock Soon (MY1055)	2,767,500	1.54
6.	Tan Aik Choon	2,744,232	1.53
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Cheah Chee Siong (PB)	1,407,222	0.79
8.	Hii Kiong Thai	1,272,349	0.71
9.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Kok Wah	1,245,272	0.69
10.	Chow Yoke Fung	906,500	0.51
11.	Ng Teng Song	848,290	0.47
12.	Lau Chui Tai	716,167	0.40
13.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Fook Herng (7000803)	687,775	0.38
14.	Lee Bee Geok	645,750	0.36
15.	Hii Sieng Teck	620,945	0.35
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Wei Lik (E-MLB/PSG)	615,000	0.34

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

No.	Account Holder	No. of Shares Held	Percentage (%)
17.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Kiing Ho (E-SDK)	610,797	0.34
18.	Man Foh @ Chan Man Foh	604,677	0.34
19.	Ng Teng Song	523,775	0.29
20.	Loh Chwee Chew Mooring Services Private Limited	512,500	0.29
21.	Saw You Boon	512,500	0.29
22.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt An for Phillip Capital Management Sdn Bhd (EPF)	511,987	0.29
23.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for W Ismail Bin W Nik	486,875	0.27
24.	Lau Choon Yee	481,750	0.27
25.	Tan Chia Chin	461,250	0.26
26.	Sharil @ Shahrir Bin Ab. Samad	445,875	0.25
27.	Lau Choo Chin	419,231	0.23
28.	Chua Say Siong	410,000	0.23
29.	Jasmin Villa Development Sdn Bhd	405,080	0.23
30.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay An Na (7001107)	399,750	0.22
	Total	**114,051,861**	**63.65**

SUBSTANTIAL SHAREHOLDER

The substantial shareholders' interests in shares in the Company as per the Register of Substantial Shareholders as at 1 September 2022 are as follows: -

		No. of Ordinary Shares			
		Direct	**%**	**Indirect**	**%**
1.	Datuk Lau Nai Hoh	92,788,812	51.78	1,313,349 [(i)]	0.73

Note:

[(i)] *Deemed interested by virtue of the shareholdings of his spouse, Datin Hii Kiong Thai (1,272,349 shares) and his children, Mr Lau Choo Kuang (20,500 shares) and Ms Lau Siew Ling (20,500 shares) in the Company.*

ANALYSIS OF SHAREHOLDINGS (CONT'D)

DIRECTORS' INTERESTS

The Directors' interests in shares in the Company as per the Register of Directors' Shareholdings as at 1 September 2022 are as follows: -

		No. of Ordinary Shares			
		Direct	**%**	**Indirect**	**%**
1.	Datuk Lau Nai Hoh	92,788,812	51.78	1,313,349 [(i)]	0.73
2.	Lau Choo Chin	419,231	0.23	41,000 [(ii)]	0.02
3.	Datu Haji Mohammed Sepuan Bin Anu	15,375	0.01	–	–
4.	Tan Sri Dato' Seri Mohd Jamil Bin Johari	10,250	0.01	–	–
5.	Ling Ka Chuan	10,250	0.01	–	–
6.	Lau Kiing Yiing	10,250	0.01	–	–

Notes:

(i) *Deemed interested under Section 8 of the Companies Act 2016 by virtue of his spouse and children's shareholdings in the Company.*

(ii) *Deemed interested under Section 8 of the Companies Act 2016 by virtue of his spouse's shareholdings in the Company.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth (15th) Annual General Meeting ("AGM") of TAS Offshore Berhad ("the Company") will be held at Tanahmas Hotel, Jalan Kampung Nyabor, Sibu, Sarawak, on Thursday, 27 October 2022 at 10.00 a.m. to transact the following business: -

A G E N D A

ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the financial year ended 31 May 2022 together with the Reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note (A)**

2. To approve the payment of Directors' fees in respect of the financial year ending 31 May 2023. — **Ordinary Resolution 1**

3. To approve the payment of Directors' meeting attendance allowance and any other benefits from the date of the passing of this Ordinary Resolution until the next AGM. — **Ordinary Resolution 2**

4. To re-elect the following Directors who retire pursuant to Clause 91 of the Company's Constitution, and being eligible offer themselves for re-election: -

   a) Mr Lau Choo Chin — **Ordinary Resolution 3**
   b) Tan Sri Dato' Seri Mohd Jamil Bin Johari — **Ordinary Resolution 4**

5. To re-appoint Messrs. FOLKS DFK & Co. as Auditors of the Company for the ensuing year and to authorize the Board of Directors to fix their remuneration. — **Ordinary Resolution 5**

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

6. Continuation in Office as Independent Non-Executive Directors: — **Ordinary Resolution 6**

"THAT approval be and is hereby given to Mr Ling Ka Chuan who has served as an Independent Non-Executive Director for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company until 31 May 2023 or when a suitable candidate has been appointed as the new Independent Non-Executive Director, whichever occurs first."

7. Continuation in Office as Independent Non-Executive Directors: — **Ordinary Resolution 7**

"THAT approval be and is hereby given to Tan Sri Dato' Seri Mohd Jamil Bin Johari who has served as an Independent Non-Executive Director for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company until 31 May 2023 or when a suitable candidate has been appointed as the new Independent Non-Executive Director, whichever occurs first."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. Continuation in Office as Independent Non-Executive Directors: **Ordinary Resolution 8**

"THAT approval be and is hereby given to Mr Lau Kiing Yiing who has served as an Independent Non-Executive Director for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company until 31 May 2023 or when a suitable candidate has been appointed as the new Independent Non-Executive Director, whichever occurs first."

9. Authority to Issue and Allot Shares **Ordinary Resolution 9**

"THAT pursuant to Section 76 of the Companies Act, 2016 and subject always to the Company's Constitution and approvals of the relevant regulatory authorities, the Directors of the Company be hereby empowered to issue and allot 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 percent (10%) of the issued share capital of the Company for the time being AND THAT the Directors be hereby empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

10. Proposed Renewal of Authority for the Company to Purchase its Own Shares ("Proposed Share Buy-Back") **Ordinary Resolution 10**

"THAT subject always to the Companies Act 2016 ("the Act"), the Company's Constitution, 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 authorized 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 be deemed fit and expedient in the interest of the Company provided that:

a) the aggregate number of shares to be purchased shall not exceed ten percent (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 total 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 AGM 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 authorized to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalize 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."

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Constitution of the Company.

By order of the Board

Pauline Kon Suk Khim
(MAICSA 7014905)
(CCM Practicing Certificate No. 202008001607)
Company Secretary
Date: 22 September 2022

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 Clause 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 20 October 2022. Only a depositor whose name appears on the General Meeting Record of Depositors as at 20 October 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

2. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. A proxy may but need not be a member of the Company and a member may appoint any persons to be his/her proxy.*

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 Sibu, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

4. *Where a member of the company is an exempt authorized 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. *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.*

6. *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 authorized.*

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES:

(A) Audited Financial Statements

The Audited Financial Statements are laid before the shareholders for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act, 2016. Hence, this matter will not be put for voting.

(B) Ordinary Resolution 2
Payment of Meeting Attendance Allowance and any other benefits to Directors

Section 230(1) of the Companies Act, 2016 requires the benefits payable to Directors of the Company must be approved at a general meeting. Accordingly, shareholders' approval for the payment of the Directors' meeting attendance allowance and any other benefits of up to RM40,000 is sought.

(C) Ordinary Resolutions 3 and 4
Re-election of Directors

The profiles of the Directors who are standing for re-election are set out in the Directors' Profiles of the 2022 Annual Report of the Company.

For the purpose of determining the eligibility of the Directors to stand for re-election at the Fifteenth (15th) AGM, the Nomination Committee ("NC") assessed the performance of Mr Lau Choo Chin and Tan Sri Dato' Seri Mohd Jamil Bin Johari (collectively "the Retiring Directors"). Their active participation in the Board and Board Committee meetings showed that they were prepared and effective in the discharge of their responsibilities. Based on the recommendation of the NC, the Board was satisfied with the performance and contributions of the Retiring Directors and supports their re-election.

(D) Ordinary Resolutions 6, 7 and 8
Continuation in Office as Independent Non-Executive Directors

The proposed resolutions are to seek the shareholders' approval to retain Mr Ling Ka Chuan, Tan Sri Dato' Seri Mohd Jamil Bin Johari and Mr Lau Kiing Yiing, all of whom have served on the Board as Independent Non-Executive Directors for a cumulative term of more than 12 years.

The Board through its Nomination Committee had assessed the independence of Mr Ling Ka Chuan, Tan Sri Dato' Seri Mohd Jamil Bin Johari and Mr Lau Kiing Yiing. They have remained objective and independent in communicating their opinions and in contributing to the deliberation and decision-making of the Board and Board Committees. Their length of services on the Board does not in any way interfere with their exercise of independent judgement and capability to act in the best interests of the Company. In addition, they have satisfied all the criteria of an Independent Director set out in Paragraph 1.01 of the Main Market Listing Requirements.

In view of the amendments to the Main Market Listing Requirements in relation to the 12-Year Tenure Limit for Independent Directors which will take effect on or after 1 June 2023, the Board recommended that the approval of the shareholders be sought to retain Mr Ling Ka Chuan, Tan Sri Dato' Seri Mohd Jamil Bin Johari and Mr Lau Kiing Yiing as the Independent Non-Executive Directors of the Company until 31 May 2023 or when a suitable candidate has been appointed as the new Independent Non-Executive Director, whichever occurs first.

The retention of Mr Ling Ka Chuan, Tan Sri Dato' Seri Mohd Jamil Bin Johari and Mr Lau Kiing Yiing as Independent Non-Executive Directors of the Company will be sought through a two-tier voting process in this AGM.

The proposed resolutions, if passed, will enable Mr Ling Ka Chuan, Tan Sri Dato' Seri Mohd Jamil Bin Johari and Mr Lau Kiing Yiing to continue to act as Independent Directors of the Company until 31 May 2023 or when a suitable candidate has been appointed as the new Independent Non-Executive Director, whichever occurs first.

(E) Ordinary Resolution 9
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 AGM, authority to issue and allot ordinary shares in the Company up to an aggregate of ten percent (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider in their absolute discretion to be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next AGM. 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 Fourteenth (14th) AGM held on 27 October 2021 and which will lapse at the conclusion of the Fifteenth (15th) AGM to be held on 27 October 2022.

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

(F) Ordinary Resolution 10
Proposed Share Buy-Back

The Proposed Ordinary Resolution 11, if passed, will authorize the Company to purchase up to ten percent (10%) of the issued and paid-up share capital of the Company through Bursa Malaysia Securities Berhad. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.

Please refer to the Statement to Shareholders dated 22 September 2022 for further details.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

STATEMENT ACCOMPANYING NOTICE OF AGM

There is no person seeking election as a Director of the Company at this 15th AGM.

Personal Data Privacy:

By submitting proxy form(s) appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

TAS OFFSHORE BERHAD

Registration No. 200801008892 (810179-T)
(Incorporated in Malaysia)

PROXY FORM

No. of Shares held

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 15th Annual General Meeting of the Company to be held at Tanahmas Hotel, Jalan Kampung Nyabor, Sibu, Sarawak, on Thursday, 27th day of October 2022 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	Approval for payment of Directors' fees		
Ordinary Resolution 2	Approval for payment of meeting attendance allowance and other benefits to Directors		
Ordinary Resolution 3	Re-election of Mr Lau Choo Chin as Director		
Ordinary Resolution 4	Re-election of Tan Sri Dato' Seri Mohd Jamil Bin Johari as Director		
Ordinary Resolution 5	Re-appoint Messrs. FOLKS DFK & Co. as Auditors for the ensuing year		
	Special Business		
Ordinary Resolution 6	Continuation as Independent Director - Mr Ling Ka Chuan		
Ordinary Resolution 7	Continuation as Independent Director - Tan Sri Dato' Seri Mohd Jamil Bin Johari		
Ordinary Resolution 8	Continuation as Independent Director - Mr Lau Kiing Yiing		
Ordinary Resolution 9	Authority to issue and allot shares		
Ordinary Resolution 10	The renewal of authority to purchase its own shares		

(Please indicate with an "X' or "✓" 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 this………………… day of………………………… 2022

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

Notes:
1. *To determine 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 Clause 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 20 October 2022. Only a depositor whose name appears on the General Meeting Record of Depositors as at 20 October 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
2. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. A proxy may but need not be a member of the Company and a member may appoint any persons to be his/her proxy.*
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 Sibu, 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 that the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
5. *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.*
6. *If the appointer is a corporation, this form must be executed under its common seal or the hand of an officer or attorney duly authorised.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
TAS OFFSHORE BERHAD
Registration No. 200801008892
(810179-T)
Lot 199 Jalan Sg. Maaw
Sungai Bidut
P. O. Box 920,
96008 Sibu, Sarawak

1st fold here

www.tasoffshore.com

TAS OFFSHORE BERHAD
200801008892 (810179-T)

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

Tel : *6-084-310211* ***Fax :*** *6-084-319139*