TAS OFFSHORE BERHAD

(810179-T)

ANNUAL 2014 REPORT

ANNUAL REPORT 2014

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CORPORATE MISSION AND PHILOSOPHY

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

Philosophy

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

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

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

For our employees
- We care for the well-being of our employees through attractive remuneration and fringe benefits, providing relevant training to enhance their knowledge and career advancement, and a safe and conducive working environment.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datu Haji Mohammed Sepuan Bin Anu
Independent Non-Executive Chairman

Datuk Lau Nai Hoh
Managing Director

Lau Choo Chin
Deputy Managing Director

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

Lau Kiing Yiing
Independent Non-Executive Director

Ling Ka Chuan
Independent Non-Executive Director

COMPANY SECRETARY

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

REGISTERED AND HEAD OFFICE

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

SHARE REGISTRAR

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

AUDITOR

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

PRINCIPAL BANKERS

United Overseas Bank (M) Berhad
Hong Leong Bank Berhad
Bank of China (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….

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

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

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

TAS with more than 110 employees and together with the workforce of more than 400 workers from its contractors, is committed to its stakeholders to strive to achieve its corporate mission.

FIVE-YEAR FINANCIAL HIGHLIGHTS
AS AT 31 MAY

Year	2010 (RM'000)	2011 (RM'000)	2012 (RM'000)	2013 (RM'000)	2014 (RM'000)
Group Revenue & Profit					
Revenue	140,114	119,562	101,573	137,996	254,271
Profit Before Taxation	11,371	5,323	15,384	16,707	34,304
Profit For The Year	8,332	3,879	11,198	13,456	28,785
Equity Attributable to Owners					
Share Capital	90,001	90,001	90,001	90,001	90,001
Treasury Shares	–	–	(1,494)	(1,613)	(1,645)
Shares Premium	27,639	27,639	27,639	27,639	27,639
Other Reserves	13,824	14,303	25,196	36,226	58,692
Financial Statics					
Basic Earning per Share (Sen)	5.11	2.15	6.34	7.65	16.37
Net Asset per Share (RM)	0.73	0.73	0.79	0.85	0.97
Gearing Ratio	0.06	0.07	0.01	0.12	0.20

CORPORATE STRUCTURE

TAS OFFSHORE BERHAD
(810179-T)

100%	100%	100%
TUONG AIK SHIPYARD SDN BHD (575152-H)	**TA VENTURES (L) LTD** (LL07438)	**WESTERN REALTY SDN BHD** (887507-X)

DIRECTORS' PROFILE

DATU HAJI MOHAMMED SEPUAN BIN ANU

Independent Non-Executive Chairman

***Member:** Audit Committee*

Datu Haji Mohammed Sepuan Bin Anu, a Malaysian age 68, 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

Managing Director

***Member:** Remuneration Committee*

Datuk Lau Nai Hoh, a Malaysian age 63, is our founder and was appointed as our Non-Independent Group Managing Director on 18 March 2008. He was also appointed as the Non-Independent Executive Chairman on 27 January 2011 and relinquished the appointment on 17 July 2014. He has been instrumental in the growth and development of the Group. He has approximately 24 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 our founder, he brings with him not only the technical and management expertise from his extensive experience in Shipbuilding Industry but also the valuable network of business contacts that he established over the years. He is primarily responsible for planning and developing our strategic business direction.

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

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.

LAU CHOO CHIN

Non-Independent Deputy Managing Director

Lau Choo Chin, a Malaysian age 39, was appointed as our Non-Independent Deputy Managing Director on 18 March 2008. He graduated with a Diploma in Marketing Management from the Institute of Marketing Malaysia in 2001. Before joining Tuong Aik Shipyard Sdn Bhd in 2005, he was with Tuong Aik (Sarawak) Sdn Bhd for 8 years involving with the coordination of shipbuilding activities. He has more than 16 years of experience in shipbuilding and project management related especially to the Oil and Gas Industry. He has been instrumental in developing the Middle-East market and in spearheading the development of engineering design for big vessels used by the oil and gas industry. His in-depth knowledge in vessel manufacturing and established business network will continue to benefit us.

He is the son of Datuk Lau Nai Hoh, the Non-Independent Managing Director and major shareholder of TAS Offshore Berhad. As such, he is deemed interested in the transactions entered into with the related parties, which are carried out in the ordinary course of business, as detailed in the notes to the financial statements. Except as disclosed therein, he has no personal interest in any other business arrangement with the Company.

TAN SRI DATO' SERI MOHD JAMIL BIN JOHARI

Independent Non-Executive Director

***Chairman:** Nomination Committee*

***Member:** Audit Committee*

Tan Sri Dato' Seri Mohd Jamil Bin Johari, a Malaysian age 67, was appointed as our Independent Non-Executive Director effective from 1 June 2009. He is a graduate from the University of Malaya with a Bachelor of Arts (Hons) degree and a Diploma in Education. He also obtained a Master of Arts in Political Science from the University of Washington, Seattle, Washington, US. He joined the Royal Malaysian Police in January 1971 as Chief Inspector and retired with the rank of Deputy Inspector General of Police in May 2002. Thereafter, he was appointed as High Commissioner of Malaysia to Brunei until July 2004. He is a member of the Board of Trustees of Yayasan Pengamanan, an NGO dedicated to matters concerning law and order issues. He is also a member of the Task Force appointed by the Enforcement Agency Independent Commission to conduct enquiry concerning death in Police Custody in Kuala Lumpur and Penang.

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

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

LAU KIING YIING

Senior Independent Non-Executive Director

***Chairman:** Audit Committee*

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

Lau Kiing Yiing, a Malaysian age 59, was appointed as our Independent Non-Executive Director on 1 June 2009. He graduated from the University of Canterbury, New Zealand, with a Bachelor of Commerce degree. He holds professional memberships in the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He is also a Fellow member of CPA Australia, a Member of the Institute of Chartered Accountants, Australia and a Member of the New Zealand Institute of Chartered Accountants. His working experience commenced with auditing various business while with Ernst and Whinney (now known as Ernst and Young). With over 34 years of experience, he is well versed in corporate reporting, auditing and taxation matters. He also has extensive knowledge in corporate finance and restructuring work. He is currently a partner of the accounting firm, Crowe Horwath.

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

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

LING KA CHUAN

Independent Non-Executive Director

***Chairman:** Remuneration Committee*

***Member:** Audit and Nomination Committees*

Ling Ka Chuan, a Malaysian age 56, 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.

Note

- *None of our Directors have been convicted of any offences.*
- *Directors' attendance at Board meetings is listed on page 17 of this Annual Report.*

MESSAGE TO SHAREHOLDERS

Dear Shareholders

The Board of Directors is pleased to present the Annual Report of TAS Offshore Berhad and its Group of Companies for the financial year ended 31 May 2014 (FYE2014).

PERFORMANCE REVIEW

TAS Group recorded a revenue of RM254 million for FYE2014, an increase of RM116 million or 84 percent as compared to RM138 million recorded for financial year ended 31 May 2013(FYE2013). Profit before taxation for FYE2014 improved by RM17.6 million to RM34.3 million, as compared to FYE2013. For FYE2014, the profit after taxation rose to RM28.8 million, an increase of RM15.3 million or 113% as compared to RM13.5 million reported for FYE2013. The improvement in performance was mainly due to the contribution from one of our wholly owned subsidiaries which started its operation last year. The improvement enables us to register a better earnings per share of 16.37 sen and to increase net asset per share to 97.05 sen as compared to the corresponding figures of 7.65 sen and 84.58 sen recorded for FYE2013.

DIVIDEND

A single tier interim dividend of 2 sen per share was paid out to our shareholders on 12 June 2014 in view of the satisfactory result and taking into consideration of the challenging global economic situation.

OUTLOOK

World economy is on track for modest recovery. For the oil and gas industry the support is expected to come from both increase in demand for energy and the high level in expenditures by the oil majors on exploration and production.

The high resilient crude oil price of about US$110 per barrel will continue to spur oil majors to maintain if not increase the strong expenditures on exploration and particularly, production. Increasing in demand for modern jack-up rigs entering the market will result in needs of more offshore support vessels. Thus, we expect the demand for both platform support vessels and anchor handling tug supply vessels to be strong. This sentiment was also shared by a marine journal in one of its May issues. We also expect some of these offshore developments to come from Indonesia, Malaysia and Myanmar and foresee that the oil and gas industry in the region will require the provision of various offshore support vessels.

Fears of oversupply of offshore support vessels is dismissed as falling offshore support vessel (OSV)-rig ratio and aging vessels are preventing an oversupplied market as reported in a recent Seatrade Asia Week issue. We are optimistic in our outlook that new demand for offshore support vessels with higher technical specifications suitable for deep sea operation will grow and demand for offshore support vessels use in shallow water remains firm.

We will seek to enhance our market share growth by focusing on our shipbuilding activities. Growth is expected to be supported by the demand in offshore support vessels sought after by the oil majors for the deep sea oil exploration and production activities. Our order book remains healthy. In addition, our built-to-stock business model is progressing well and has propelled the group to a favourable position to meet the market demand for the offshore support vessels and shorter delivery time required by the buyers.

Besides actively prospecting for new clients from new market segments to add to our customer base to enhance our sale growth, we are also searching for good opportunities to diversify our business activities.

We are optimistic of our prospect in 2015 but will remain cautious in our business operation as the global economic climate remains challenging. The Board will continue to cautiously work towards securing better and more projects and profits for the shareholders. We remain committed to our tradition of being prudent in steering the Company to another bright and fruitful year.

ACKNOWLEDGEMENT

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

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

Our sincere appreciation and gratitude also goes to the management and staff for their hard work, commitment and dedication which has resulted in the Group's satisfactory performance for the financial year ended 31 May 2014.

Datu Haji Mohammed Sepuan Bin Anu
Chairman

Datuk Lau Nai Hoh
Managing Director

Lau Choo Chin
Deputy Managing Director

Tan Sri Dato' Seri Mohd Jamil Bin Johari
Director

Lau Kiing Yiing
Director

Ling Ka Chuan
Director

REPORT ON CORPORATE SOCIAL RESPONSIBILITY



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

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

COMMUNITY CARE

Sharing with society

We practice the policy of ‘sharing with society’ and promote our care for community by engaging in activities involving with the needy groups and the well-being of the community. During the year, TAS has contributed to and participated in the activities of:

- Methodist Children Home.
- Sibu Kidney Foundation.

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

HUMAN RESOURCE

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

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

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

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

HEALTH AND SAFETY

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

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

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

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










STATEMENT ON CORPORATE GOVERNANCE

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

The Board subscribes to the principles and recommendations prescribed by the Malaysian Code of Corporate Governance 2012 (the 'Code') except for the recommendation that the chairman must be a non-executive member of the Board during the 14-month's period up to July 2014. On 17 July 2014 an Independent Non-Executive Director was appointed as our new Chairman.

The Board is pleased to provide the statement below setting out the manner in which the Group has applied the principles of the Code and the extent of compliance with recommendations advocated therein.

BOARD OF DIRECTORS

TAS Group is led and controlled by an effective and well balanced Board, whose members are of diverse background and have vast experience; the structure of composition of which is consistent with the Bursa Malaysia Securities Berhad Listing Requirements ('Listing Requirements') and the Code.

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

The Board has the following major responsibilities:

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

The code of ethics adopted by the Board form an integral part of the Company's Board Charter. It is observed by all the Directors and it relies on the principles of integrity, accountability, and compliance with relevant regulatory requirements. In addition, various Board Committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee have been established and delegated with specific responsibilities to assist the Board in discharging some of its functions.

BOARD BALANCE AND COMPOSITION

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

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

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

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

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

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

BOARD MEETING

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

During the financial year ended 31 May 2014, five (5) Board meetings were held. Details of attendance of Directors are set out below.

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

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

ACCESS TO INFORMATION

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

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

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

APPOINTMENT TO THE BOARD

The Nomination Committee is responsible for recommending to the Board suitable candidate for the appointment as new Director. The candidate will be evaluated by the Nomination Committee in accordance with the Company's Policy on Selection of Directors before the Nomination Committee presents the recommendation to the Board for consideration and approval.

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

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

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

BOARD COMMITMENT

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

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

DIRECTORS' TRAINING

All Directors have attended the Mandatory Accreditation Programme. The Directors are encouraged to attend training courses and seminars organised by the regulatory authorities and professional bodies as a continuous learning programme to keep abreast with new developments in the business and to effectively discharge their duties.

For Financial Year 2014, the Directors have attended the following training:

Directors	Courses	Date of Attendance
Datuk Lau Nai Hoh	Latest Corporate Governance Guide	20 November 2013
Lau Choo Chin	Latest Corporate Governance Guide	20 November 2013
Tan Sri Dato' Seri Mohd Jamil Bin Johari	Managing in Uncertainty: Surviving the Turbulence	19 December 2013
Lau Kiing Yiing	National Tax Conference 2013	24 June 2013
	Limited Liability Partnership and the New Taxation Entity	22 August 2013
	Goods and Services Tax (GST) – A Preparatory Course for GST Consultants and Accountants	18 February 2014
Ling Ka Chuan	Latest Corporate Governance Guide	20 November 2013

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

BOARD COMMITTEES

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

(i) Audit Committee

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

(ii) Nomination Committee

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

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

Members: Lau Kiing Yiing
Senior Independent Non-Executive Director

Ling Ka Chuan
Independent Non-Executive Director

The key terms of reference approved for the Committee are as follows:

- To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when the need arises.
- To review the required mix of skills, experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.
- To assess the effectiveness of the Board as a whole, the contribution of each Director and the Board Committees.
- To recommend to the Board for continuation the service of Executive Director(s) and Non-Executive Director(s) who are due for retirement by rotation.
- To facilitate training programmes for directors

(iii) Remuneration Committee

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

Chairman:	Ling Ka Chuan *Independent Non-Executive Director*
Members:	Lau Kiing Yiing *Senior Independent Non-Executive Director*
	Datuk Lau Nai Hoh *Non-Independent Managing Director*

The key terms of reference approved for the Committee are as follows:

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

DIRECTORS' REMUNERATION

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

The Remuneration Committee recommends to the Board the framework of the Executive Directors' remuneration and their remuneration package. The remuneration of these Directors however, is determined by the Board as a whole with the Director concerned abstained from deliberation in respect of his individual remuneration.

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

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

- <u>Salaries</u>

  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.

- <u>Fees</u>

  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.

- <u>Allowances for Independent Non-Executive Directors</u>

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

- Bonus and Other Benefits

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

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

A summary of the remuneration of the Directors for the financial year ended 31 May 2014 distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive band of RM50,000 are set out below:

	Fees (RM)	Salary (RM)	Bonus (RM)	Allowance (RM)	Other Benefits (RM)	Total (RM)
Executive Directors	–	1,320,000	525,000	–	79,478	1,924,478
Non-Executive Directors	93,000	–	–	18,900	–	111,900
Total	93,000	1,320,000	525,000	18,900	79,478	2,036,378

Range of Remuneration (RM)	Executive Director	Non-Executive Director	Total
1 – 50,000	–	3	3
50,001 – 100,000	–	–	–
350,000 – 400,000	1	–	1
1,400,000 – 1,450,000	1	–	1
Total	2	3	5

DIALOGUE WITH INVESTORS

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

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

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

ANNUAL GENERAL MEETING

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

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

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

FINANCIAL REPORTING

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

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

RELATIONSHIP WITH AUDITORS

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

Details on the roles of Audit Committee in relation to both the external and internal auditors can be found in the Audit Committee Report laid out on page 26.

STATEMENT ON DIRECTORS' RESPONSIBILITY

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

In preparing the financial statements, the Directors have

(i) adopted appropriate accounting policies, which are applied consistently;

(ii) ensured that all applicable accounting standards have been followed;

(iii) made judgements and estimates that are reasonable and prudent; and

(iv) prepared financial statements on a going concern basis.

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

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

ADDITIONAL COMPLIANCE INFORMATION

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

STATUS OF UTILISATION OF PROCEEDS

The gross proceeds derived from the Public Issue in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad on 28 August 2009 had been fully utilised.

SHARE BUY-BACKS

During the financial year and up to the date of this report a total of 30,000 of the Company's own shares were purchased and retained as treasury shares. The monthly breakdown of the shares bought back is set out below:

Month	No. of Shares	Price		Average Cost (RM)	Total Cost (RM)
		Lowest (RM)	Highest (RM)		
October 2013	20,000	0.895	0.900	0.9041	18,081
April 2014	10,000	1.360	1.360	1.3700	13,700

As at the date of this report, a total of 4,195,400 shares were held as treasury shares.

No resale of treasury shares took place during the financial year ended 31 May 2014 and up to the date of this report.

No shares were cancelled during the financial year ended 31 May 2014 and up to the date of this report.

OPTIONS OR CONVERTIBLE SECURITIES

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

DEPOSITORY RECEIPT PROGRAMME

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

SANCTIONS AND PENALTIES

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

NON-AUDIT FEES

There were no non-audit fees paid to the external auditors by the Company during the financial year.

PROFIT GUARANTEE

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

MATERIAL CONTRACTS

There was no material contract entered into by the Company or its subsidiaries involving Directors or major shareholders either still subsisting at the end of the financial year ended 31 May 2014 or entered into since the end of the previous financial year.

VARIATION IN RESULTS

There were no material variances between the audited results of the financial year ended 31 May 2014 and the announced unaudited results.

RECURRENT RELATED PARTY TRANSACTIONS

The related party transactions are disclosed on page 87 and 88 of the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

BOARD RESPONSIBILITY

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

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

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

INTERNAL AUDIT

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

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

RISK MANAGEMENT

The Board has formalised a risk management and control framework which is embedded in the Group's management system. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group to ensure that all high risks are adequately addressed at various levels within the Group. The above exercise is monitored by the Management with the assistance of the Internal Auditor. A Risk Management Report is compiled and submitted to the Audit Committee which has been entrusted by the Board to assist its risk management responsibility. Such processes and procedures have been put in place for the financial year under review and up to the date of approval of this statement for inclusion in the Annual Report.

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

The above exercise is monitored by the Risk Management Working Committee and reported to the Audit Committee. The Risk Management Report is reviewed by the Audit Committee to ensure the adequacy and integrity of the system of internal control before making necessary recommendations to the Board of Directors. Emphasis is placed on reviewing and updating the significant risks affecting the business and business continuity including policies and procedures by which these risks are managed.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this statement for inclusion in the Annual Report of the Group for the current financial year and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and system of internal controls.

AUDIT COMMITTEE REPORT

Chairman: Lau Kiing Yiing
Senior Independent Non-Executive Director

Members: Datu Haji Mohammed Sepuan Bin Anu
Independent Non-Executive Director

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

Ling Ka Chuan
Independent Non-Executive Director

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

TERMS OF REFERENCE

1. Composition

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

(a) All the audit committee members must be non-executive directors, with a majority of them being independent directors.

(b) At least one (1) member :–

i. must be a member of the Malaysian Institute of Accountants; or

ii. if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and :-

- he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

- he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

iii. fulfills such other requirements as prescribed or approved by the Exchange.

(c) Alternate director shall not be appointed as a member of the Audit Committee.

(d) If membership of the Committee for any reason falls below three (3) members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfill the minimum requirement.

2. Objectives

- Provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities for examinations of the company and in monitoring its accounting and financial reporting practices.

- Determine that the company has adequate administrative, operational, and internal accounting controls and that the company is operating in accordance with its prescribed procedures.

- Assist the Board to fulfill its corporate governance, risk management and statutory responsibilities in order to manage the overall risk exposure of the Group.

- Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public.

- Provide direction and controls over the internal audit function and the external auditors.

3. Chairman

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

4. Secretary

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

5. Quorum

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

6. Frequency of Meetings

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

7. Meeting and Minutes

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

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

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

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

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

8. Review of the Composition of the Audit Committee

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

9. Authority

(a) The Committee is authorised by the Board to investigate any activity within its terms of reference. It has free access to all information and documents it requires for the purpose of discharging its functions and responsibilities.

(b) The Committee is also authorised to obtain outside legal or other independent professional advice as it considers necessary.

(c) The Committee is allowed to have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).

(d) The Committee shall have all the necessary resources to perform its duties.

(e) The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

(f) The Committee shall make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements of Bursa Malaysia Securities Berhad occurred.

(g) The Committee will make recommendations to the Board in risk related matters in advisory capacity.

10. Duties and Responsibilities

(a) To review the maintenance of an effective accounting system and internal controls in the business processes.

(b) To review the company's accounting policies and reporting requirements to ensure compliance with the relevant laws and standards.

(c) To assess the adequacy of management reporting.

(d) To review company compliance with relevant law and listing requirements.

(e) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.

(f) To review the assistance given by the company's officers to the auditors.

(g) To consider the appointment, resignation and dismissal of External Auditors and the audit fee.

(h) To liaise directly between the external auditors, the management and the Board as a whole, particularly with regard to the audit plan and audit report.

(i) To review the findings of internal and external auditors (as the case may be) on internal controls and other audit comments.

(j) To review the internal audit plan and their reports and to ensure that appropriate actions are taken on the recommendations of the internal audit reports.

(k) To review the quarterly results and year end financial statements of the Company and its group, prior to the approval by the Board, focusing particularly on:-

- changes in major accounting policies or implementation of the changes;
- significant and unusual events; and
- compliance with accounting standards and other legal requirements.

(l) To review any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.

(m) To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the By Law of ESOS of the Company, if any.

(n) To review the Statement on Risk Management and Internal Control to be published in the Annual Report.

(o) Review and recommend the Group's Risk Management Policy Framework which specifies key policies and strategies, for approval of the Board.

(p) Review the Risk Management Report from the Risk Management Working Committee, any significant risks, mitigation actions and make relevant recommendation to the Board for necessary actions.

11. Reporting of Breaches to the Exchange

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

AUDIT COMMITTEE MEETING HELD DURING THE FINANCIAL YEAR 2014

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

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Committee during the financial year ended 31 May 2014:

(a) Review of audit plans for the year prepared by the internal and external auditors;

(b) Review of audit reports prepared by the internal auditors, their major findings and recommendations and appraise the adequacy of management's response thereto;

(c) Review of the quarterly financial results and the audited financial statements of the Company and the Group prior to submission to the Board for consideration and approval;

(d) Review the External Auditors' audit fee;

(e) Review the Statement on Risk Management and Internal Control to be published in the Annual Report;

(f) Review of transactions with related parties by the Company and the Group;

(g) Meeting with external auditors twice without the presence of the management;

(h) Review or appraise the performance of the internal and external auditors before recommending their re-nomination to the Board; and

(i) Review the Risk Management Reports from the Risk Management Working Committee and make relevant recommendation to the Board for necessary actions.

INTERNAL AUDIT FUNCTION

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

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

The main activities carried out by the internal auditor involve:

(a) Reviewing and appraising the adequacy, effectiveness and application of accounting, financial, operational and other controls, recommending improvement in control and promoting effective control in the Group at reasonable cost;

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

(c) Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses;

(d) Appraising the reliability and usefulness of data and information generated for management; and

(e) Review the Risk Management Report from the Risk Management Working Committee.

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

The costs incurred by the internal audit function in respect of financial year ended 31 May 2014 were RM36,000.00.

Financial Statements

DIRECTORS' REPORT

The directors have pleasure in presenting herewith their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2014.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Profit for the year attributable to owners of the Company	28,785,200	3,676,058

RESERVES AND PROVISIONS

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

DIVIDENDS

Dividends proposed, declared or paid since the end of the Company's previous financial year are as follows :-

		RM
(a)	In respect of the financial year ended 31 May 2013, a single-tier interim dividend of 2 sen per ordinary share was declared on 24 July 2013 and paid on 27 September 2013	3,516,732
(b)	In respect of the financial year ended 31 May 2014, a single-tier interim dividend of 2 sen per ordinary share was declared on 23 April 2014 and payable on 12 June 2014	3,516,132

The directors do not recommend any final dividend to be paid in respect of the financial year ended 31 May 2014.

SHARE CAPITAL

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

TREASURY SHARES

During the financial year, the Company repurchased 30,000 of its issued ordinary shares of RM0.50 each listed and quoted on the Main Market of Bursa Malaysia Securities Berhad from the open market at an average buy-back price of RM1.0594 per share. The total consideration paid including transaction costs amounting to RM31,781 was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

TREASURY SHARES (CONT'D)

As at 31 May 2014, the number of shares in issue after the share buy-back is 175,806,600 ordinary shares of RM0.50 each.

None of the treasury shares had been sold or cancelled during the financial year. Further relevant details are disclosed in Note 13(b) to the financial statements.

DIRECTORS OF THE COMPANY

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

Datu Haji Mohammed Sepuan Bin Anu (Appointed on 17 July 2014)
Datuk Lau Nai Hoh
Lau Choo Chin
Tan Sri Dato' Seri Mohd Jamil Bin Johari
Ling Ka Chuan
Lau Kiing Yiing

In accordance with Article 86 of the Company's Articles of Association, Tan Sri Dato' Seri Mohd Jamil Bin Johari and Ling Ka Chuan shall retire from the board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 93 of the Company's Articles of Association, Datu Haji Mohammed Sepuan Bin Anu shall retire from the board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

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

	Number of ordinary shares of RM0.50 each			
Name of director	**Balance at 01.06.2013**	**Acquired**	**Disposed**	**Balance at 31.05.2014**
Datu Haji Mohammed Sepuan Bin Anu				
- Direct interest	15,000	–	–	15,000
Datuk Lau Nai Hoh				
- Direct interest	90,525,671	–	–	90,525,671
- Indirect interest *	1,301,317	–	(20,000)	1,281,317
Lau Choo Chin				
- Direct interest	409,006	–	–	409,006
- Indirect interest *	40,000	–	–	40,000
Tan Sri Dato' Seri Mohd Jamil Bin Johari				
- Direct interest	10,000	–	–	10,000
Ling Ka Chuan				
- Direct interest	10,000	–	–	10,00
Lau Kiing Yiing				
- Direct interest	10,000	–	–	10,000

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

DIRECTORS OF THE COMPANY (CONT'D)

By virtue of their shareholdings in the Company, Datuk Lau Nai Hoh and Lau Choo Chin are deemed to be interested in the shares of the other wholly-owned subsidiaries of the Company, namely Tuong Aik Shipyard Sdn Bhd, Western Realty Sdn Bhd and TA Ventures (L) Ltd and for which there were no movements in interests in the shares held during the financial year.

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

DIRECTORS' BENEFITS

As at the end of the financial year and during the financial year, there did not subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business and as disclosed in Note 28 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :-

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

 (ii) to ensure that any current assets, which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected to realise.

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

 (i) which would render the amount written off for bad debts and the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

 (ii) which would render the values of current assets in the financial statements of the Group and of the Company misleading;

 (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and

 (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D)

(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

Date : 20 August 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	26,224,028	26,311,204
Other investments	6	14,384,888	15,257,582
Deferred tax assets	16	–	779,906
		40,608,916	42,348,692
Current Assets			
Inventories	7	83,928,054	48,804,713
Amount due from contract customers	8	106,394,371	51,885,225
Trade and other receivables	9	102,215,879	51,950,404
Tax recoverable		40,885	–
Cash and bank balances	11	22,097,722	26,840,311
		314,676,911	179,480,653
Total Assets		355,285,827	221,829,345

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2014 RM	2013 RM
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	12	90,001,000	90,001,000
Treasury shares	13	(1,645,095)	(1,613,314)
Reserves	14	86,331,166	63,865,408
Total Equity		174,687,071	152,253,094
Non-Current Liabilities			
Retirement benefits	15	556,946	–
Deferred tax liabilities	16	2,952,775	2,436,786
		3,509,721	2,436,786
Current Liabilities			
Trade and other payables	17	136,799,746	46,654,673
Amount due to contract customers	8	730,591	102,382
Derivative financial liabilities	18	–	36,210
Dividend payable		3,516,132	–
Tax payable		259,140	1,511,329
Short term borrowings :			
- Bank overdrafts	19	3,648,426	2,656,853
- Other borrowings	19	32,135,000	16,178,018
		177,089,035	67,139,465
Total Liabilities		180,598,756	69,576,251
Total Equity and Liabilities		355,285,827	221,829,345

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2014

	Note	2014 RM	2013 RM
Revenue	20	254,270,976	137,996,200
Cost of sales	20	(219,082,575)	(114,497,744)
Gross profit		35,188,401	23,498,456
Other income		5,940,041	2,123,990
Administrative and other expenses		(6,554,824)	(8,835,097)
Operating profit		34,573,618	16,787,349
Finance costs	21	(269,316)	(80,838)
Profit before taxation	22	34,304,302	16,706,511
Income tax expense	24	(5,519,102)	(3,250,893)
Profit for the year		28,785,200	13,455,618
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss, net of tax effects :			
Net gain on changes in fair value of available-for-sale financial assets		81,877	299,895
Transferred to profit or loss on disposal of available-for-sale financial assets		(43,841)	(25,782)
Exchange gain/(loss) on translation of foreign operations		675,386	(61,824)
Total other comprehensive income for the year		713,422	212,289
Total comprehensive income for the year		29,498,622	13,667,907
Attributable to owners of the Company :			
- Profit for the year		28,785,200	13,455,618
- Total comprehensive income for the year		29,498,622	13,667,907
Basic earnings per share attributable to owners of the Company (Sen)	25	16.37	7.65

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2014

		Attributable to Owners of the Company						
		Non-Distributable					Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Fair Value Adjustment Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM
2013								
Balance at 1 June 2012		90,001,000	27,639,472	(1,494,118)	(179,838)	(577)	25,376,293	141,342,232
Profit for the year		–	–	–	–	–	13,455,618	13,455,618
Net gain on changes in fair value of available-for-sale financial assets		–	–	–	274,113	–	–	274,113
Exchange loss on translation of foreign operations		–	–	–	–	(61,824)	–	(61,824)
Total comprehensive income for the year		–	–	–	274,113	(61,824)	13,455,618	13,667,907
Purchase of treasury shares	13	–	–	(119,196)	–	–	–	(119,196)
Dividends	26	–	–	–	–	–	(2,637,849)	(2,637,849)
Balance at 31 May 2013		90,001,000	27,639,472	(1,613,314)	94,275	(62,401)	36,194,062	152,253,094

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to Owners of the Company						
		Non-Distributable					Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Fair Value Adjustment Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM
2014								
Balance at 1 June 2013		90,001,000	27,639,472	(1,613,314)	94,275	(62,401)	36,194,062	152,253,094
Profit for the year		–	–	–	–	–	28,785,200	28,785,200
Net gain on changes in fair value of available-for-sale financial assets		–	–	–	38,036	–	–	38,036
Exchange gain on translation of foreign operations		–	–	–	–	675,386	–	675,386
Total comprehensive income for the year		–	–	–	38,036	675,386	28,785,200	29,498,622
Purchase of treasury shares	13	–	–	(31,781)	–	–	–	(31,781)
Dividends	26	–	–	–	–	–	(7,032,864)	(7,032,864)
Balance at 31 May 2014		90,001,000	27,639,472	(1,645,095)	132,311	612,985	57,946,398	174,687,071

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2014

	2014 RM	2013 RM
Cash flows from operating activities		
Profit before taxation	34,304,302	16,706,511
Adjustments for :-		
Depreciation	1,547,035	1,426,550
Dividend income	(428,038)	(569,134)
Gain on disposal of available-for-sale financial assets	(74,580)	(1,538)
Loss on disposal of property, plant and equipment	650	–
Gain on changes in fair value of derivative financial liabilities	(36,210)	(727,325)
Impairment losses on trade receivables	–	3,261,725
Reversal of impairment losses on trade receivables	(3,261,725)	–
Interest expense	1,045,771	350,838
Interest income	(839,779)	(415,456)
Defined benefit obligations	556,946	–
Property, plant and equipment written off	5,306	12,644
Unrealised gain on foreign exchange	(145,552)	(35,429)
Operating profit before working capital changes	32,674,126	20,009,386
Increase in inventories	(33,644,178)	(26,467,069)
Increase in amount due from contract customers	(52,826,800)	(12,345,003)
Increase/(Decrease) in amount due to contract customers	628,209	(4,299,507)
(Increase)/Decrease in trade and other receivables	(44,444,623)	17,022,830
Increase in trade and other payables	86,748,424	8,142,707
Cash (utilised in)/generated from operations	(10,864,842)	2,063,344
Interest paid	(243,536)	(69,663)
Interest received	839,779	92,872
Tax refunded	–	240,704
Tax paid	(5,517,204)	(5,099,884)
Net cash used in operating activities	(15,785,803)	(2,772,627)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	2014 RM	2013 RM
Cash flows from investing activities		
Dividend received	428,038	569,134
Purchase of property, plant and equipment	(1,466,045)	(1,776,838)
Proceeds from disposal of property, plant and equipment	230	–
Purchase of available-for-sale financial assets	(8,233,275)	(6,402,448)
Proceeds from disposal of available-for-sale financial assets	9,218,585	2,000,000
Net cash used in investing activities	(52,467)	(5,610,152)
Cash flows from financing activities		
Dividend paid	(3,516,732)	(2,637,849)
Purchase of treasury shares	(31,781)	(119,196)
Proceeds from bankers' acceptances and revolving credits	15,237,000	15,240,000
Interests paid on bankers' acceptances and revolving credits	(952,986)	(270,000)
Repayment of term loan	(5,018)	(336,477)
Interest paid on term loan	–	(11,175)
Net cash from financing activities	10,730,483	11,865,303
Net (decrease)/increase in cash and cash equivalents	(5,107,787)	3,482,524
Cash and cash equivalents at beginning of year	24,183,458	20,770,557
Effect of changes in foreign exchange rates	(626,375)	(69,623)
Cash and cash equivalents at end of year	18,449,296	24,183,458
Cash and cash equivalents at end of year comprised :		
Cash and bank balances (Note 11)	22,097,722	26,840,311
Bank overdrafts (Note 19)	(3,648,426)	(2,656,853)
	18,449,296	24,183,458

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	1	85,694
Investments in subsidiaries	5	80,102,752	80,102,752
Other investments	6	14,384,888	15,257,582
Deferred tax assets	16	13,924	–
		94,501,565	95,446,028
Current Assets			
Other receivables	9	2,000	2,000
Amount due from subsidiaries	10	25,868,888	25,435,634
Dividend receivable from a subsidiary		–	3,000,000
Tax recoverable		40,885	–
Cash and bank balances	11	3,826,093	211,277
		29,737,866	28,648,911
Total Assets		124,239,431	124,094,939
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	12	90,001,000	90,001,000
Treasury shares	13	(1,645,095)	(1,613,314)
Reserves	14	32,175,699	35,494,469
Total Equity		120,531,604	123,882,155
Non-Current Liabilities			
Retirement benefits	15	55,695	–
Current Liabilities			
Other payables	17	136,000	136,000
Dividend payable		3,516,132	–
Tax payable		–	76,784
		3,652,132	212,784
Total Liabilities		3,707,827	212,784
Total Equity and Liabilities		124,239,431	124,094,939

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2014

	Note	2014 RM	2013 RM
Revenue	20	3,428,038	3,569,134
Other income		1,320,526	2,118,816
Administrative and other expenses		(804,945)	(768,369)
Profit before taxation	22	3,943,619	4,919,581
Income tax expense	24	(267,561)	(486,242)
Profit for the year		3,676,058	4,433,339
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss, net of tax effects :			
Net gain on changes in fair value of available-for-sale financial assets		81,877	299,895
Transferred to profit or loss on disposal of available-for-sale financial assets		(43,841)	(25,782)
Total other comprehensive income for the year		38,036	274,113
Total comprehensive income for the year		3,714,094	4,707,452

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2014

		Attributable to Owners of the Company					
		Non-Distributable				Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Fair Value Adjustment Reserve RM	Retained Profits RM	Total RM
2013							
Balance at 1 June 2012		90,001,000	27,639,472	(1,494,118)	(179,838)	5,965,232	121,931,748
Profit for the year		–	–	–	–	4,433,339	4,433,339
Net gain on changes in fair value of available-for-sale financial assets		–	–	–	274,113	–	274,113
Total comprehensive income for the year		–	–	–	274,113	4,433,339	4,707,452
Purchase of treasury shares	13	–	–	(119,196)	–	–	(119,196)
Dividends	26	–	–	–	–	(2,637,849)	(2,637,849)
Balance at 31 May 2013		90,001,000	27,639,472	(1,613,314)	94,275	7,760,722	123,882,155
2014							
Balance at 1 June 2013		90,001,000	27,639,472	(1,613,314)	94,275	7,760,722	123,882,155
Profit for the year		–	–	–	–	3,676,058	3,676,058
Net gain on changes in fair value of available-for-sale financial assets		–	–	–	38,036	–	38,036
Total comprehensive income for the year		–	–	–	38,036	3,676,058	3,714,094
Purchase of treasury shares	13	–	–	(31,781)	–	–	(31,781)
Dividends	26	–	–	–	–	(7,032,864)	(7,032,864)
Balance at 31 May 2014		90,001,000	27,639,472	(1,645,095)	132,311	4,403,916	120,531,604

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2014

	2014 RM	2013 RM
Cash flows from operating activities		
Profit before taxation	3,943,619	4,919,581
Adjustments for :-		
Depreciation	85,693	85,694
Dividend income from :		
- unit trust funds	(428,038)	(569,134)
- a subsidiary	(3,000,000)	(3,000,000)
Gain on disposal of available-for-sale financial assets	(74,580)	(1,538)
Unrealised (gain)/loss on foreign exchange	(3,679)	86,132
Interest income	(1,242,267)	(2,117,278)
Defined benefit obligations	55,695	–
Operating loss before working capital changes	(663,557)	(596,543)
Decrease in receivables	–	10,000
Increase in payables	–	21,000
Cash utilised in operations	(663,557)	(565,543)
Interest received	1,242,267	2,117,278
Tax paid	(399,154)	(475,845)
Net cash from operating activities	179,556	1,075,890
Cash flows from investing activities		
Net (advances to)/repayments from subsidiaries	(429,575)	8,270,554
Dividend received	6,428,038	2,569,134
Purchase of available-for-sale financial assets	(8,233,275)	(6,402,448)
Proceeds from disposal of available-for-sale financial assets	9,218,585	2,000,000
Net cash from investing activities	6,983,773	6,437,240
Cash flows from financing activities		
Dividend paid	(3,516,732)	(2,637,849)
Increase in investment in subsidiaries	–	(4,602,747)
Purchase of treasury shares	(31,781)	(119,196)
Net cash used in financing activities	(3,548,513)	(7,359,792)
Net increase in cash and cash equivalents	3,614,816	153,338
Cash and cash equivalents at beginning of year	211,277	57,939
Cash and cash equivalents at end of year	3,826,093	211,277
Cash and cash equivalents at end of year comprised :		
Cash and bank balances (Note 11)	3,826,093	211,277

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

1. GENERAL INFORMATION

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

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

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

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

The financial statements were authorised for issue by the Board of Directors on 20 August 2014.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

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

2.2 Application of New and Revised MFRSs, IC Interpretation and Amendments to MFRSs

During the financial year, the Group and the Company have applied the following new and revised MFRSs, IC Interpretation and amendments to MFRSs which are effective for accounting period beginning on or after 1 June 2013 :-

New and Revised MFRSs and IC Interpretation
MFRS 10, Consolidated Financial Statements
MFRS 11, Joint Arrangements
MFRS 12, Disclosure of Interests in Other Entities
MFRS 13, Fair Value Measurement
MFRS 119, Employee Benefits (Revised)
MFRS 127, Separate Financial Statements (Revised)
MFRS 128, Investments in Associates and Joint Ventures (Revised)
IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRSs
MFRS 7, Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
MFRS 10, MFRS 11 and MFRS 12 - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance
MFRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
Amendments to MFRSs Classified as "Annual Improvements 2009 - 2011 Cycle"

Other than as summarised below, the initial application of the remaining new and revised MFRSs and IC Interpretation and amendments to MFRSs have no significant impact on the financial statements of the Group and of the Company.

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

2.2 Application of New and Revised MFRSs, IC Interpretation and Amendments to MFRSs (Cont'd)

(a) MFRS 13, Fair Value Measurement

MFRS 13 establishes the definition of fair value and a single framework for measuring fair value and requirements for disclosures about fair value measurements. This MFRS applies when another MFRS requires or permits fair value measurements or disclosures about fair value measurements. MFRS 13 remedies the inconsistencies in the requirements for measuring fair value and disclosures about fair value measurements across the MFRSs.

The Group and the Company have applied MFRS 13 prospectively from 1 June 2013. The Group and the Company have also applied the transitional provision as provided in the Standard such that the disclosure requirements of MFRS 13 need not be applied in comparative information provided for periods before the initial application of the Standard. Accordingly, the Group and the Company have not made any new disclosures required by MFRS 13 for the 2013 comparative period.

Other than the additional disclosure requirements, the application of MFRS 13 did not have any material impact on the amounts recognised in the Group's and in the Company's financial statements.

(b) Amendments to MFRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

The main change resulting from the Amendments was a requirement to group items presented in other comprehensive income ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Amendments did not address which items are presented in OCI.

The Amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the changes in presentation, the application of the Amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income of the Group and of the Company.

(c) MFRS 119, Employee Benefits (Revised)

The Standard requires all actuarial gains and losses be recognised in other comprehensive income immediately when they occur, hence eliminates the 'corridor approach' permitted under the previous MFRS 119. The actuarial gains and losses recognised in other comprehensive income are not subsequently reclassified to profit or loss. Past service cost, whether vested or unvested, are recognised immediately to profit or loss as incurred. The revised MFRS 119 also introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

The initial application of the Standard did not result in any material impact on the amounts recognised in the Group's and Company's financial statements.

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

2.3 New MFRSs, IC Interpretation and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted

The Group and the Company have not early adopted the following new and revised MFRSs and IC Interpretation and amendments to MFRSs which have been issued but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 - Investment Entities
Amendments to MFRS 132 - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136 - Recoverable Amount Disclosures For Non-Financial Assets
Amendments to MFRS 139 - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21, Levies

Effective for annual periods beginning on or after 1 July 2014
Amendments to MFRS 119 - Defined Benefit Plans : Employee Contributions
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2010 - 2012 Cycle"
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2011 - 2013 Cycle"

Effective for annual periods beginning on or after 1 January 2016
MFRS 14, Regulatory Deferral Accounts
Amendments to MFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation

Effective for a date yet to be determined
MFRS 9, Financial Instruments (IFRS 9 issued in November 2009)
MFRS 9, Financial Instruments (IFRS 9 issued in October 2010)
Amendments to MFRS 7 and MFRS 9 - Mandatory Effective Date of MFRS 9 and Transition Guidance
MFRS 9, Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139) (IFRS 9 as amended in November 2013)

The Group and the Company plan to apply the above MFRSs, IC Interpretation and amendments that are applicable once they become effective. The main features of these standards, interpretation and amendments are summarised below :-

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

Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The Amendments require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Amendments also introduce new disclosure requirements for investment entities in MFRS 12, Disclosure of Interests in Other Entities and MFRS 127, Separate Financial Statements.

(b) Amendments to MFRS 132 - Offsetting Financial Assets and Financial Liabilities

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

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

2.3 New MFRSs, IC Interpretation and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (Cont'd)

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

The Amendments require the disclosure of information about the recoverable amount of impaired assets, if that amount is based on fair value less costs of disposal. The Amendments also require the disclosure of additional information about that fair value measurement. In addition, if the recoverable amount of impaired assets based on fair value less costs of disposal were measured using a present value technique, the Amendments also require the disclosure of the discount rate that have been used in the current and previous measurements.

(d) IC Interpretation 21, Levies

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

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

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

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

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

(f) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation

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

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

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

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

2.3 New MFRSs, IC Interpretation and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (Cont'd)

(g) MFRS 9, Financial Instruments (IFRS 9 issued in November 2009 and IFRS 9 issued in October 2010)

MFRS 9 (IFRS 9 issued in November 2009) introduces the new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued in October 2010) was issued to include the requirements for classification and measurement of financial liabilities. MFRS 9 is intended to replace MFRS 139 in its entirety.

Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost or at fair value on the basis of both an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets in MFRS 139 had been replaced. Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9. The guidance in MFRS 139 on impairment of financial assets continues to apply.

(h) MFRS 9, Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139) (IFRS 9 as amended in November 2013)

The Amendments incorporate a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedged items and hedging instruments respectively.

The Amendments to MFRS 9 have removed the mandatory effective date on 1 January 2015 to a new date which will be set once the IFRS 9 project is closer to completion.

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

2.4 Basis of Consolidation

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

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

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

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

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

2.4 Basis of Consolidation (Cont'd)

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.

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

2.6 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

2.7 Foreign Currencies

2.7.1 Functional and presentation currency

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

2.7.2 Foreign currency transactions and balances

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

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

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

2.7 Foreign Currencies (Cont'd)

2.7.3 Foreign operations

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

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

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

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

2.8 Investments in Subsidiaries

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

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.

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

2.9 Property, Plant and Equipment (Cont'd)

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

Buildings and workers' quarters	10 to 50 years
Office furniture, fittings and equipment	5 to10 years
Plant and machinery	5 to10 years
Motor vehicles	5 years
Slipway and jetty	10 years

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

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

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

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

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

2.11 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories, assets arising from construction contracts, deferred tax assets and non-current assets or disposal groups held for sale) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill, intangible assets that have 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.

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

2.11 Impairment of Non-Financial Assets (Cont'd)

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

An impairment loss is recognised in profit or loss in the period in which it arises.

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

2.12 Construction Contracts

2.12.1 Revenue and expense recognition

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

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

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

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

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

2.13 Inventories

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

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

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

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

2.13 Inventories (Cont'd)

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

2.14 Financial Assets

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

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

2.14.1 Classification and measurement

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

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

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

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

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

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

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

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

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

2.14 Financial Assets (Cont'd)

2.14.1 Classification and measurement (Cont'd)

(b) Held-to-maturity investments

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

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

(c) Loans and receivables

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

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

(d) Available-for-sale financial assets

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

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

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

2.14 Financial Assets (Cont'd)

2.14.2 Impairment of financial assets

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

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

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

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

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

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

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

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

2.14 Financial Assets (Cont'd)

2.14.3 Derecognition of financial assets

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

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

2.15 Cash and Cash Equivalents

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

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

2.16 Share Capital

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

2.17 Treasury Shares

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

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

2.18 Financial Liabilities

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

2.18.1 Classification and measurement

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

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

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

2.18 Financial Liabilities (Cont'd)

2.18.1 Classification and measurement (Cont'd)

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

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

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

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

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

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

(b) Other financial liabilities

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

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

2.18.2 Derecognition of financial liabilities

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

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

2.19 Offsetting Financial Instruments

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

2.20 Financial Guarantee Contracts

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

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

2.21 Derivative Financial Instruments

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

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

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

The Group has not designated any derivatives as hedging instruments.

Embedded derivatives

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

2.22 Employee Benefits

2.22.1 Short-term employee benefits

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

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

2.22 Employee Benefits (Cont'd)

2.22.2 Post-employment benefits

(a) Defined contribution plans

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

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

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

(b) Defined benefit plans

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

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

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

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

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

2.22.3 Termination benefits

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

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

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

2.23 Provisions

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

2.24 Income Taxes

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

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

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

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

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

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

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

2.25 Borrowing Costs

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

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

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

2.26 Revenue

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

(a) Ship construction contract income

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

Revenue relating to sale of completed vessels is recognised upon the transfer of significant risks and rewards of ownership to the buyer of the goods, net of discounts and returns.

(b) Vessel repair and service income

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

(c) Interest income

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

(d) Dividend income

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

In the process of applying the Group's accounting policies, which are described in Note 2, the management is of the opinion that any instances of application of judgement are not expected to have significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

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

(b) Key sources of estimation uncertainty

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

(i) Construction contracts

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

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

(ii) Depreciation of property, plant and equipment

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

(iii) Impairment of property, plant and equipment

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

(iv) Impairment losses on trade receivables

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

(v) Fair value estimates of financial instruments

Where the fair values of financial instruments cannot be derived from active markets, the Group determines such fair values by using a variety of valuation techniques including discounted cash flow analysis and option pricing models. Whilst the Group makes maximum use of market observable inputs in its valuation models, judgement is used where market observable inputs are not available. Such judgement incorporates various factors that market participants would consider in pricing the financial instruments including making assumptions about interest rate yield curves, exchange rates, volatilities and timing of future cash flows.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

2014

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

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

GROUP

2013

	Long term leasehold land RM	Building and workers' quarters RM	Plant and machinery RM	Motor vehicles RM	Slipway and jetty RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
Cost								
Balance at 1 June 2012	10,958,668	11,207,433	5,937,858	2,011,579	3,337,687	846,866	2,674,222	36,974,313
Additions	–	128,811	407,138	–	–	45,579	1,195,310	1,776,838
Disposals/Write off	–	–	–	–	–	(30,413)	–	(30,413)
Balance at 31 May 2013	10,958,668	11,336,244	6,344,996	2,011,579	3,337,687	862,032	3,869,532	38,720,738
Accumulated depreciation								
Balance at 1 June 2012	1,493,869	2,047,253	2,496,020	1,679,444	2,760,534	523,633	–	11,000,753
Charge for the year	169,013	220,589	657,394	176,467	110,022	93,065	–	1,426,550
Disposals/Write off	–	–	–	–	–	(17,769)	–	(17,769)
Balance at 31 May 2013	1,662,882	2,267,842	3,153,414	1,855,911	2,870,556	598,929	–	12,409,534
Net book value as at 31 May 2013	9,295,786	9,068,402	3,191,582	155,668	467,131	263,103	3,869,532	26,311,204

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

Company	Motor vehicle 2014 RM	2013 RM
Cost		
At beginning and at end of year	428,470	428,470
Accumulated depreciation		
Balance at beginning of year	342,776	257,082
Charge for the year	85,693	85,694
Balance at end of year	428,469	342,776
Net book value as at 31 May	1	85,694

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

	Group 2014 RM	2013 RM	Company 2014 RM	2013 RM
Administrative expenses	411,968	444,672	85,693	85,694
Cost of sales	1,135,067	981,878	–	–
	1,547,035	1,426,550	85,693	85,694

5. INVESTMENTS IN SUBSIDIARIES

	Company 2014 RM	2013 RM
Unquoted shares, at cost	80,102,752	80,102,752

Details of the subsidiaries are as follows :-

Name of company	Principal activities	Country of incorporation	Effective equity interest (%) 2014	2013
Tuong Aik Shipyard Sdn. Bhd. *	Shipbuilding and provision of ship repairs and maintenance services	Malaysia	100	100
TA Ventures (L) Ltd.	Shipbuilding outside Malaysia	Malaysia	100	100
Western Realty Sdn. Bhd. *	Property investment and property development activities - dormant during the financial year	Malaysia	100	100

* Not audited by Folks DFK & Co.

6. OTHER INVESTMENTS

	Group and Company 2014 RM	2013 RM
Available-for-sale financial assets		
Unit trust, at fair value	14,384,888	15,257,582
Market value of unit trust	14,384,888	15,257,582

7. INVENTORIES

	Group 2014 RM	2013 RM
At cost		
Raw material and consumable stores	6,234,672	25,653,964
Work-in-progress - vessels under construction	76,625,803	22,730,335
Goods-in-transit	1,067,579	420,414
	83,928,054	48,804,713

The costs of vessels under construction include an interest expense of RM150,751 (2013 : NIL) incurred during the financial year.

8. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group 2014 RM	2013 RM
Contract costs incurred to-date	147,181,292	88,958,313
Attributable profits	18,293,953	15,904,822
	165,475,245	104,863,135
Progress billings	(59,811,465)	(53,080,292)
	105,663,780	51,782,843
Represented by :-		
Amount due from contract customers	106,394,371	51,885,225
Amount due to contract customers	(730,591)	(102,382)
	105,663,780	51,782,843

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables	89,057,628	24,509,355	–	–
Other receivables, deposits and prepayments	13,158,251	27,441,049	2,000	2,000
	102,215,879	51,950,404	2,000	2,000

(a) The normal credit period of trade receivables relating to ship repairing is 60 days (2013 : 60 days). In respect of shipbuilding contracts, the debts arising are to be settled within a period of 7 to 15 days (2013 : 7 to 15 days) from the date the billings are rendered. Other credit terms are assessed and approved on a case-by-case basis.

(b) Ageing analysis

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

Group

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

	Gross RM	Individual impairment RM	Net RM
2013			
Not past due	7,762,599	–	7,762,599
0 to 30 days past due	1,517,265	–	1,517,265
31 to 120 days past due	16,460,082	(3,261,725)	13,198,357
More than 120 days past due	2,031,134	–	2,031,134
	27,771,080	(3,261,725)	24,509,355

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

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

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

9. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group	
	2014 RM	2013 RM
Balance at beginning of year	3,261,725	–
Additional impairment losses	–	3,261,725
Reversal of impairment losses	(3,261,725)	–
Balance at end of year	–	3,261,725

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

	Group	
	2014 RM	2013 RM
Ringgit Malaysia	1,829,516	14,125,747
United States Dollar	72,716,421	1,090,629
Singapore Dollar	14,511,691	9,292,979
	89,057,628	24,509,355

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deposits paid to shipbuilding suppliers and contractors	12,371,540	17,133,514	–	–
Advances to shipbuilding contractors	722,630	10,156,730	–	–
Sundry deposits	7,035	3,500	2,000	2,000
Prepayments	57,046	122,449	–	–
Other receivables	–	24,856	–	–
	13,158,251	27,441,049	2,000	2,000

Deposits paid to shipbuilding suppliers and contractors

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

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

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(e) (Cont'd)

Advances to shipbuilding contractors

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

The advances as at 31 May 2014 are interest-free. The advances as at 31 May 2013 were interest-free except for an advance to a foreign shipbuilding contractor amounted to RM9,195,203 which was subject to interest at 400 basis point above the London Interbank Offered Rate ("LIBOR") or equivalent to 4.72% per annum.

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

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Ringgit Malaysia	1,652,418	1,376,260	2,000	2,000
United States Dollar	10,590,885	24,873,473	–	–
Singapore Dollar	180,802	781,622	–	–
Japanese Yen	448,006	206,598	–	–
Euro	286,140	203,096	–	–
	13,158,251	27,441,049	2,000	2,000

10. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2014 RM	**2013 RM**
Interest bearing	19,700,000	20,300,000
Non-interest bearing	6,168,888	5,135,634
	25,868,888	25,435,634

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

	Company	
	2014 RM	**2013 RM**
Ringgit Malaysia	25,719,569	25,362,135
United States Dollar	149,319	73,499
	25,868,888	25,435,634

10. AMOUNT DUE FROM SUBSIDIARIES (CONT'D)

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

Interest charged on interest bearing amount due from subsidiaries during the financial year was calculated at rates ranging from 5.31% to 7.60% (2013 : 2.74% to 7.60%) per annum.

11. CASH AND BANK BALANCES

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	3,976,840	1,220,131	3,826,093	211,277
United States Dollar	10,910,728	8,369,788	–	–
Singapore Dollar	7,169,683	16,564,421	–	–
Chinese Yuan Renminbi	37,771	–	–	–
Euro	2,700	685,971	–	–
	22,097,722	26,840,311	3,826,093	211,277

The effective interest rate of the Group's and the Company's cash in a current account amounting to RM3,654,335 as at the end of the reporting period (2013 : NIL) is 2% (2013 : NIL).

12. SHARE CAPITAL

	Group and Company 2014	2013
(a) Authorised ordinary shares of RM0.50 each		
Balance at beginning and at end of year :		
- Number of shares	200,000,000	200,000,000
- Nominal value (RM)	100,000,000	100,000,000
(b) Issued and fully paid-up ordinary shares of RM0.50 each		
Balance at beginning and at end of year :		
- Number of shares	180,002,000	180,002,000
- Nominal value (RM)	90,001,000	90,001,000

13. TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 9 October 2013, had granted an approval to the Company to buy back its own shares up to 10% of the total issued and paid-up share capital of the Company.

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

The movements in treasury shares are as follows :-

	Number of shares	Consideration RM	Average cost per share RM
Balance at 1 June 2012	3,861,500	1,494,118	0.387
Repurchased during the year	303,900	119,196	0.392
Balance at 31 May 2013 / 1 June 2013	4,165,400	1,613,314	0.387
Repurchased during the year	30,000	31,781	1.059
Balance at 31 May 2014	4,195,400	1,645,095	0.392

The total consideration paid during the financial year including transaction costs amounting to RM31,781 (2013 : RM119,196) was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares were sold or cancelled during the financial year.

The number of shares in issue after the share buy-back is 175,806,600 (2013 : 175,836,600) ordinary shares of RM0.50 each.

14. RESERVES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Distributable				
Retained profits	57,946,398	36,194,062	4,403,916	7,760,722
Non-distributable				
Share premium	27,639,472	27,639,472	27,639,472	27,639,472
Fair value adjustment reserve	132,311	94,275	132,311	94,275
Foreign currency translation reserve	612,985	(62,401)	–	–
	28,384,768	27,671,346	27,771,783	27,733,747
	86,331,166	63,865,408	32,175,699	35,494,469

14. RESERVES (CONT'D)

(a) Fair value adjustment reserve

	Group and Company	
	2014 RM	2013 RM
Balance at beginning of year	94,275	(179,838)
Gain on fair value changes of available-for-sale ("AFS") financial assets	81,877	299,895
Transfer to profit or loss on disposal of AFS financial assets	(43,841)	(25,782)
Balance at end of year	132,311	94,275

(b) Foreign currency translation reserve

	Group	
	2014 RM	2013 RM
Balance at beginning of year	(62,401)	(577)
Foreign currency translation gain/(loss)	675,386	(61,824)
Balance at end of year	612,985	(62,401)

15. RETIREMENT BENEFITS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Present value of unfunded defined benefit obligations	556,946	–	55,695	–

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

15. RETIREMENT BENEFITS (CONT'D)

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Balance at beginning of year	–	–	–	–
Recognised in profit or loss				
Current service costs	91,783	–	9,179	–
Interest on obligation	3,860	–	386	–
Past service costs	461,303	–	46,130	–
	556,946	–	55,695	–
Balance at end of year	556,946	–	55,695	–

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

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

	Group		Company	
	2014	2013	2014	2013
Discount rate	5.50%	–	5.50%	–
Future average salary increases	4.00%	–	4.00%	–

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

	Increase/(Decrease) in defined benefit obligations	
	Group RM	Company RM
Discount rate increases by 1%	(45,233)	(4,523)
Discount rate decreases by 1 %	53,659	5,366
Future average salary growth increases by 1%	59,812	5,981
Future average salary growth decreases by 1%	(51,153)	(5,115)

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

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Balance at beginning of year	(1,656,880)	(3,154,224)	–	–
Amount recognised in profit or loss	(1,295,895)	1,497,344	13,924	–
Balance at end of year	(2,952,775)	(1,656,880)	13,924	–
Presented after appropriate offsetting as follows :-				
Deferred tax assets	–	779,906	13,924	–
Deferred tax liabilities	(2,952,775)	(2,436,786)	–	–
	(2,952,775)	(1,656,880)	13,924	–

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

Group

2014	As at 01.06.2013 RM	Recognised in profit or loss RM	As at 31.05.2014 RM
Deferred tax liabilities			
Property, plant and equipment	3,063,714	102,568	3,166,282
Deferred tax assets			
Retirement benefits	–	(139,237)	(139,237)
Other deductible temporary differences	(1,406,834)	1,332,564	(74,270)
	(1,406,834)	1,193,327	(213,507)

2013	As at 01.06.2012 RM	Recognised in profit or loss RM	As at 31.05.2013 RM
Deferred tax liabilities			
Property, plant and equipment	3,009,488	54,226	3,063,714
Other taxable temporary differences	144,736	(144,736)	–
	3,154,224	(90,510)	3,063,714
Deferred tax assets			
Other deductible temporary differences	–	(1,406,834)	(1,406,834)

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

Company

2014	As at 01.06.2013 RM	Recognised in profit or loss RM	As at 31.05.2014 RM
Deferred tax assets			
Retirement benefits	–	13,924	13,924

2013 - NIL

17. TRADE AND OTHER PAYABLES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade payables	131,154,569	29,349,645	–	–
Other payables and accruals	5,645,177	17,305,028	136,000	136,000
	136,799,746	46,654,673	136,000	136,000

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

	Group 2014 RM	Group 2013 RM
Ringgit Malaysia	12,923,949	16,429,744
United States Dollar	116,989,275	11,517,835
Singapore Dollar	1,236,460	781,804
Pound Sterling	4,885	–
Euro	–	620,262
	131,154,569	29,349,645

(b) The normal credit period of trade payables granted to the Group ranges from 7 to 90 days (2013 : 7 to 90 days).

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

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Other payables	318,130	601,555	–	–
Deposits received	4,659,575	16,263,050	–	–
Accruals	667,472	440,423	136,000	136,000
	5,645,177	17,305,028	136,000	136,000

17. TRADE AND OTHER PAYABLES (CONT'D)

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

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Ringgit Malaysia	652,990	1,026,635	136,000	136,000
United States Dollar	4,992,187	16,278,393	–	–
	5,645,177	17,305,028	136,000	136,000

18. DERIVATIVE FINANCIAL LIABILITIES

	Group	
	2014 RM	**2013 RM**
Non-hedging derivatives, at fair value		
Forward foreign currency contracts		
- Notional amount		
- 2014 : NIL (2013 : SGD600,000)	–	(7,658)
- 2014 : NIL (2013 : JPY38,058,400)	–	(1,255)
- 2014 : NIL (2013 : USD500,000)	–	(27,297)
	–	(36,210)

The Group enters into forward foreign currency contracts to manage its exposure to sales and purchase transactions that are denominated in foreign currencies. These derivatives were categorised as at fair value through profit or loss and were measured at their fair value with gains or losses recognised in the profit or loss.

19. SHORT TERM BORROWINGS

	Group	
	2014 RM	**2013 RM**
Bank overdrafts - unsecured	3,648,426	2,656,853
Other borrowings :		
- Term loan	–	5,018
- Bankers' acceptances	–	11,173,000
- Revolving credits	32,135,000	5,000,000
	32,135,000	16,178,018
	35,783,426	18,834,871

19. SHORT TERM BORROWINGS (CONT'D)

The borrowings are denominated in the following currencies :-

	Group	
	2014 RM	2013 RM
Ringgit Malaysia	3,648,426	18,834,871
United States Dollar	32,135,000	–
	35,783,426	18,834,871

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

Term loan was repayable by 60 monthly instalments commencing from July 2008 and it has been fully settled during the financial year.

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

	Group's effective interest rate	
	2014 %	2013 %
Term loan	6.80	6.80
Revolving credits	2.34 - 5.35	5.35
Bankers' acceptances	4.28 - 4.38	4.25 - 4.36
Bank overdrafts	7.60	7.60

20. REVENUE AND COST OF SALES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Revenue				
Shipbuilding construction contract income	252,768,957	135,134,453	–	–
Vessel repairs and service income	1,073,981	2,292,613	–	–
Dividend income from :				
- unit trust funds	428,038	569,134	428,038	569,134
- a subsidiary	–	–	3,000,000	3,000,000
	254,270,976	137,996,200	3,428,038	3,569,134

20. REVENUE AND COST OF SALES (CONT'D)

	Group 2014 RM	Group 2013 RM
Cost of sales		
Cost of construction contracts	218,436,404	112,739,729
Cost of service rendered	646,171	1,758,015
	219,082,575	114,497,744

21. FINANCE COSTS

	Group 2014 RM	Group 2013 RM
Interest on :-		
Bank overdrafts	92,785	69,663
Bankers' acceptances and revolving credits	952,986	270,000
Term loan	–	11,175
Late payment to shipbuilding contractors	150,751	–
	1,196,522	350,838
Less : Included in inventories - vessels under construction	(150,751)	–
	1,045,771	350,838

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

	Group 2014 RM	Group 2013 RM
Cost of sales	776,455	270,000
Administrative expenses	269,316	80,838
	1,045,771	350,838

22. PROFIT BEFORE TAXATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before taxation is arrived at after charging :-				
Auditors' remuneration :				
- Statutory audit :				
- current year	74,705	71,694	25,000	25,000
- underprovision in prior year	3,000	–	–	–
Bad debts written off	140,714	46,034	–	–
Defined benefit obligations	556,946	–	55,695	–
Depreciation of property, plant and equipment	1,547,035	1,426,550	85,693	85,694
Directors' remuneration (Note 23)	2,471,696	2,223,574	318,540	295,000
Hire of plant and machinery	50,000	53,972	–	–
Impairment losses on trade receivables	–	3,261,725	–	–
Inventories written off	8,708	42,806	–	–
Land rental	19,200	18,800	–	–
Loss on disposal of property, plant and equipment	650	–	–	–
Loss on foreign exchange :				
- unrealised	–	–	–	86,132
Property, plant and equipment written off	5,306	12,644	–	–
and crediting :-				
Dividend income from :				
- unit trust funds	428,038	569,134	428,038	569,134
- a subsidiary	–	–	3,000,000	3,000,000
Gain on changes in fair value of derivative financial liabilities	36,210	727,325	–	–
Gain on disposal of available-for-sale financial assets	74,580	1,538	74,580	1,538
Gain on foreign exchange :				
- realised	1,365,768	977,323	–	–
- unrealised	145,552	35,429	3,679	–
Interest income from :				
- deposits with licensed banks	48,247	92,872	5,930	23,582
- a subsidiary	–	–	1,236,337	2,093,696
- shipbuilding contractors	791,532	322,584	–	–
Reversal of impairment losses on trade receivables	3,261,725	–	–	–

23. DIRECTORS' REMUNERATION

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive directors				
Salaries, allowances and bonus	2,011,542	1,787,450	184,500	162,500
Defined contribution plan - Employees Provident Fund	241,413	214,560	22,140	19,500
Other benefits	58,841	62,564	–	–
	2,311,796	2,064,574	206,640	182,000
Non-executive directors				
Fees	141,000	139,000	93,000	93,000
Allowances	18,900	20,000	18,900	20,000
	159,900	159,000	111,900	113,000
Total directors' remuneration	2,471,696	2,223,574	318,540	295,000
Estimated value of benefits-in kind	41,350	41,350	41,350	41,350
Total directors' remuneration including benefits-in-kind	2,513,046	2,264,924	359,890	336,350

24. INCOME TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current income tax :				
- Malaysian income tax	4,193,794	4,776,777	255,115	476,784
- Under/(Over) provision in prior year	29,413	(28,540)	26,370	9,458
	4,223,207	4,748,237	281,485	486,242
Deferred tax expense/(income) resulting from origination and reversal of temporary differences :-				
- Current year	1,278,875	(1,517,645)	(13,924)	–
- Under provision in prior year	17,020	20,301	–	–
	1,295,895	(1,497,344)	(13,924)	–
Total tax expense	5,519,102	3,250,893	267,561	486,242

24. INCOME TAX EXPENSE (CONT'D)

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

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Profit before taxation	34,304,302	16,706,511	3,943,619	4,919,581
Taxation at applicable statutory tax rate of 25% (2013 : 25%)	8,576,075	4,176,628	985,904	1,229,895
Tax effect in respect of :-				
Expenses that are not deductible in determining taxable profit	117,657	200,209	56,749	53,104
Income not subject to tax	(51,462)	(56,215)	(801,462)	(806,215)
Effect of differential in tax rate	(3,169,601)	(1,061,490)	–	–
Under/(Over) provision in prior year :				
- Current income tax	29,413	(28,540)	26,370	9,458
- Deferred tax	17,020	20,301	–	–
Total tax expense	5,519,102	3,250,893	267,561	486,242

25. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated on the Group's profit for the financial year attributable to equity holders of the Company of RM28,785,200 (2013 : RM13,455,618) and is based on the weighted number of ordinary shares outstanding during the financial year of 175,822,873 (2013 : 175,902,875).

(b) Diluted

Diluted profit per share is not presented as there are no dilutive potential ordinary shares outstanding as at 31 May 2014 (2013 : NIL).

26. DIVIDENDS

	Group and Company 2014 RM	2013 RM
Interim single tier dividend of 2 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 May 2013 declared on 24 July 2013 and paid on 27 September 2013	3,516,732	–
Interim single tier dividend of 2 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 May 2014 declared on 23 April 2014 and payable on 12 June 2014	3,516,132	–
Interim single tier dividend of 1.5 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 May 2012 declared on 24 July 2012 and paid on 10 October 2012	–	2,637,849
	7,032,864	2,637,849

27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Staff costs comprised :-				
Salaries, wages and bonuses	4,414,569	4,325,275	240,694	215,911
Defined contribution plan - Employees Provident Fund	510,844	501,241	29,075	26,095
Defined benefit obligations	556,946	–	55,695	–
Others	158,048	170,382	372	372
	5,640,407	4,996,898	325,836	242,378

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Administrative expenses	4,342,078	3,471,730	325,836	242,378
Cost of sales	1,298,329	1,525,168	–	–
	5,640,407	4,996,898	325,836	242,378

Included in employee benefits expense of the Group and of the Company are remuneration paid to executive directors amounting to RM2,311,796 (2013 : RM2,064,574) and RM206,640 (2013 : RM182,000).

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

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

	Group	
	2014	**2013**
	RM	**RM**
Expenditure incurred		
Purchase of marine paints	1,993	4,530
Rental of slipway	40,000	27,000

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

	Company	
	2014	**2013**
	RM	**RM**
Interest charged to subsidiaries	1,236,337	2,093,696
Dividend income from a subsidiary	3,000,000	3,000,000

(b) Year-end outstanding balances with related parties

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

	Company	
	2014	**2013**
	RM	**RM**
Amount receivable from subsidiaries	25,868,888	25,435,634

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

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

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

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

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors				
Short-term employee benefits	2,230,283	2,009,014	296,400	275,500
Post-employment benefits - contribution to Employees Provident Fund	241,413	214,560	22,140	19,500
Estimated value of benefits-in-kind	41,350	41,350	41,350	41,350
	2,513,046	2,264,924	359,890	336,350
Other key management personnel				
Short-term employee benefits	246,456	240,324	24,645	24,032
Post-employment benefits - contribution to Employees Provident Fund	29,630	28,919	2,963	2,892
	276,086	269,243	27,608	26,924
Total	2,789,132	2,534,167	387,498	363,274

29. SEGMENT REPORTING

(a) Operating Segment

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

29. SEGMENT REPORTING (CONT'D)

(b) Geographical Information

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

	2014		2013	
	Revenue RM	Non-current assets RM	Revenue RM	Non-current assets RM
Malaysia	9,327,737	26,224,028	17,989,824	26,311,204
United Arab Emirates	100,565,601	–	38,404,769	–
Indonesia	75,373,197	–	9,061,645	–
Singapore	36,697,704	–	57,724,892	–
Saint Vincent Island	32,303,640	–	–	–
Papua New Guinea	3,097	–	14,296,141	–
Panama	–	–	518,929	–
	254,270,976	26,224,028	137,996,200	26,311,204

(c) Major Customers

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

	2014 RM	2013 RM	Segment
Customer A	100,565,601	38,404,769	Shipbuilding and ship repairing
Customer B	38,081,950	31,878,765	Shipbuilding and ship repairing
Customer C	36,299,570	25,846,126	Shipbuilding and ship repairing

30. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2014 RM	2013 RM
Corporate guarantees favouring banks for facilities granted to subsidiaries :		
- Facility limit	152,328,000	68,777,000
- Amount utilised	35,834,676	22,331,852

31. CAPITAL COMMITMENT

	Group	
	2014 RM	2013 RM
Approved but not contracted for	–	1,010,000

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Categories of Financial Instruments

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

2014

Financial assets as per statement of financial position

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

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

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

2014 (Cont'd)

Financial liabilities as per statement of financial position

	Note	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Group			
Trade payables	17	131,154,569	131,154,569
Other payables	17	5,645,177	5,645,177
Bank overdrafts	19	3,648,426	3,648,426
Other bank borrowings	19	32,135,000	32,135,000
		172,583,172	172,583,172
Company			
Other payables	17	136,000	136,000

2013

Financial assets as per statement of financial position

	Note	Carrying amount RM	Loans and receivables RM	Available-for-sale financial assets RM
Group				
Other investments	6	15,257,582	–	15,257,582
Trade receivables	9	24,509,355	24,509,355	–
Other receivables	9	27,318,600	27,318,600	–
Cash and bank balances	11	26,840,311	26,840,311	–
		93,925,848	78,668,266	15,257,582
Company				
Other investments	6	15,257,582	–	15,257,582
Other receivables	9	2,000	2,000	–
Amount due from subsidiaries	10	25,435,634	25,435,634	–
Cash and bank balances	11	211,277	211,277	–
		40,906,493	25,648,911	15,257,582

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

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

2013 (Cont'd)

Financial liabilities as per statement of financial position

	Note	Carrying amount RM	Fair value through profit or loss - Held for trading RM	Other financial liabilities measured at amortised cost RM
Group				
Trade payables	17	29,349,645	–	29,349,645
Other payables	17	17,305,028	–	17,305,028
Derivative financial liabilities	18	36,210	36,210	–
Bank overdrafts	19	2,656,853	–	2,656,853
Other bank borrowings	19	16,178,018	–	16,178,018
		65,525,754	36,210	65,489,544
Company				
Other payables		136,000	–	136,000

(b) Financial Risk Management

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

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

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

(i) Credit Risk

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

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credits limits and monitoring procedures. In addition, credit risk is minimised and monitored by limiting the Group's associations to business partners with high creditworthiness.

Cash and cash equivalents are only placed with licensed banks.

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

(b) Financial Risk Management (Cont'd)

(i) Credit Risk (Cont'd)

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

(a) Amount due from five (2013 : three) major customers amounting to RM88,363,159 (2013 : RM21,919,133) representing 99% (2013 : 89%) of total trade receivables.

(b) Deposits paid and advance payment of RM11,919,675 (2013 : RM25,954,888) to six (2013 : ten) suppliers representing 91% (2013 : 95%) of total deposits paid and advance payment to shipbuilding suppliers and contractors.

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

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

(ii) Liquidity and Cash Flow Risks

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

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

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 :-

2014

	Maturity profile			
	Less than 1 year RM	More than 1 year and less than 5 years RM	Total RM	Effective interest rate %
Group				
Trade payables	131,154,569	–	131,154,569	–
Other payables	5,645,177	–	5,645,177	–
Bank overdrafts	3,648,426	–	3,648,426	7.60
Other bank borrowings	32,135,000	–	32,135,000	3.33
Company				
Other payables	136,000	–	136,000	–

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

(b) Financial Risk Management (Cont'd)

(ii) Liquidity and Cash Flow Risks (Cont'd)

Maturity Analysis **(Cont'd)**

2013

	Maturity profile Less than 1 year RM	More than 1 year and less than 5 years RM	Total RM	Effective interest rate %
Group				
Trade payables	29,349,645	–	29,349,645	–
Other payables	17,305,028	–	17,305,028	–
Derivative financial liabilities	36,210	–	36,210	–
Bank overdrafts	2,656,853	–	2,656,853	7.60
Term loan	5,045	–	5,045	6.80
Other bank borrowings	16,173,000	–	16,173,000	4.25 - 5.35
Company				
Other payables	136,000	–	136,000	–

(iii) Market Risk

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

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

(iv) Currency Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and European Union Euro ("Euro"). Foreign exchange exposures in transactional currencies other than functional currencies of the Group are kept to an acceptable level. The movements in the rates of foreign currencies are monitored by the management and where considered necessary, the Group will enter into forward foreign currency exchange contracts to limit its exposure on foreign currency receipts and payments.

The Group does not speculate in foreign currency derivatives.

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

(b) Financial Risk Management (Cont'd)

(iv) Currency Risk (Cont'd)

Exposure to currency risk

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

	Denominated in foreign currency				
	USD RM	SGD RM	EURO RM	Others RM	Total RM
Group					
Functional currency : RM					
2014					
Trade and other receivables	270,331	14,692,493	286,140	448,006	15,696,970
Cash and bank balances	10,484,962	7,169,683	2,700	41,905	17,699,250
Trade and other payables	(427,275)	(1,236,460)	–	(4,885)	(1,668,620)
	10,328,018	20,625,716	288,840	485,026	31,727,600
2013					
Trade and other receivables	1,637,194	10,074,601	203,096	206,598	12,121,489
Cash and bank balances	7,999,132	16,540,814	685,972	–	25,225,918
Trade and other payables	(508,056)	(781,803)	(620,262)	–	(1,910,121)
	9,128,270	25,833,612	268,806	206,598	35,437,286

Company

	Denominated in USD	
	2014 RM	2013 RM
Functional currency : RM		
Amount due from subsidiaries	149,319	73,499

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

(b) Financial Risk Management (Cont'd)

(iv) Currency Risk (Cont'd)

Currency risk sensitivity analysis

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
USD	1,032,802	759,557	14,932	7,350
SGD	2,062,572	2,437,111	–	–
Euro	28,884	26,881	–	–
Others	48,503	138,828	–	–
	3,172,761	3,362,377	14,932	7,350

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

(v) Interest Rate Risk

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

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

Exposure to interest rate risk

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Floating rate instruments				
Financial assets				
Other investments	14,384,888	15,257,582	14,384,888	15,257,582
Other receivables	–	9,195,203	–	–
Amount due from subsidiaries	–	–	19,700,000	20,300,000
Financial liabilities				
Bank overdrafts	(3,648,426)	(2,656,853)	–	–
Other borrowings	(32,135,000)	(16,178,018)	–	–
	(21,398,538)	5,617,914	34,084,888	35,557,582

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

(b) Financial Risk Management (Cont'd)

(v) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

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

2014

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

2013

	Equity		Profit or loss	
	100bp increase RM	100bp decrease RM	100bp increase RM	100bp decrease RM
Group				
Financial assets				
Other investments	152,576	(152,576)	–	–
Other receivables	–	–	91,952	(91,952)
Financial liabilities				
Bank overdrafts	–	–	(26,569)	26,569
Other borrowings	–	–	(161,780)	161,780
Company				
Financial assets				
Other investments	152,576	(152,576)	–	–
Amount due from subsidiaries	–	–	203,000	(203,000)

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

(c) Fair Value of Financial Instruments

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

(ii) The fair values of forward foreign exchange contracts is based on quotation by a licensed financial institution whilst the fair values of embedded foreign currency derivatives are obtained using valuation techniques such as discounted cash flow analysis and option pricing models.

(iii) The fair value of term loan approximates its carrying amount.

(iv) The fair value of other current financial assets and liabilities of the Group at the reporting date approximate to their carrying amounts in the statement of financial position due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments at the end of the reporting period which are measured at fair value by the various levels within a fair value hierarchy as required by MFRS 7, Financial Instruments : Disclosures. The levels in the fair value hierarchy are defined 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).

2014

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

2013

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
Financial assets				
Available-for-sale investments	15,257,582	–	–	15,257,582
Financial liabilities				
Derivative financial liabilities	–	36,210	–	36,210
Company				
Financial assets				
Available-for-sale investments	15,257,582	–	–	15,257,582

33. CAPITAL MANAGEMENT

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

The debt-to-equity ratio as at 31 May 2014 and 31 May 2013 were as follows :-

Debt-to-Equity ratio

	Group	
	2014 RM	**2013 RM**
Trade and other payables	136,799,746	46,654,673
Bank borrowings	35,783,426	18,834,871
Less : Cash and bank balances	(22,097,722)	(26,840,311)
Net debts	150,485,450	38,649,233
Total equity	174,687,071	152,253,094
Debt-to-equity ratio	0.861	0.254

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

34. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

Realised and Unrealised Profits/(Losses)

The breakdown of retained profits of the Group and the Company as at 31 May 2014, into realised and unrealised profits/(losses), pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010, is as follows :-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained profits of TAS Offshore Berhad and its subsidiaries :				
- Realised	101,699,950	78,569,154	4,386,313	7,846,854
- Unrealised	(418,804)	814,554	17,603	(86,132)
	101,281,146	79,383,708	4,403,916	7,760,722
Consolidation adjustments	(43,334,748)	(43,189,646)	–	–
Retained profits as per financial statements	57,946,398	36,194,062	4,403,916	7,760,722

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

STATEMENT BY DIRECTORS

We, **DATUK LAU NAI HOH** and **LAU CHOO CHIN**, being two of the directors of **TAS OFFSHORE BERHAD** do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 36 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 May 2014 and of the results of operations and cash flows of the Group and of the Company for the financial year ended on that date.

The information set out in Note 34 to the financial statements on page 100 have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

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

DATUK LAU NAI HOH
DIRECTOR

LAU CHOO CHIN
DIRECTOR

Sibu, Sarawak

Date : 20 August 2014

STATUTORY DECLARATION

I, HII CHAI HUNG, being the officer primarily responsible for the accounting records and financial management of TAS OFFSHORE BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 36 to 99 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 20 August 2014)

HII CHAI HUNG

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TAS OFFSHORE BERHAD (810179-T)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TAS Offshore Berhad, which comprise the statements of financial position as at 31 May 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 99.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

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

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 34 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

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

NG ENG KIAT
NO. : 1064/03/15(J/PH)
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : 20 August 2014

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 31.5.2014 (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 guard house and a slipway.	12.23	11	19.11.2008	Leasehold 60 years expiring in 2070	18,369,756

ANALYSIS OF SHAREHOLDINGS
AS AT 20 AUGUST 2014

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

DISTRIBUTION SCHEDULE OF ORDINARY SHARES

Holdings	No. of Holders	Total Holdings	Percentage of issued capital
Less than 100 shares	7	214	0.00 *
100 – 1,000 shares	351	309,488	0.18
1,001 – 10,000 shares	2,051	11,419,600	6.49
10,001 – 100,000 shares	861	26,862,004	15.28
100,001 – less than 5% of issue shares	97	46,689,623	26.56
5% and above of issued shares	4	90,525,671	51.49
Total	3,371	175,806,600 #	100.00

* Less than 0.01 %

Excluding 4,195,400 ordinary shares of RM0.50 each bought back by the Company and retained as treasury shares based on Record of Depositors as at 20 August 2014.

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Account Holders	Shareholdings	Percentage
1.	Lau Nai Hoh	30,000,000	17.06
2.	Lau Nai Hoh	30,000,000	17.06
3.	Lau Nai Hoh	20,000,000	11.38
4.	Lau Nai Hoh	10,525,671	5.99
5.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)*	3,742,700	2.13
6.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for MAAKL-CM Shariah Flexi Fund (270785)*	2,881,900	1.64
7.	Kumpulan Wang Simpanan Guru Guru	2,365,000	1.35
8.	Hii Sieng Teck	1,965,800	1.12
9.	Citigroup Nominees (Tempatan) Sdn Bhd *Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund*	1,962,800	1.12
10.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Too Boon Siong*	1,468,900	0.84

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Account Holders	Shareholdings	Percentage
11.	Amsec Nominees (Tempatan) Sdn Bhd *Aminvestment Management Sdn Bhd for* *Tenaga Nasional Berhad Retirement Benefit Trust Fund*	1,408,000	0.80
12.	Chan Say Kow @ Chin Yew Soon	1,390,300	0.79
13.	Hii Kiong Thai	1,241,317	0.71
14.	Lau Chui Tai	1,226,600	0.70
15.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for* *CIMB-Principal Equity Aggressivefund 3 (980050)*	1,124,700	0.64
16.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB-Principal Asset Management Berhad for* *Manulife Insurance (Malaysia) Berhad – (Equity Fund)*	1,070,200	0.61
17.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Too Boon Siong*	1,066,000	0.61
18.	Soo Ah Mooi	1,049,200	0.60
19.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Bong Lee Min*	984,200	0.56
20.	Maybank Nominees (Tempatan) Sdn Bhd *Etiqa Insurance Berhad (Dana EKT Prima)*	816,600	0.46
21.	Abd Rasyid Bin Abdullah	800,000	0.46
22.	Khoo Boon Chong	700,000	0.40
23.	Ng Faai @ Ng Yoke Pei	621,000	0.35
24.	Tan Aik Choon	620,000	0.35
25.	Ong Huat Lai	619,000	0.35
26.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for MAAKL-CM Flexi Fund (260651)*	515,800	0.29
27.	Yit Siew Shinng	504,000	0.29
28.	Loh Chwee Chew Mooring Services Private Limited	500,000	0.28
29.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB-Principal Asset Management Berhad for* *Manulife Insurance (Malaysia) Berhad – (Managed Fund)*	490,500	0.28
30.	Amanahraya Trustees Berhad CIMB Principal Equity Aggressive Fund 1	436,100	0.25
	Total	122,096,288	69.47

SUBSTANTIAL SHAREHOLDER

The substantial shareholders' interests in shares in the Company as per the Register of substantial shareholders as at 20 August 2014 are as follows:-

		No. of Ordinary Shares of RM0.50 each			
		Direct	%	Indirect	%
1.	Lau Nai Hoh	90,525,671	51.49	1,281,317 (i)	0.73

Note

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

DIRECTORS' INTEREST

The directors' interests in shares in the Company and related corporations as per the Register of Directors' shareholdings as at 20 August 2014 are as follows:-

		No. of Ordinary Shares of RM0.50 each			
		Direct	%	Indirect	%
1.	Datuk Lau Nai Hoh	90,525,671	51.49	1,281,317 (i)	0.73
2.	Lau Choo Chin	409,006	0.23	40,000 (ii)	0.02
3.	Tan Sri Dato' Seri Mohd Jamil Bin Johari	10,000	0.01	-	-
4.	Ling Ka Chuan	10,000	0.01	-	-
5.	Lau Kiing Yiing	10,000	0.01	-	-
6.	Datu Haji Mohammed Sepuan bin Anu	15,000	0.01	-	-

Notes:

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Tanahmas Hotel, Jalan Kampung Nyabor, 96007 Sibu, Sarawak on Friday 10 October 2014 at 10.00 a.m. to transact the following business:-

A G E N D A

ORDINARY BUSINESS

1 To receive the Audited Financial Statements of the Company for the financial year ended 31 May 2014 together with the Reports of the Directors and Auditors thereon.

2 To approve the payment of directors' fees in respect of the financial year ending 31 May 2015. **Ordinary Resolution 1**

3 To re-elect the following Directors retiring pursuant to Article 86 of the Company's Articles of Association, and being eligible offer themselves for re-election :-

(i) Mr Ling Ka Chuan **Ordinary Resolution 2**

(ii) Tan Sri Dato' Seri Mohd Jamil Bin Johari **Ordinary Resolution 3**

4 To re-elect Datu Haji Mohammed Sepuan Bin Anu as Director of the Company who retires pursuant to Article 93 of the Company's Articles of Association. **Ordinary Resolution 4**

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

SPECIAL BUSINESS

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

6 **Authority to Issue and Allot shares** **Ordinary Resolution 6**

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the Company's Articles of Association and approvals of the relevant authorities, the Directors be hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the issued share capital of the Company for the time being AND THAT the Directors be hereby empowered to obtain approval for the listing and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."

7 **Proposed Renewal of Authority for the Company to Purchase its Own Shares ("Proposed Share Buy-Back")** **Ordinary Resolution 7**

"THAT subject always to the Companies Act 1965 ("the Act"), the Company's Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and any other relevant governmental and/or requlatory authorities, the Directors of the Company be and are hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia as the Directors may deemed fit and expedient in the interest of the Company provided that :

a) the aggregate number of shares to be purchased shall not exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company;
b) the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the share premium account and/or retained profits of the Company for the time being;
c) the Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends; and

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

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

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

By order of the Board

Pauline Kon Suk Khim (MAICSA 7014905)
Company Secretary

Date : 18 September 2014

Notes :-

1. For the purpose of determining a member who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 60 of the Company's Article of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 3 October 2014. Only a depositor whose name appears on the General Meeting Record of Depositors as at 3 October 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
3. To be valid, the proxy form, duly completed must be deposited at the registered office of the Company at Lot 199, Jalan Sg. Maaw, Sungai Bidut, P. O. Box 920, 96008 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 which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
7. If the appointor is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

(a) Ordinary Resolution 6 – Authority to Issue and Allot shares

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last Annual General Meeting held on 9 October 2013 and which will lapse at the conclusion of the forthcoming Annual General Meeting.

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

(b) Ordinary Resolution 7 - Proposed Renewal of Authority for the Company to Purchase its Own Shares

The Proposed Ordinary Resolution No. 7 if passed, will authorise the Company to purchase up to ten per cent (10%) of the issued and paid-up share capital of the Company through Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

TAS OFFSHORE BERHAD

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

No. of Shares held

PROXY FORM

I/We, ...of .... being a member/

members of the abovenamed Company hereby appoint .... of ……………..…………..

………….…..... or failing him, …….....………………...................…. of …..........………….........………………..….. or *the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 7th Annual General Meeting of the Company to be held at Tanahmas Hotel, Jalan Kampung Nyabor, 96007 Sibu, Sarawak on Friday 10th day of October 2014 at 10.00 am and, at any adjournment thereof for/against* the resolutions to be proposed thereat.

Resolution No	Ordinary Business	FOR	AGAINST
Ordinary Resolution 1.	To approve the Directors' fees.		
Ordinary Resolution 2.	To re-elect Mr Ling Ka Chuan as Director.		
Ordinary Resolution 3.	To re-elect Tan Sri Dato' Seri Mohd Jamil Bin Johari as Director.		
Ordinary Resolution 4.	To re-elect Datu Haji Mohammed Sepuan Bin Anu as Director of the Company who retires pursuant to Article 93 of the Company's Articles of Association		
Ordinary Resolution 5.	To re-appoint Messrs. FOLKS DFK & Co. as Auditors for the ensuing year.		
	Special business		
Ordinary Resolution 6.	To approve the authority to issue shares pursuant to Section 132D of the Company Act, 1965.		
Ordinary Resolution 7	To approve the proposed renewal of authority for the Company to purchase its own shares		

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

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

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

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

Dated this.........................day of...2014

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

Notes:

1. *For the purpose of determining a member who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 60 of the Company's Article of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 3 October 2014. Only a depositor whose name appears on the General Meeting Record of Depositors as at 3 October 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
2. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.*
3. *To be valid, the proxy form, duly completed must be deposited at the registered office of the Company at Lot 199, Jalan Sg. Maaw, Sungai Bidut, P. O. Box 920, 96008 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 which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
5. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.*
6. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
7. *If the appointer is a corporation, the form must be executed under its common seal or under 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 (810179-T)
Lot 199, Jalan Sg. Maaw
Sungai Bidut
P. O. Box 920,
96008 Sibu, Sarawak

1st fold here

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

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

www.tasoffshore.com