



TAS OFFSHORE BERHAD

(Company No. 810179-T)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 77,000,000 NEW ORDINARY SHARES OF RM0.50 EACH IN TAS OFFSHORE BERHAD ("SHARES") AT AN ISSUE PRICE OF RM0.90 PER SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:-

- I. 3,500,000 SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF TAS OFFSHORE BERHAD AND ITS SUBSIDIARY ("GROUP") AND PERSONS WHO HAVE CONTRIBUTED TO THE GROUP'S SUCCESS;
- II. 9,000,000 SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- III. 21,500,000 SHARES AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS; AND
- IV. 43,000,000 SHARES AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AND

OFFER FOR SALE OF 11,000,000 SHARES AT AN OFFER PRICE OF RM0.90 PER SHARE AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

IN CONJUNCTION WITH THE LISTING OF TAS OFFSHORE BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

PROSPECTUS | TAS OFFSHORE BERHAD (810179-T)



TAS OFFSHORE BERHAD

(Company No. 810179-T)

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Adviser, Sole Underwriter and Sole Placement Agent

OSK

OSK Investment Bank Berhad (14152-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER,
SEE "RISK FACTORS" SET OUT IN SECTION 4 OF THIS PROSPECTUS**

RESPONSIBILITY STATEMENT

OUR DIRECTORS, PROMOTERS AND OFFEROR HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

OSK INVESTMENT BANK BERHAD ("OSK"), BEING OUR ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS ON THE INITIAL PUBLIC OFFERING ("IPO").

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED OUR IPO. HOWEVER, THIS IS NOT AN INDICATION THAT THE SC RECOMMENDS THE IPO.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THE VALUATION APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE CORPORATE PROPOSALS SUBMITTED TO AND APPROVED BY THE SC, AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSES.

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YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

WE HAVE REGISTERED A COPY OF THIS PROSPECTUS WITH THE SC. WE HAVE ALSO LODGED A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM WITH THE REGISTRAR OF COMPANIES, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES WEBSITE AT <http://www.bursamalaysia.com>.

THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS SO REGISTERED IS AVAILABLE FROM THE WEBSITES OF RHB BANK BERHAD AT www.rhbbank.com.my AND MALAYAN BANKING BERHAD AT www.maybank2u.com.my (VIA HYPERLINK TO BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com) AND ON THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com AND CIMB BANK BERHAD AT www.cimbclicks.com.my.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) IS SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR THE INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/ PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/ PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/ PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER PRINTED COPY.

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- II. WE AND OUR ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES REFERRED TO IN THIS PROSPECTUS, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- III. ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

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- I. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OBTAINED FROM THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND SUBSEQUENTLY, COMMUNICATED OR DISSEMINATED IN ANY MANNER TO OTHER PARTIES.
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THE DISTRIBUTION OF THIS PROSPECTUS AND THE IPO ARE SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISER TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. WE AND OUR ADVISER HAVE NOT TAKEN ANY ACTION TO PERMIT AN IPO OF THE IPO SHARES BASED ON THIS PROSPECTUS FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE IPO SHARES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OR INVITATION OF THE IPO SHARES TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. WE AND OUR ADVISER REQUIRE YOU TO BE INFORMED OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR THE IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. THE IPO SHARES ARE ISSUED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION, WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Events	Tentative Dates
Opening of application for the IPO Shares	31 July 2009
Closing of application for the IPO Shares	17 August 2009
Balloting of the applications for the IPO Shares	19 August 2009
Allotment of the IPO Shares	25 August 2009
Tentative Listing Date	28 August 2009

Note:-

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION WILL CLOSE AT THE DATE STATED ABOVE OR SUCH LATER DATE AS OUR DIRECTORS, PROMOTERS AND/ OR OFFEROR TOGETHER WITH OUR UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY DECIDE.

IN THE EVENT THE CLOSING DATE FOR APPLICATION IS EXTENDED, WE WILL ADVERTISE THE NOTICE OF THE EXTENSION IN A WIDELY-CIRCULATED ENGLISH AS WELL AS BAHASA MALAYSIA NEWSPAPERS PRIOR TO THE ORIGINAL CLOSING DATE OF THE APPLICATION. FOLLOWING THIS, THE DATES FOR THE BALLOTING OF THE APPLICATION FOR THE IPO SHARES, ALLOTMENT OF THE IPO SHARES AND LISTING WOULD BE EXTENDED ACCORDINGLY.

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DEFINITIONS

Unless otherwise indicated, the following definitions shall apply throughout this Prospectus:-

"Act"	:	The Companies Act, 1965
"Acquisition"	:	The acquisition by TAS Offshore of the Sale Shares from the Vendors for a total purchase consideration of RM51,500,000 to be satisfied via the issuance of 103,000,000 new TAS Offshore Shares to the Vendors
"ADA"	:	Authorised Depository Agent
"AGM"	:	Annual General Meeting
"Application Form"	:	Printed application form for application of the IPO Shares
"ATM"	:	Automated Teller Machine
"Authorised Financial Institution(s)"	:	The authorised financial institution(s), namely RHB Bank Berhad, CIMB Investment Bank Berhad, CIMB Bank Berhad and Malayan Banking Berhad, participating in the Internet Share Application with respect to payments for the Issue Shares
"Board"	:	Our Board of Directors
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
"CCM"	:	Companies Commission of Malaysia
"CDS"	:	Central Depository System
"Central Depositories Act"	:	The Securities Industry (Central Depositories) Act, 1991
"CMSA"	:	Capital Markets and Services Act, 2007
"Director(s)"	:	A natural person who holds a directorship in an executive or non-executive capacity in our Company
"EBIDTA"	:	Earnings before interest, depreciation, taxation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is used, circulated or disseminated via the Internet, and/ or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
"Electronic Share Application(s)"	:	Application(s) for the IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per Share
"FIC"	:	Foreign Investment Committee

DEFINITIONS (CONT'D)

"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"GDP"	:	Gross domestic product
"Internet Participating Financial Institution(s)"	:	Participating financial organisation(s) in the Internet Share Application
"Internet Share Application"	:	Application for the Issue Shares through an online shares application service provided by Internet Participating Financial Institutions
"IPO"	:	Initial Public Offering comprises the Public Issue and the Offer for Sale, collectively
"IPO Price"	:	Issue Price and Offer Price, collectively
"IPO Shares"	:	Issue Shares and Offer Shares, collectively
"Issue Price"	:	RM0.90 for each Issue Share
"Issue Share(s)"	:	All or part of the 77,000,000 new TAS Offshore Shares to be issued pursuant to the Public Issue, subject to the terms and conditions of the Prospectus
"LAT"	:	Loss after taxation
"LBT"	:	Loss before taxation
"Listing"	:	Admission to the official list of the Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of TAS Offshore comprising 180,002,000 TAS Offshore Shares on the Main Market of Bursa Securities
"Listing Scheme"	:	The Acquisition, Public Issue, Offer for Sale and Listing, collectively
"LPD"	:	19 June 2009, being the latest practicable date prior to the issuance of this Prospectus
"Malaysian Public"	:	Citizens of Malaysia, permanent residents of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	:	Any day between Monday and Friday (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
"MI"	:	Minority interest
"MIH"	:	Malaysian Issuing House Sdn Bhd (Company No. 258345-X)
"MITI"	:	Ministry of International Trade and Industry
"NA"	:	Net assets

DEFINITIONS (CONT'D)

"NBV"	:	Net book value
"NMDSB"	:	Nguong Mee Dockyard Sdn Bhd (Company No. 79195-D)
"NTA"	:	Net tangible assets
"Offeror"	:	Datuk Lau Nai Hoh
"Offer for Sale"	:	Offer for sale by the Offeror of 11,000,000 TAS Offshore Shares, representing approximately 6.1% of the enlarged issued and paid-up share capital of TAS Offshore at the Offer Price, subject to the terms and conditions of the Prospectus
"Offer Price"	:	RM0.90 for each Offer Share
"Offer Share(s)"	:	11,000,000 TAS Offshore Shares to be offered pursuant to the Offer for Sale, subject to the terms and conditions of the Prospectus
"Official List"	:	The official list of the Main Market of Bursa Securities
"OSK"	:	OSK Investment Bank Berhad (Company No. 14142-V)
"PAT"	:	Profit after taxation
"Participating Financial Institution(s)"	:	Participating financial institution(s) for the Electronic Share Application
"PBT"	:	Profit before taxation
"PRC "	:	The People's Republic of China
"Promoters"	:	Datuk Lau Nai Hoh, Datin Hii Kiong Thai, Lau Choo Chin and Ng Cheng Lee, collectively
"Property Assets"	:	Eight (8) parcels of land on Lots 22, 100, 111, 112 Block 1 Sibu Town District, Sibu Grant No. 1217, 1218, Sibu Occupation Ticket No. 2202 and 20175 together with 3-storey Office cum Utility, 3-Storey Walk-Up Flat 1, 3-Storey Walk-Up Flat 2, 1-Storey Utility Hanger 1, 1-Storey Utility Hanger 2, 1-Storey Equipment/ Substation/ Guard House and 1-Storey Toilet Block erected thereon
"Public Issue"	:	Public issue of 77,000,000 new TAS Offshore Shares, representing approximately 42.8% of the enlarged issued and paid-up share capital of TAS Offshore at the Issue Price, subject to the terms and conditions of the Prospectus
"RM" and "Sen"	:	Ringgit Malaysia and sen, respectively
"ROC"	:	Registrar of Companies, Malaysia
"Rules"	:	Rules of the Central Depository
"Sale Share(s)"	:	1,000,000 TAS Shares, representing 100% of the issued and paid-up share capital of TAS
"SC"	:	Securities Commission

DEFINITIONS (CONT'D)

"SC Guidelines"	:	The Guidelines on the Offering of Equity and Equity-Linked Securities
"SGD"	:	Singapore Dollar
"TAS"	:	Tuong Aik Shipyard Sendirian Berhad (Company No. 575152-H)
"TASSB"	:	Tuong Aik (Sarawak) Sdn Bhd (Company No. 35383-X)
"TAS Share(s)"	:	Ordinary share(s) of RM1.00 each in TAS
"TAS Offshore" or the "Company"	:	TAS Offshore Berhad (Company No. 810179-T)
"TAS Offshore Group" or the "Group"	:	TAS Offshore and its subsidiary company
"TAS Offshore Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.50 each in TAS Offshore
"UAE"	:	United Arab Emirates
"Underwriting Agreement"	:	Underwriting agreement dated 30 June 2009 entered into between TAS Offshore and OSK for the underwriting of 52,000,000 Issue Shares under the Public Issue
"US"	:	United States of America
"USD"	:	United States Dollar
"Valuer"	:	VPC Alliance (Sarawak) Sdn Bhd, a firm of independent registered valuers
"Vendors"	:	Datuk Lau Nai Hoh, Datin Hii Kiong Thai, Lau Choo Chin and Ng Cheng Lee, collectively

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GLOSSARY OF TECHNICAL TERMS

- "Anchor Handling Tug" or "AHT"** : Anchor handling tugs are vessels with high horsepower capable of towing rigs, platforms and other steel structures and secure them at specific locations. AHT are primarily used in the offshore Oil and Gas Industry. They are commonly equipped with powerful winches, other anchor handling equipment, and an open stern to allow anchors to be brought on deck. They are sometimes referred to as anchor handling Offshore Support Vessels or anchor handling vessels
- "Anchor Handling Tug Supply Vessel"** : Anchor handling tug supply vessels are similar to anchor handling tugs and perform similar anchor handling tasks, but are constructed with larger open deck space to enable the ship to also transport supplies
- "Barge"** : A barge is a type of vessel that is primarily designed for transporting cargo. It does not have its own propulsion system
- "CAD"** : Computer Aided Design
- "Classification Society"** : Within the Shipbuilding Industry, classification societies are non-governmental organisations that promote the safety and protection of the environment of ships and offshore structures. There are currently ten (10) full members of the International Association of Classification Societies, including Bureau Veritas, Germanischer Lloyd, and Nippon Kaiji Kyokai, and one associate member
- "Global Positioning System" or "GPS"** : Global Positioning System is a navigational system that uses a constellation of satellites to enable a GPS receiver to accurately determine its location, speed, direction and time. GPS is operated by the US Government, and is available for free for civilian use
- "CNC"** : Computer Numerical Control
- "Gross Tonnage" or "GT"** : Gross Tonnage is a measure of the overall size of a vessel. GT refers to the volume of all of the vessel's enclosed space (from keel to funnel) measured to the outside of the hull framing. One (1) GT is equivalent in volume to 100 cubic feet (2.83 cubic metres). Gross Tonnage has replaced Gross Register Tonnage as a measure of the overall size of a vessel but it is still a widely used term
- "Gross Register Tonnage" or "GRT"** : Gross Register Tonnage represents the total internal volume of a vessel, with some exemptions for non-productive spaces such as crew cabins. One (1) GRT is equal in volume to 100 cubic feet (2.83 cubic metres). GRT has been replaced by Gross Tonnage, but is still a widely used term
- "Hull"** : A hull refers to the body of the ship, and provides the buoyancy that keeps the ship from sinking
- "Naval Architect"** : A naval architect is a professional engineer who is responsible for the design, construction, and/ or repair of naval vessels. Among other responsibilities, naval architects create the engineering drawing of all new vessels
- "Offshore Support Vessel"** : An Offshore Support Vessel is a vessel that is primarily designed to support offshore Oil and Gas Industry platforms. Examples of Offshore Support Vessels include Anchor Handling Tugs, Anchor Handling Tug Supply Vessels, Supply Vessels, Utility Vessels and other vessels
- "R&D"** : Research and development

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- "Utility Vessel"** : An utility vessel is a general purpose Offshore Support Vessel that is designed to provide utility or general support services (except anchor handling services) to offshore Oil and Gas Industry platforms
- "Ship"** : In general, a ship refers to a large watercraft that is capable of navigation in the open ocean, away from the coast. Within the context of this report, the term "ship" may be used interchangeable with the term "vessel"
- "Shipbuilding"** : Shipbuilding refers to the activities related to the construction of ships. Modern shipbuilding activities include, among many others, the cutting, bending and welding of metal, installation of power and propulsion systems, the installation of other machinery and equipment, and testing and commissioning
- "Shipbuilding Yard"** : A shipbuilding yard refers to an area designated for shipbuilding activities, and equipped as such
- "Supply Vessel"** : A supply vessel is a vessel that is primarily designed to transport supplies to support offshore Oil and Gas Industry platforms
- "Tugboat"** : A tugboat is a vessel that is primarily designed to manoeuvre or tow other vessels
- "Watercraft"** : A watercraft is a vehicle that is designed to move across or through water, including freshwater and saltwater

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PRESENTATION OF INFORMATION

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Prospectus shall be reference to Malaysian time, unless otherwise stated.

Any references to "our Company" or "the Company" or "TAS Offshore" in this Prospectus are to TAS Offshore Berhad (810179-T), reference to "Our Group" or "the Group" or "TAS Offshore Group" are to TAS Offshore Berhad and its subsidiary and reference to "we", "us", "our" and "ourselves" are to our Company. Unless the context otherwise requires, reference to "Management" are to our Directors as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industries in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Business and Market Research Consultants. We believe that the statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industries in which we operate. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved, and you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Datu Haji Mohammed Sepuan Bin Anu <i>(Independent Non-Executive Chairman)</i>	No 3, Taman Ros Jalan Perupok Kampung Pinang Jawa 93050 Kuching Sarawak	Company Director	Malaysian
Datuk Lau Nai Hoh 拿督刘乃好 <i>(Managing Director/ Executive Director)</i>	Lot 100 Jalan Sg Ma'aw Sg. Bidut 96000 Sibul Sarawak	Company Director	Malaysian
Lau Choo Chin 刘子征 <i>(Deputy Managing Director/ Executive Director)</i>	Lot 100 Jalan Sg Ma'aw Sg. Bidut 96000 Sibul Sarawak	Company Director	Malaysian
Tan Sri Dato' Seri Mohd Jamil Bin Johari <i>(Independent Non-Executive Director)</i>	No 22, SS23/19D Taman SEA 47400 Petaling Jaya Selangor	Company Director	Malaysian
Ling Ka Chuan 林家全 <i>(Independent Non-Executive Director)</i>	No 24, Lot 6825 Lorong Taman Hui Sing 7 93350 Kuching Sarawak	Company Director	Malaysian
Lau Kiing Yiing 刘恭勇 <i>(Independent Non-Executive Director)</i>	No 3, 1 st Floor Lorong Pahlawan 7A2 96000 Sibul Sarawak	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Lau Kiing Yiing	Chairman	Independent Non-Executive Director
Ling Ka Chuan	Member	Independent Non-Executive Director
Datu Haji Mohammed Sepuan Bin Anu	Member	Independent Non-Executive Chairman

1. CORPORATE DIRECTORY (CONT'D)

REMUNERATION COMMITTEE

Name	Designation	Directorship
Ling Ka Chuan	Chairman	Independent Non-Executive Director
Lau Kiing Yiing	Member	Independent Non-Executive Director
Datuk Lau Nai Hoh	Member	Managing Director/ Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Ling Ka Chuan	Chairman	Independent Non-Executive Director
Lau Kiing Yiing	Member	Independent Non-Executive Director
Datuk Lau Nai Hoh	Member	Managing Director/ Executive Director

COMPANY SECRETARY : Pauline Kon Suk Khim (MAICSA 7014905)
 2nd Floor, Lot 144
 Jalan Petanak
 93100 Kuching
 Sarawak
 Tel: 082-248491
 Fax: 082-253857

REGISTERED OFFICE : Lot 111 & 112
 Jalan Sg Ma'aw
 Sg. Bidut
 96000 Sibu
 Sarawak
 Tel: 084-310211
 Fax: 084-319139

HEAD OFFICE : Lot 111 & 112
 Jalan Sg Ma'aw
 Sg. Bidut
 96000 Sibu
 Sarawak
 Tel: 084-310211
 Fax: 084-319139
 Website: www.tasoffshore.com
 E-mail: general@tasoffshore.com

1. CORPORATE DIRECTORY (CONT'D)

- AUDITORS AND REPORTING ACCOUNTANTS** : Folks DFK & Co (AF 0502)
Chartered Accountants
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel: 03-2273 2688
Fax: 03-2274 2688
- LEGAL ADVISOR FOR THE IPO** : Alvin Chong & Partners Advocates
Lots 176 & 177 (2nd floor)
Jalan Song Thian Cheok
93100 Kuching
Sarawak
Tel: 082-410111
Fax: 082-411333
- VALUER** : VPC Alliance (Sarawak) Sdn Bhd (101995-X)
Lots 216 & 217 (2nd Floor)
Jalan Haji Taha
PO Box 3019
93758 Kuching
Sarawak
Tel: 082-419200
Fax: 082-429315
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)
75C & 77C, Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor
Tel: 03-7728 0248
Fax: 03-7728 7248
- PRINCIPAL BANKERS** : United Overseas Bank (Malaysia) Bhd (271809-K)
No. 8, Lorong 7A, Jalan Pahlawan
Jaya Li Hua Commercial Centre
96000 Sibu
Sarawak
Tel: 084-216089
Fax: 084-217089
- Public Bank Berhad (6463-H)
2, 4 & 6, Lorong 2, Jalan Tuanku Osman
96000 Sibu
Sarawak
Tel: 084-316511
Fax: 084-335739
- ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT** : OSK Investment Bank Berhad (14152-V)
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2333 8333
Fax: 03-2175 3217

1. CORPORATE DIRECTORY (CONT'D)

ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd (258345-X) 27 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2693 2075 Fax: 03-2693 0858
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd (378993-D) 26 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2721 2222 Fax: 03-2721 2530
LISTING SOUGHT	:	Main Market of Bursa Securities

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2. PROSPECTUS SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT US AND THE IPO AND IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN US.

2.1 Our History

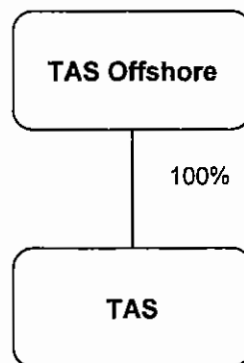
We were incorporated in Malaysia on 18 March 2008 under the Act as a public limited company under the name of TAS Offshore Berhad. We were incorporated and commenced as an investment holding company to facilitate our Listing.

As part of our Listing Scheme, we had, on 26 November 2008 entered into a Share Sale agreement with the Vendors to acquire the entire issued and paid-up share capital of TAS for a purchase consideration of RM51,500,000. Through our wholly-owned subsidiary, TAS, we are principally involved in Shipbuilding and ship repairing.

The vessels that are constructed by us are built in accordance with stringent international maritime standards. We currently construct vessels under the governance of Bureau Veritas, Nippon Kaiji Kyokai, and Germanisher Lloyd classification bodies.

Our achievements have been recognised by external bodies whereby in 2006, TAS was awarded "2nd Position out of the Top 10 Golden Bull Award 2006" organised by Nanyang Siang Pau, Malaysian Chinese language daily newspaper.

The present corporate structure of our Group is as follows:-



Further information on our history, Group structure, Listing Scheme and achievements are set out in Section 5 of this Prospectus.

2. PROSPECTUS SUMMARY (CONT'D)

2.2 Ownership and Management

Our Promoters, Directors, substantial shareholder and key management are set out below:-

2.2.1 Promoters

Name	Designation
Datuk Lau Nai Hoh	Managing Director/ Executive Director
Datin Hii Kiong Thai	-
Lau Choo Chin	Deputy Managing Director/ Executive Director
Ng Cheng Lee	Senior Production Manager

2.2.2 Substantial Shareholder

Name	Designation
Datuk Lau Nai Hoh	Managing Director/ Executive Director

2.2.3 Directors

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

2.2.4 Key Management

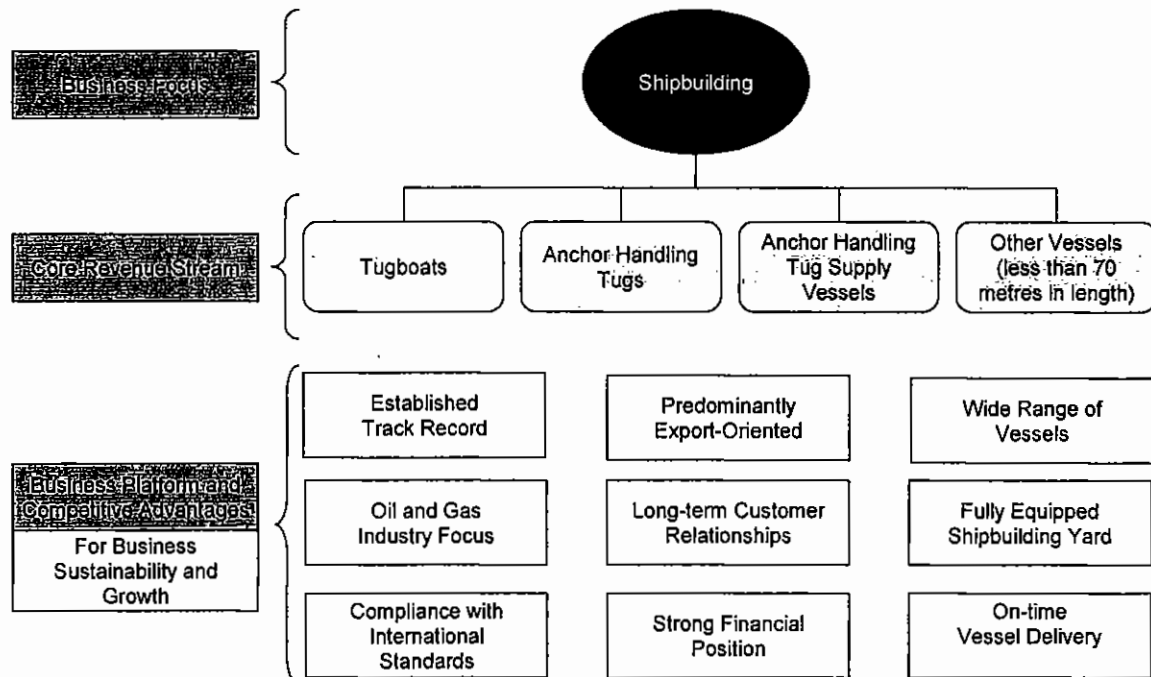
Name	Designation
Datuk Lau Nai Hoh	Managing Director/ Executive Director
Lau Choo Chin	Deputy Managing Director/ Executive Director
Ng Cheng Lee	Senior Production Manager
Tan Shang Hai	Corporate Planning & Development Manager
Hii Chai Hung	Group Accountant
Christina Wong Siew Ping	Human Resources and Administration Manager
Lau Choo Kuang	Procurement and Inventory Manager
Lau Siew Ling	Finance Manager
Lau Chu Hua	Electronic Data Processing Manager

A detailed description of our Promoters, Directors, substantial shareholder and key management and their direct and indirect shareholdings in our Company, are set out in Section 8 of this Prospectus.

2. PROSPECTUS SUMMARY (CONT'D)

2.3 Business Model

Our business model can be depicted as follows:-



2.3.1 Business Focus

We are primarily involved in Shipbuilding where we have in place all the resources and facilities including engineers and skilled workers, Shipbuilding Yard, and machinery and equipment to construct fully functional vessels. All of the vessels constructed by us comply with international standards.

2.3.2 Core Revenue Stream

Our core revenue stream is focused on building various types of vessel less than 70 metres in length. In addition, we are able to undertake conversions of vessels, for example from deck barge to container vessel, as well as repair of vessels.

The vessels constructed by our Group are predominantly sold to overseas customers showing a strong indication that our Group can comply with the requirements of overseas customers in addition to being internationally competitive and established.

2. PROSPECTUS SUMMARY (CONT'D)

2.3.2 Business Platform and Competitive Advantages

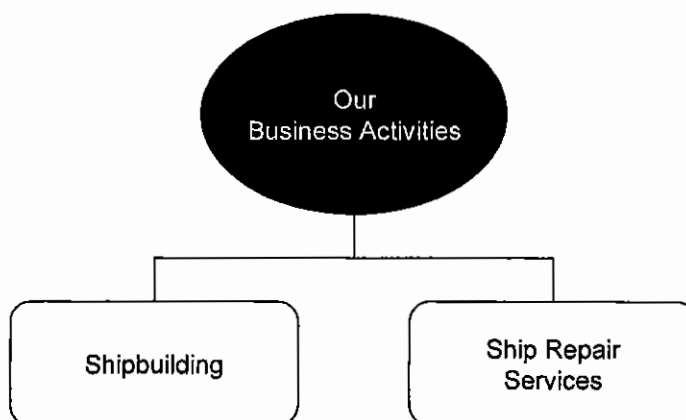
Our business is supported by a strong platform of strengths and competitive advantages to sustain the business as well as to support growth. These key competitive advantages are as set out below:-

- i. Established track record;
- ii. Predominantly Export-Oriented;
- iii. Wide Range of Vessels;
- iv. Oil and Gas Industry Focus;
- v. Long-term Customer Relationship;
- vi. Fully Equipped Shipbuilding Yard;
- vii. Compliance with International Standards;
- viii. Strong Financial Position; and
- ix. On-time Vessel Delivery.

Further information on our business model are set out in Section 6.1 of this Prospectus.

2.4 Business Activities

Our business activities are depicted below:-



Our principal business activity is in Shipbuilding whilst our secondary business is in the provision of ship repair services.

2.4.1 Shipbuilding

Since the commencement of our Shipbuilding activities, we have successfully built over 150 vessels for both the overseas and local markets. We currently construct vessels in a range of sizes, ranging from 23 metres to 60 metres in length. As at LPD, we primarily constructed Tugboats, Anchor Handling Tugs and Anchor Handling Tug Supply Vessels.

2. PROSPECTUS SUMMARY (CONT'D)

2.4.1.1 Shipbuilding Activities

Our main Shipbuilding activities include:-

- i. Hull and superstructure construction;
- ii. Propulsion and power system installation;
- iii. Communication, navigation and surveillance systems installation;
- iv. Machinery and equipment installation;
- v. Interior fit-out;
- vi. Painting; and
- vii. Vessel testing and commissioning.

2.4.1.2 Type of Vessels Constructed by Us

- i. Tugboats;
- ii. Anchor Handling Tugs;
- iii. Anchor Handling Tug Supply Vessels; and
- iv. Other vessels.

2.4.2 Ship Repair Services

The slipway and afloat ship repairing services currently provided by us include:-

- i. Routine marine engine, machinery and equipment inspection and maintenance;
- ii. Routine piping and wiring inspection and maintenance;
- iii. Repainting;
- iv. Repairing damage from minor marine accidents; and
- v. Installing equipment.

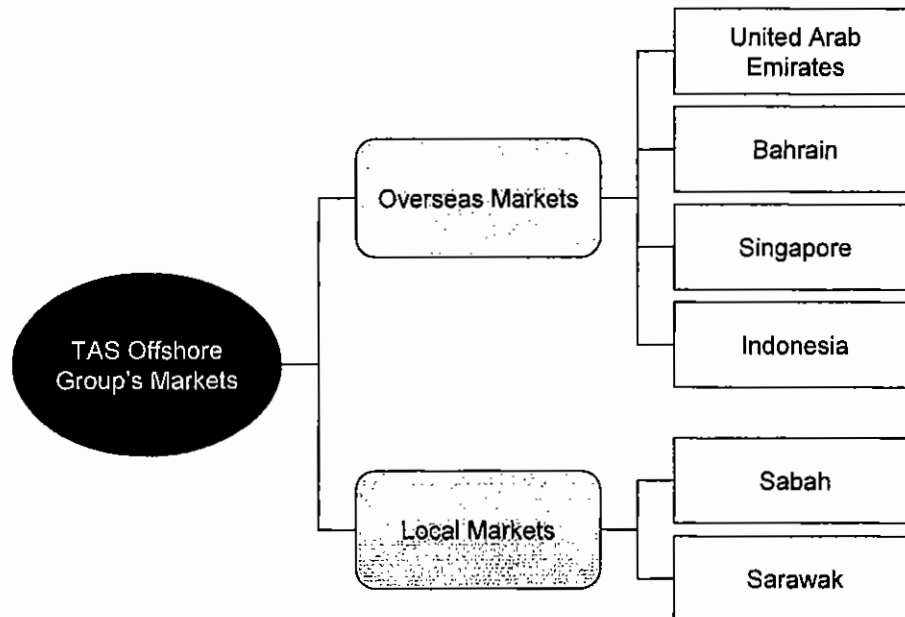
Further information on our business activities are set out in Section 6.2 of this Prospectus.

2.5 Our Principal Markets

Our business is predominantly export-oriented which provides us with the global market as the platform to sustain and grow the business. Our predominant export coverage is an indication of our ability to meet the needs, specifications and standards of international customers.

2. PROSPECTUS SUMMARY (CONT'D)

Our local and overseas markets can be depicted as follows:-



Further information on our principal markets are set out in Section 6.4 of this Prospectus.

2.6 Technologies Employed

The following are the technologies employed which relate to our Shipbuilding, multidiscipline engineering and other related fields of our Shipbuilding activities:-

- i. Hydrodynamic hull technology;
- ii. Welding technology;
- iii. Mechanical engineering; and
- iv. Electrical engineering.

Further information on our technologies employed are set out in Section 6.8 of this Prospectus.

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2. PROSPECTUS SUMMARY (CONT'D)

2.7 Financial Highlights

2.7.1 Income statements

The following table sets out a summary of the proforma consolidated income statements of our Group for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2008 and 31 March 2009, prepared based on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter included in the proforma consolidated financial information set out in Sections 13 and 15 of this Prospectus.

	FYE 31 May 2006	FYE 31 May 2007	FYE 31 May 2008	Ten (10)- month FPE 31 March 2008 ^{*1}	Ten (10)- month FPE 31 March 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	68,808	74,239	121,346	82,276	110,056
Gross profit	9,981	16,218	19,967	14,408	22,117
Other operating income	103	1,193	1,536	1,241	1,920
Operating profit	8,175	15,382	17,954	13,023	20,603
Finance costs	(36)	(40)	(47)	(42)	(57)
PBT	8,139	15,342	17,907	12,981	20,546
Taxation	(296)	(613)	(1,869)	(1,133)	(4,792)
PAT	<u>7,843</u>	<u>14,729</u>	<u>16,038</u>	<u>11,848</u>	<u>15,754</u>
EBIDTA	9,429	16,572	19,294	14,079	21,953
Number of ordinary shares in TAS Offshore had TAS Offshore Group been in existence ('000) ^{*2}	103,002	103,002	103,002	103,002	103,002
Gross profit margin (%)	14.51	21.85	16.45	17.51	20.10
PAT margin (%)	11.40	19.84	13.22	14.40	14.31
EPS (sen)					
- Basic	7.61	14.30	15.57	11.50	15.29
- Diluted ^{*3}	-	-	-	-	-

Notes:-

^{*1} Unaudited and included for the purposes of comparison only

^{*2} Based on the issued and paid-up share capital of 103,002,000 ordinary shares of RM0.50 each immediately prior to the Public Issue

^{*3} Diluted earnings per share is not provided as there were no potential ordinary shares to be issued throughout the financial years and period under review

^{*4} There were no exceptional or extraordinary items throughout the financial years and period under review

2. PROSPECTUS SUMMARY (CONT'D)

2.7.2 Balance sheets

The following table sets out a summary of the proforma consolidated balance sheets based on our audited consolidated financial statements as at 31 March 2009 to show the effects of the Acquisition, the Public Issue, the Offer for Sale and the proposed utilisation of proceeds from our Public Issue on the assumption that the transactions were completed on 31 March 2009. The proforma consolidated balance sheets are presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying in the proforma consolidated financial information set out in Section 15 of this Prospectus.

	As at 31 March 2009 RM'000	Proforma I After the Acquisition RM'000	Proforma II After I and the Public Issue and Offer for Sale RM'000	Proforma III After II and utilisation of proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	12,772	12,772	22,772
Prepaid land lease payments	-	10,096	10,096	10,096
	-	22,868	22,868	32,868
Current assets				
Inventories	-	20,284	20,284	20,284
Amount due from contract customers	-	42,870	42,870	42,870
Trade receivables	-	13,503	13,503	13,503
Other receivables	890	14,218	14,218	13,328
Tax recoverable	-	_*	_*	_*
Cash and bank balances	_*	7,055	76,355	64,245
	890	97,930	167,230	154,230
TOTAL ASSETS	890	120,798	190,098	187,098
EQUITY AND LIABILITIES				
Share capital	1	51,501	90,001	90,001
Share premium	-	-	30,800	27,800
(Accumulated losses)/ Retained profits	(17)	1,230	1,230	1,230
Total equity	(16)	52,731	122,031	119,031
Non-current liabilities				
Hire purchase payables	-	69	69	69
Term loans (secured)	-	1,001	1,001	1,001
Deferred tax liabilities	-	2,870	2,870	2,870
	-	3,940	3,940	3,940
Current liabilities				
Amount due to contract customers	-	11,102	11,102	11,102
Trade payables	-	24,767	24,767	24,767
Other payables	906	3,097	3,097	3,097
Hire purchase payables	-	167	167	167
Term loans (secured)	-	281	281	281
Bank overdraft (secured)	-	2,164	2,164	2,164
Other bank borrowings (secured)				
- Bankers' acceptances	-	645	645	645
- Revolving credit	-	19,663	19,663	19,663
Taxation	-	2,241	2,241	2,241
	906	64,127	64,127	64,127

2. PROSPECTUS SUMMARY (CONT'D)

	As at 31 March 2009 RM'000	Proforma I After the Acquisition RM'000	Proforma II After I and the Public Issue and Offer for Sale RM'000	Proforma III After II and utilisation of proceeds RM'000
Total liabilities	906	68,067	68,067	68,067
TOTAL EQUITY AND LIABILITIES	890	120,798	190,098	187,098
Number of shares ('000)	2	103,002	180,002	180,002
(NL)/ NA (RM'000)	(16)	52,731	122,031	119,031
(NL)/ NA per share (RM)	(8.00)	0.51	0.68	0.66
(NTL)/ NTA (RM'000) ²	(16)	42,635	111,935	108,935
(NTL)/ NTA per share (RM)	(8.00)	0.41	0.62	0.61
Total borrowings (RM'000)	-	23,990	23,990	23,990
Gearing ratio (times)	-	0.45	0.20	0.20

Notes:-

¹ Negligible

² For the purposes of calculating NTA, the prepaid land lease payments have been excluded as such payments are treated as intangible assets

Further details of our financial information are set out in Section 12 of this Prospectus.

2.8 Principal Statistics Relating to Our IPO

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

	RM
i. Share capital	
Authorised share capital:-	
200,000,000 TAS Offshore Shares	<u>100,000,000</u>
Issued and paid-up share capital as at the date of this Prospectus:-	
103,002,000 TAS Offshore Shares	51,501,000
Shares to be issued pursuant to the Public Issue:-	
77,000,000 TAS Offshore Shares	38,500,000
Enlarged issued and paid-up share capital upon admission	
180,002,000 TAS Offshore Shares	<u>90,001,000</u>
Shares to be offered pursuant to the Offer for Sale	
11,000,000 TAS Offshore Shares	<u>5,500,000</u>
ii. IPO Price for each IPO Share	0.90
iii. Market capitalisation of our Company based on the IPO Price	162,001,800

2. PROSPECTUS SUMMARY (CONT'D)

RM

iv. Proforma NTA based on our Proforma Consolidated Balance Sheets as at 31 March 2009

Proforma NTA upon Listing ^{*1}	108,934,962
Proforma NTA per Share upon Listing ^{*2}	0.61

v. Classes of Shares and ranking

We have only one (1) class of shares, namely ordinary shares of RM0.50 each. The IPO Shares shall rank *pari passu* in all respects with our existing issued and paid-up ordinary shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Notes:-

^{*1} After taking into account our Public Issue of 77,000,000 new TAS Offshore Shares at the Issue Price and after deducting estimated listing expenses of RM3,000,000

^{*2} Based on our enlarged issued and paid-up share capital after our Public Issue of 180,002,000 TAS Offshore Shares

Further details on our IPO are set out in Section 3 of this Prospectus.

2.9 Utilisation of Proceeds from the Public Issue

The gross proceeds from the Public Issue amounting to approximately RM69,300,000 will accrue entirely to us and are expected to be utilised in the following manner:-

Details of Utilisation	Timeframe for utilisation upon Listing	Amount RM'000
Expansion of existing operations	Within 36 months	10,000
Working capital	Within 36 months	56,300
Estimated listing expenses	Upon Listing	3,000
		69,300

Further details of our utilisation of proceeds are set out in Section 3.9 of this Prospectus.

2.10 Risk Factors

An investment in shares listed or to be listed on Bursa Securities involves a number of risks. You should rely on your own evaluations and carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on our future performance, in addition to the other information contained elsewhere in this Prospectus, before applying for any of the IPO Shares, which are the subject of this Prospectus.

2. PROSPECTUS SUMMARY (CONT'D)

The risk factors that may affect our future financial profitability are not limited to financial risks and industry risks, and include the following:-

i. Risks relating to our IPO

- no prior market for our Shares
- delay in or abortion of our Listing
- continued control by our Promoters

ii. Risks relating to our operations

- dependence on major customers
- dependence on key geographical markets
- dependence on major suppliers
- business risk
- competition risk
- dependence on Directors and key personnel
- long lead-time for marine engines
- risk of industrial disputes
- insurance coverage of assets
- breakdown of fire, energy crisis and other emergency crisis
- foreign exchange risks

iii. Risks relating to our industry

- dependence on the Oil and Gas Industry
- decline in shipping charter rates
- availability of main raw materials
- fluctuating price of steel
- dependency on imports
- risk of termination of contracts
- risk of delay in vessel delivery

iv. Other risks

- political, economic and regulatory risk
- downturn in the global economy
- investment activities risk
- forward-looking statements

Further details on the risk factors are set out in Section 4 of this Prospectus.

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3. DETAILS OF THE IPO

3.1 Introduction

This Prospectus is dated 31 July 2009.

We have obtained the SC's approval on 11 March 2009 in respect of the IPO. However, the approval of the SC shall not be taken to indicate that the SC recommends the IPO.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Form with the ROC, and neither the SC nor the ROC takes any responsibility for its contents.

An application for the Listing shall be made to Bursa Securities within three (3) Market Days from the date of this Prospectus for admission to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities failing which any allotment of our Shares made pursuant to acceptance of applications for the IPO Shares shall be void and shall be repaid without interest all monies received from such application. Official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities. Accordingly, all monies paid in respect of any application accepted from you will be returned in full without interest if the said permission for the listing is not granted within six (6) weeks from the issue of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not repaid within 14 days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit the IPO Shares directly with the Bursa Depository and any dealings in our Shares will be carried out in accordance with the Central Depositories Act and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Pursuant to the requirements of Bursa Securities, at least 25% of the total number of our Shares for which listing is sought must be in the hands of 1,000 public shareholders holding not less than 100 Shares each, upon admission to the Official List. We expect to meet this public shareholding requirement at the point of Listing. However, in the event that the above requirement is not met, we may not be allowed to proceed with the Listing. In such event, we will return in full, without interest, monies paid in respect of all successful applications for the IPO.

You must have a CDS account when applying for the IPO Shares. In the case of an application by way of Application Form, you should state your CDS account in the space provided in the Application Form. If you do not presently have a CDS account, you must open a CDS account at an ADA prior to making an application for our IPO Shares.

3. DETAILS OF THE IPO (CONT'D)

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institutions by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account and an existing account with access to the Internet financial services with Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS account number to the Internet Participating Financial Institutions by keying your CDS account number into the online application form. A corporation or institution cannot apply for the IPO Shares by way of Internet Share Application.

You should rely on the information contained in this Prospectus. Neither us, our Offeror nor our Adviser have authorised anyone to provide you with the information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of the IPO Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to subscribe for any IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation is not authorised or lawful. This Prospectus shall also not be used to make an offer or invitation of our Shares to any person to whom it is unlawful to do so.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinion or reports expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of our Company or our Shares.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN DOUBT ABOUT THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR SHARES.

3.2 Purposes of the IPO

Our purpose and objective of the IPO are as follows:-

- i. To raise funds for our continued operation and expansion, details of which are elaborated in Section 3.9 below;

3. DETAILS OF THE IPO (CONT'D)

- ii. To enhance our business profile and future prospects through the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities;
- iii. To enable us to gain access to the capital market for our future expansion and growth; and
- iv. To provide an opportunity for the investing community, including the Malaysian Public, Directors and employees of our Group and persons who have contributed to the success of our Group, to participate in our equity and continuing growth.

3.3 Share Capital

	RM
Authorised share capital:- 200,000,000 TAS Offshore Shares	<u>100,000,000</u>
Issued and paid-up share capital as at the date of this Prospectus:- 103,002,000 TAS Offshore Shares	51,501,000
Shares to be issued pursuant to the Public Issue:- 77,000,000 TAS Offshore Shares	38,500,000
Enlarged issued and paid-up share capital upon admission 180,002,000 TAS Offshore Shares	<u>90,001,000</u>
Shares to be offered pursuant to the Offer for Sale 11,000,000 TAS Offshore Shares	<u>5,500,000</u>
Market capitalisation of our Company based on the IPO Price	162,001,800

You are to pay in full on application the IPO Price of RM0.90 for each IPO Share.

We have only one (1) class of shares, namely ordinary shares of RM0.50 each. The IPO Shares shall rank *pari passu* in all respects with our existing issued shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid-up on our Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and the provisions of the Act.

You are entitled to vote at any of our general meeting in person or by proxy or by attorney, and, on a show of hands, every person present in the general meeting, who is a shareholder shall have one (1) vote, and on poll, every shareholder presents in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every Share held. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

3. DETAILS OF THE IPO (CONT'D)

3.4 Opening and Closing of Applications

Your applications will be accepted from 10.00 a.m. on 31 July 2009 and will close at 5.00 p.m. on 17 August 2009 or such other later time and date or dates as our Directors and our Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted.

3.5 Indicative Timetable

The indicative timing of events leading up to the Listing is set out below:-

Events	Tentative Dates
Opening of application for the IPO Shares	31 July 2009
Closing of application for the IPO Shares	17 August 2009
Balloting of applications for the IPO Shares	19 August 2009
Allotment of the IPO Shares	25 August 2009
Tentative Listing date	28 August 2009

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application will close at the date stated above or such later date as our Directors, Promoters and/ or Offeror together with our Underwriter in their absolute discretion may decide.

In the event the closing date for application is extended, we will advertise the notice of the extension in a widely-circulated English as well as Bahasa Malaysia newspapers prior to the original closing date of the application. Following this, the dates for the balloting of the applications for the IPO Shares, allotment of the IPO Shares and Listing would be extended accordingly.

3.6 Details of the IPO

We will undertake the Public Issue and Offer for Sale in conjunction with our Listing on the Main Market of Bursa Securities.

3.6.1 Public Issue

Our Public Issue of a total of 77,000,000 Issue Shares, representing approximately 42.8% of our enlarged issued and paid-up share capital, at an issue price of RM0.90 per Issue Share shall be payable in full on application subject to the terms and conditions of this Prospectus and, upon acceptance, will be allocated in the manner as set out below:-

i. Our eligible Directors, employees and persons who have contributed to the success of our Group

3,500,000 Issue Shares representing 1.9% of our enlarged issued and paid-up share capital will be made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group.

3. DETAILS OF THE IPO (CONT'D)

All of the 3,500,000 Issue Shares have been allocated to eligible Directors and employees based on their respective position, length of service and degree of contribution to the success of our Group and to persons who have contributed to the success of our Group based on their levels of contribution. Based on the criteria, there are 128 Directors, employees and persons who have contributed to the success of our Group, who are eligible to take up the reserved Issue Shares.

Details of the proposed allocation to our Directors are as follows:-

Directors	Designation	Number of Shares allocated
Datu Haji Mohammed Sepuan Bin Anu	Independent Non-Executive Chairman	15,000
Datuk Lau Nai Hoh	Managing Director/ Executive Director	-
Lau Choo Chin	Deputy Managing Director/ Executive Director	100,000
Tan Sri Dato' Seri Mohd Jamil Bin Johari	Independent Non-Executive Director	10,000
Ling Ka Chuan	Independent Non-Executive Director	10,000
Lau Kiing Yiing	Independent Non-Executive Director	10,000

ii. Malaysian Public

9,000,000 Issue Shares representing 5.0% of our enlarged issued and paid-up share capital will be made available for application by the Malaysian Public.

iii. Placement to identified investors

21,500,000 Issue Shares representing 11.9% of our enlarged issued and paid-up share capital will be made available for application by way of placement to identified investors.

iv. Placement to Bumiputera investors approved by the MITI

43,000,000 Issue Shares representing 23.9% of our enlarged issued and paid-up share capital will be made available for application by way of placement to Bumiputera investors approved by the MITI.

3.6.2 Offer for Sale

11,000,000 Offer Shares, representing 6.1% of our enlarged issued and paid-up share capital, at an offer price of RM0.90 per Offer Share will be offered for sale by way of placement to Bumiputera investors approved by the MITI.

3. DETAILS OF THE IPO (CONT'D)

All the 52,000,000 Issue Shares comprising 9,000,000 Issue Shares available for application by the Malaysian Public and 43,000,000 Issue Shares available for application by way of placement to Bumiputera investors approved by the MITI in respect of subsections 3.6.1 (ii) and (iv) of this Prospectus have been fully underwritten by our Sole Underwriter.

The 36,000,000 IPO Shares comprising 3,500,000 Issue Shares available for application by our eligible Directors, employees and persons who have contributed to our Group's success, 21,500,000 Issue Shares available for application by way of placement to identified investors and 11,000,000 Offer Shares available for application by way of placement to the Bumiputera investors approved by the MITI in respect of subsection 3.6.1 (i), (iii) and 3.6.2 of this Prospectus are not underwritten. Irrevocable undertakings have been obtained from selected investors to take up the 21,500,000 Issue Shares and 11,000,000 Offer Shares available under the private placement and Offer for Sale respectively.

Any Issue Shares not subscribed for by the Bumiputera investors approved by the MITI shall be made available for application by the Malaysian Bumiputera public as part of the IPO balloting process. Thereafter, any Issue Shares that were reallocated to the Malaysian Bumiputera public as part of the IPO balloting process and not taken up shall be made available for application by the Malaysian Public. Any unsubscribed Issue Shares not taken up by the Malaysian Public will then be offered to the identified investors under the placement, if there is demand.

The minimum number of TAS Offshore Shares to be subscribed after the IPO is all the IPO Shares available under the IPO in order for us to meet the public spread requirement i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the time of our admission to the Official List.

All our IPO Shares to be issued/ offered pursuant to the IPO shall rank *pari passu* in all respects with our existing issued Shares including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

3.7 Basis of Arriving at the IPO Price

Prior to the IPO, there has been no public market for our Shares. The IPO Price of RM0.90 per IPO Share was determined and agreed upon by our Directors, Offeror together with OSK, our Adviser, Sole Underwriter and Sole Placement Agent, after taking into consideration the following factors:-

- i. Our operating history and the nature of our business as described in Sections 5 and 6 of this Prospectus;
- ii. The future prospects of the industry in which we operate in, future plans and strategies and our prospects as described in Section 7 of this Prospectus;
- iii. Our financial history as described in Section 12 of this Prospectus. Our Group recorded a proforma consolidated PAT of approximately RM16.04 million for the FYE 31 May 2008. Based on our issue/ offer price of RM0.90 per issue/ offer share and our enlarged issued and paid-up share capital upon Listing of approximately 180 million TAS Offshore Shares, our net EPS is approximately RM0.09, which translates into a proforma net price-earnings multiple of approximately 10 times;

3. DETAILS OF THE IPO (CONT'D)

- iv. Our Group's proforma consolidated NA of approximately RM119.03 million or RM0.66 per Share after the Listing and the utilisation of the proceeds raised from the Public Issue assuming the Listing was completed on 31 March 2009; and
- v. The prevailing market conditions which include amongst others, current market trends and investor sentiments; and
- vi. To make the IPO Price affordable to the general public as well as to increase liquidity.

Our Directors, Offeror together with OSK are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

You should note that the market price of our Shares upon listing on the Main Market of Bursa Securities is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views on the valuation of the IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares.

3.8 Market Capitalisation upon Listing

Based on the IPO Price of RM0.90 per IPO Share and our enlarged issued and paid-up share capital of 180,002,000 Shares, our market capitalisation upon Listing will be RM162,001,800.

3.9 Utilisation of Proceeds from the Public Issue

The gross proceeds from the Public Issue amounting to approximately RM69,300,000 will accrue entirely to us and we shall bear all expenses relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities.

The proceeds from our Public Issue are expected to be utilised in the manner as set out below:-

Details of Utilisation	Timeframe for utilisation upon Listing	Notes	Amount RM'000
Expansion of existing operations	Within 36 months	(i)	10,000
Working capital	Within 36 months	(ii)	56,300
Estimated listing expenses	Upon Listing	(iii)	3,000
			69,300

Notes:-

i. Expansion of existing operations

The proceeds used for expansion of existing operations will be utilised for the acquisition of equipments and machineries such as gantry cranes and upgrading of existing shipyards to ensure smooth running of our operations, to improve the infrastructure and operation efficiency of our shipyard as well as to increase our production capabilities.

3. DETAILS OF THE IPO (CONT'D)

ii. Working capital

The proceeds earmarked for working capital will be utilised to finance our day to day operations which includes, amongst others, general expenses, purchase of raw materials and repayment of creditors and payment of staff related expenses. The proceeds utilised will improve our liquidity and fund our operating expenses.

Part of the proceeds raised from the Public Issue will be used to fund our planned new "build, own and sell ships" and "build, own and charter ships" business activities, which we may undertake depending on market conditions which include, amongst others, demand for ships and chartering services. These new business activities will allow us to diversify our business and are expected to enhance our revenue stream. These new business activities require huge sum of capital outlay and are capital intensive in nature. For example, the working capital requirements to construct a vessel, depending on the length of the vessel, ranges between RM17 million to RM28 million. We have commenced our "build, own and sell ships" activity in 2009 and we plan to begin our "build, own and charter ships" activity in 2010. In the event the planned "build, own and charter ships" activity could not be carried out, we will utilise these proceeds to fund our "build, own and sell ships" activity.

A vessel constructed under the "build, own and sell" basis is usually more marketable and command a higher premium as compared to a vessel built upon a secured contract. Customers are able to immediately take possession on a functioning vessel rather than waiting for approximately one (1) year to one and a half (1.5) years before a contracted vessel is fully completed.

Notwithstanding the fact that we have limited experience in chartering business, we will actively seek partners with established vessel chartering operators to provide our vessel chartering services.

Pending the utilisation of the proceeds from the Public Issue for the abovementioned purposes, the proceeds would be placed as deposits with banks or licensed financial institutions or short term money market instruments.

iii. Estimated listing expenses

We will bear all expenses and fees incidental relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities, which include underwriting commission, brokerage fees, placements fees, professional fees, and other fees.

In the event of an excess/ deficit in the actual quantum of listing expenses, such amount will be adjusted against the amount allocated for working capital purposes accordingly.

Our Offeror will bear all expenses and fees incidental relating to the Offer for Sale.

3.9.1 Financial Impact Arising from the Utilisation of Proceeds

We expect the utilisation of proceeds from the Public Issue to:-

i. Increase efficiency and productivity

Our Group will use the proceeds to expand our current capabilities and capacity, to upgrade our shipyard and further expansion and venture into the build, own and sell/ charter ships activities. This will enhance the revenues of our Group as our business base expands over the next few years. These new business opportunities will give our Group added flexibility in terms of utilisation of human capital and assets of our Group.

ii. Enhancement of capital structure

It is our objective to minimise our gearing to enable our Group to have the flexibility to invest in new facilities and projects and to raise financing as and when the opportunities arise.

Pending the utilisation of the proceeds from the Public Issue for the abovementioned purposes, the proceeds would be placed as deposits with banks or licensed financial institutions or short term money market instruments.

3. DETAILS OF THE IPO (CONT'D)

3.10 Underwriting Commission, Brokerage, Placement Fees and Listing Expenses

3.10.1 Underwriting Commission

OSK, as our Sole Underwriter has agreed to underwrite 52,000,000 Issue Shares comprising 9,000,000 Issue Shares to be made available for application by the Malaysian Public and 43,000,000 Issue Shares to be made available for application by way of placement to Bumiputera investors approved by the MITI. We will pay an underwriting commission at the rate of 1.0% of the issue price of RM0.90 for each Issue Share in respect of the 52,000,000 Issue Shares.

There is a *force majeure* clause in the Underwriting Agreement dated 30 June 2009 which allows our Underwriter to withdraw from its obligation under the underwriting arrangement under adverse circumstances. An extract of the *force majeure* clause is provided below:-

"Notwithstanding anything herein contained, the Underwriter may in its reasonable opinion at any time before the Closing Date, by notice in writing delivered to the Company terminate the obligations of the Underwriter under this Agreement upon the occurrence of the following events:

- (i) changes in national or international monetary, financial, political, economic or stock market conditions or exchange control or currency exchange rates or interest rates or otherwise as would in the reasonable opinion of the Underwriter prejudice materially and adversely the success of the Public Issue and the listing of and quotation for the Offer Shares;*
- (ii) national disorder, outbreak of war, Act of God or the declaration of a state of national emergency;*
- (iii) material changes in law, regulation, directive, policy or ruling in any jurisdiction which may seriously affect the business of the Group;*
- (iv) the Kuala Lumpur Composite Index has dropped to below 700 points and has stayed below 700 points for at least 5 consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive; or*
- (v) the imposition of any moratorium, suspension, or material restriction on trading in all securities generally on Bursa Malaysia Securities Berhad for three (3) consecutive Market Days;*

and thereupon the parties shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 19, and of the Underwriting Commission in Clause 12 incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder."

3. DETAILS OF THE IPO (CONT'D)

3.10.2 Brokerage Fee

We will pay the brokerage fee in respect of the Issue Shares at the rate of 1.0% of the issue price of RM0.90 per Issue Share in respect of successful applications which bear the stamps of either OSK, a participating organisation of Bursa Securities, a member of Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association and/or MIH. Brokerage fee in respect of the Offer Shares shall be borne by the Offeror.

3.10.3 Placement Fee

We will pay our Sole Placement Agent a placement fee at the rate of 1.75% of the value of the Issue Shares at the issue price of RM0.90 per Issue Share to be placed out to placees identified by our Sole Placement Agent and a placement fee at the rate of 0.5% of the Issue Shares at the issue price of RM0.90 per Issue Share to be placed out to placees identified by our Group. Placement fee in respect of the Offer Shares shall be borne by our Offeror.

3.10.4 Listing Expenses

Listing expenses are estimated at approximately RM3,000,000 with the following estimated breakdown:-

	RM
Professional fees	850,000
Fees payable to authorities	150,500
Underwriting and placement fees	900,000
Brokerage fees	81,000
Printing and advertising fees	500,000
Issuing house expenses	130,000
Miscellaneous	388,500
Total	<u>3,000,000</u>

3.11 Salient Terms of the Underwriting Agreement

The other salient terms as extracted from our Underwriting Agreement with the Underwriter are as follows:-

"4. CONDITIONS PRECEDENT

The obligations of the Underwriter under this Agreement shall be conditional upon the following:-

- (a) *this Agreement having been duly executed by all the parties hereto and duly stamped;*
- (b) *the issue of the Public Issue Shares having been approved by the Securities Commission and or any other relevant authority and the shareholders of the Company in General Meeting;*

3. DETAILS OF THE IPO (CONT'D)

- (c) *the listing of and quotation for the Offer Shares/ issued and paid up capital of the Company on the Stock Exchange having been unconditionally approved-in-principle by the Stock Exchange or subject only to conditions which are acceptable to the Underwriter and such approval is not withdrawn and the Underwriter being reasonably satisfied that such listing and quotation shall be granted within fourteen (14) clear Market Days after an application for quotation is made to the Stock Exchange;*
- (d) *the Prospectus being in form and substance satisfactory to the Underwriter;*
- (e) *the Prospectus having been registered with the Securities Commission and lodged with the CCM within one (1) month from the date of this Agreement, or within such other period as the parties may mutually agree in writing;*
- (f) *there shall not have occurred, on or prior to the Closing Date, in the opinion of the Underwriter (whose opinion is final and binding) any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue or the occurrence of any event rendering untrue, inaccurate or incorrect any of the representations or warranties contained in Clause 5(1) hereof;*
- (g) *there shall not have occurred, on or prior to the Closing Date, any breach of and or failure to perform any of the undertakings contained in Clause 5(1) hereof;*
- (h) *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 19 hereof;*
- (i) *the Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;*
- (j) *the delivery of the following documents to the Underwriter on or before the Closing Date:*
 - (i) *such reports and confirmations dated the Closing Date from the board of directors of the Company as the Underwriter may reasonably require to confirm that there has not been any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue and the listing of and quotation for the Offer Shares and/or the Underwritten Shares; and*
 - (ii) *a certificate, in the form or substantially in the form contained in the Third Schedule hereto, dated the Closing Date signed by a duly authorised officer of the Company stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 4(j)(i) above;*

3. DETAILS OF THE IPO (CONT'D)

- (k) *the Underwriter receiving a copy duly certified by a director or secretary of the Company to be a true copy of a resolution of the Board of Directors of the Company approving the Listing Exercise, the Prospectus and this Agreement, the issue and offer of the Public Issue Shares and authorising a person or persons to sign this Agreement on behalf of the Company; and/or*
- (l) *the Prospectus having been issued within three (3) month of the date hereof or within such extended period as may be consented to in writing by the Underwriter;*
- (m) *an application being made to the Stock Exchange within three (3) Market Days from the date of issue of the Prospectus for admission to the Official List of the Stock Exchange (where applicable).*

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (1) *The commitment of the Underwriter to underwrite the Underwritten Shares is being made on the basis of the representations, warranties and undertakings of the Company in this Clause and with the intention that such representations, warranties and undertakings shall remain true and accurate in all respects up to and including the Closing Date, and in consideration of such commitment to underwrite,*

- (A) *the Company, hereby jointly and severally represent and warrant to the Underwriter:-*

- (a) *that each of the Company and its subsidiaries is a company duly incorporated under the laws of its place of incorporation and validly existing with full power and authority to conduct its business in the jurisdiction where it carries on business and is not in liquidation and, to the best of its knowledge and belief, no steps have been taken by any person for or with a view to the appointment of a liquidator, receiver and or manager or judicial manager of the Company or any of its subsidiaries or of any of their respective assets or undertakings;*

- (b) *that save as disclosed in the Prospectus and the documents (if any) attached thereto or as has been disclosed in writing to the Underwriter prior to the date hereof:-*

- (i) *neither the Company nor any of its subsidiaries is in default under or in breach of any agreement to which it is bound or the terms of any licence, permit, approval, consent, directive, legislation or regulation of any relevant authority (including the Stock Exchange and the Securities Commission) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole or the success of the Public Issue and the listing of and quotation for the Offer Shares; and*

3. DETAILS OF THE IPO (CONT'D)

- (ii) *there is no litigation, arbitration, administrative proceedings or winding-up proceedings (including investigations by Bursa Securities and or the Securities Commission), criminal charge or investigation current or pending, or to the best knowledge of the Company (after due and careful enquiry) threatened against the Company or any of its subsidiaries, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole or the success of the Public Issue and the listing of and quotation for the Offer Shares; and after making due and careful enquiries, the Company is not aware of any facts or circumstances likely to give rise thereto and the Group is not subject to the provisions of any injunction, judgment, decree or order of any court, regulatory body, administrative agency or other governmental body;*
- (c) *that other than indebtedness contested in good faith by the Company or any of its subsidiaries as disclosed in the Prospectus and the documents (if any) attached thereto and to the best of the knowledge and belief of the Company, no outstanding indebtedness of the Company or any of its subsidiaries has become or is likely to become payable by reason of default by the Company or any such subsidiary and no event has occurred or is, so far as the Company is aware, pending which with the lapse of time, or the fulfilment of any conditions, or the giving of any notice, may result in any such indebtedness becoming payable;*
- (d) *that the audited accounts of the Group have been prepared in accordance with all applicable laws and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Group as a whole for the financial years or the periods (as the case may be) set out in Section 11 of the First Schedule hereto and the Group has made adequate provisions for and or appropriate disclosures of all known material liabilities, whether actual or contingent, of the Group as a whole as at such dates and has complied in all respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since the date set out in Section 12 of the First Schedule hereto there has been no material adverse change in the financial position of the Company or the Group taken as a whole, save as may be disclosed in the Prospectus or prior to the Closing Date, in any public announcement or publicly available documents or as has been disclosed to the Underwriter prior to the date of this Agreement;*
- (e) *that all necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement, the issue, listing of and quotation for the Offer Shares and any other matters contemplated thereby:-*

3. DETAILS OF THE IPO (CONT'D)

- (i) *have been or will be unconditionally obtained prior to the Closing Date;*
- (ii) *if granted subject to conditions, such conditions will be fulfilled to the satisfaction of the Underwriter by the due date therefor; and*
- (iii) *are and will remain in full force and effect;*

and all other actions will be taken by the Company to comply with all legal and other requirements necessary to ensure that the foregoing actions will not infringe any existing laws or the terms of any such consent, approval or authorisation;

- (f) *that the authorisation of the Offer Shares (including the Underwritten Shares) and the issue thereof on the terms and conditions of the Prospectus and the compliance by the Company with their terms and the terms of this Agreement:-*

- (i) *do not and will not conflict with, or result in a breach of any of the terms or provisions of the Memorandum and Articles of Association of the Company or any existing law, regulation or listing requirements applicable to or affecting the Company or any of its subsidiaries/the Public Issue; and*
- (ii) *do not and will not conflict with, or result in a breach, or infringe the terms of, or constitute a default under any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any part of the undertakings, assets, properties or revenues of the Company or any of its subsidiaries is bound or affected;*

and Public Issue or as the case may be, the execution and issue or delivery by the Company of this Agreement, the Prospectus and the Underwritten Shares and the performance of the obligations to be assumed thereunder and hereunder by the Company have been duly authorised by all necessary corporate actions of the Company, including but not limited to the approval of the shareholders of the Company in a general meeting (if and to the extent required) and upon due execution of this Agreement or deposit or credit of the Offer Shares into the Securities Accounts, the obligations assumed hereunder will constitute legally valid, binding and enforceable obligations of the Company in accordance with their respective terms;

3. DETAILS OF THE IPO (CONT'D)

- (g) *the Prospectus has been or will be (as the case may be) reviewed and approved by the directors and promoters of the Company, and the same have collectively and individually accepted full responsibility for the accuracy of the information contained therein and the Directors of the Company have made or will make as the case may be all reasonable enquiries to ensure that all facts material for the Prospectus have been disclosed, and have verified the completeness and accuracy of all such information and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statements in the Prospectus false or misleading;*
- (h) *that the Prospectus:-*
- (i) *will comply in all material respects with the CMSA, CA and/or any other applicable law and any rules, regulations and guidelines thereunder including without limitation, the Guidelines on the Offering of Equity and Equity Linked Securities and the Prospectus Guidelines issued by the SC, as well as the Listing Requirements of the Stock exchange, as may be amended from time to time and shall be in form and substance satisfactory and acceptable to and registrable with the Securities Commission and all other relevant authorities (where applicable);*
 - (ii) *will contain all information which is material in the context of the Public Issue and such information as contained therein will be true, complete, and accurate in all material respects;*
 - (iii) *will not omit to state or disclose any material fact or information required or necessary to be stated therein with regard to the Public Issue and all statements of fact and information so made and/or disclosed, in the light of the circumstances under which they are made or disclosed, are true and accurate and not misleading in any respect;*
- (i) *that all information supplied or to be supplied to the Underwriter for the purpose of or in connection with the underwriting of the Underwritten Shares including but not limited to any information supplied or to be supplied in connection with the application for listing of and quotation for the Offer Shares or for the purpose of the Prospectus is or will be true, complete and accurate in all material respects and nothing has been furnished, supplied or omitted from such information which would or might make any of the information materially untrue, incomplete, inaccurate, misleading or which would or might be expected to materially affect the willingness of the Underwriter to underwrite or subscribe for or sell the Underwritten Shares;*

3. DETAILS OF THE IPO (CONT'D)

- (j) *that every statement of forecasts, expressions of opinion, intention and expectation (including profit forecasts, if any) which have been disclosed in the listing applications and in the Prospectus in connection with the issue of the Offer Shares are or will be truly, fairly, reasonably and honestly held by the Directors and promoters of the Company and have been made or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions, those assumptions are reasonable;*
- (k) *that there has not been, as at any time hereafter up to and including the Closing Date, any circumstances or situations which will or are likely to materially and adversely affect the financial condition or business of the Company or the Group as a whole, or the success of the Public Issue;*
- (l) *that save as disclosed in the Prospectus and the documents (if any) attached thereto or as has been disclosed in writing to the Underwriter prior to the date hereof, neither the Company nor any other company in the Group has entered into any contract and/or commitment of an unusual or onerous nature, which, in the context of the Public Issue, might be material for disclosure nor has any event occurred or any fact been discovered which will render inaccurate, untrue or incorrect any of the representations, warranties and undertakings contained herein if they were repeated on and as of the Closing Date;*
- (m) *that all taxes (whether income tax, property tax or otherwise) of the Group, in particular but not limited to, all taxes which are material in the context of the Public Issue, for which the Company or the Group is liable or which ought to have been paid, have been duly paid or adequately provided for in the audited accounts of the Company or the Group; all the returns, notices or information which are required to be made or given by the Company or the Group for taxation, have been so made, are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant or appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably to be aware) which are likely to give rise to any such dispute;*
- (n) *that the Company has such authorised share capital and issued capital as disclosed in the Prospectus; and save as disclosed in the Prospectus, the respective issued share capital of the Company has been duly authorised and validly issued and fully paid, have been issued in compliance with the laws of its place of incorporation, and the same are not subject to any lien, charge, mortgage, pledge or other encumbrances which have been created by the Company;*

3. DETAILS OF THE IPO (CONT'D)

- (o) *that, save as disclosed in the Prospectus, there are no outstanding securities convertible into or exchangeable for any ordinary or other share in the Company, or warrants, rights or options to purchase, acquire or subscribe from the Company any ordinary or other share in the Company, or obligations or commitment which accords to any person the right to contribute or call for the allotment or issue of, any ordinary or other shares of the Company;*
- (p) *the Company and each of its subsidiaries own or possess licences, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), rely on a combination of trademarks, service marks, trade names or other intellectual property (collectively referred to as "Intellectual Property") necessary to carry on the business now operated by them, and domain name registrations, common law copyright restrictions to protect its brand names and logos, marketing designs and internet domain names and neither the Company nor its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would materially affect the business, operations or the prospect of the Group;*
- (q) *that the records, statutory books and books of accounts of the Group are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and records and documents (including documents of title) are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the CCM or the Registrar of Companies (as the case may be) or other relevant authorities have been duly and correctly delivered or made;*
- (r) *that all the assets of the Group which are of an insurable nature have at all material times been and are at the date hereof, adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature; in respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;*
- (s) *that the Offer Shares are free from all claims, charges, liens and other encumbrances, and shall rank pari passu in all respects with the then existing Shares except that they shall not be entitled to any dividends, rights, allotments and or distributions, the entitlement date of which is prior to the Closing Date;*

3. DETAILS OF THE IPO (CONT'D)

- (t) *all information supplied to the relevant authorities in relation to the Listing Exercise and the Offer Shares is or will be true, complete and accurate in all respects and nothing material has been/will be omitted from such information which would or might make any of the information misleading or which would or might affect the decision of the relevant authorities in making their respective decisions;*
- (u) *there are currently no labour disputes with the employees of the Company or any of its subsidiaries and to the best knowledge of the Company, there are no labour disputes which are imminent, which may reasonably be expected to materially affect the business, operations, financial condition or the prospects of the Group;*
- (v) *save as disclosed in the Prospectus, the Group does not have any actual or contingent liability under applicable laws or regulations concerning human health and safety, pollution or protection of the environment or in relation to any interest in land which would have a material effect on the Listing Exercise or the listing and quotation of the Offer Shares;*
- (w) *no information has been withheld from the Underwriter which would/may in any way affect the Underwriter's willingness or decisions to underwrite the Underwritten Shares;*
- (x) *subject to Clause 10 hereof, there will be no variation between the prospectus in the form attached hereto and the Prospectus in the form registered with the Securities Commission and lodged with the CCM without the prior written consent of the Underwriter;*
- (B) *the Company hereby irrevocably and unconditionally, covenants and undertakes with the Underwriters to do the following:-*
 - (a) *to pay all and any stamp and other documentary taxes or duties, payable on, or in connection with, the creation, issue and distribution/offer of the Offer Shares and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company;*
 - (b) *to comply with all the conditions, if any, imposed by the Securities Commission and any other relevant authority for the listing of and quotation for the entire Offer Shares on the Stock Exchange;*
 - (c) *to give to the Underwriter any and all information which the Underwriter may reasonably require in respect of the accounts or affairs of the Company or the Group or in connection with the Public Issue;*
 - (d) *to fix the Closing Date as determined by the Board of Directors of the Company provided that any extension of the Closing Date shall only be granted subject to prior written consent of the Underwriter and relevant authorities if required;*

3. DETAILS OF THE IPO (CONT'D)

- (e) *to do all other things and sign or execute such other documents as may reasonably be required in order to complete the Public Issue;*
- (f) *not to publish any amendments or supplements to the Prospectus which the Underwriter has not previously been notified in writing of or to which the Underwriter or its legal adviser shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriter hereunder;*
- (g) *to notify in writing and discuss with the Underwriter any announcement proposed to be made to the public which would conflict in any material respect with any statement in the Prospectus but the giving of any such notice and any such discussion shall not affect or prejudice any of the rights of the Underwriter hereunder;*
- (h) *not to make public any information which will or is likely to affect the market price of the Shares without the prior written notice to and the prior written consent of the Underwriter even if such disclosure is required by law, the Listing Requirements of Bursa Securities, or by any other regulatory requirements;*
- (i) *to promptly and without any delay whatsoever notify the Underwriter in writing of any breach of any of the representations, warranties or undertakings or of any facts, information, situations or circumstances which the Company, in its reasonable opinion, believes may materially and adversely affect the financial condition or the business of the Company and or the Group as a whole, or the success of the Public Issue and without prejudice to the generality of the foregoing representations, warranties or undertakings, the Company will take such steps as may be reasonably requested by the Underwriter to remedy and/or publicise the same, at any time prior to the Closing Date;*
- (j) *to apply for and obtain the approval-in-principle of the Stock Exchange for the admission to the Official List of the Stock Exchange and for the dealing in and quotation for all the Offer Shares before the Closing Date and will comply with all requirements and provisions of the CA, CMSA and the Listing Requirements of the Stock Exchange and all other applicable laws, rules, regulations, guidelines and the requirements of all other relevant authorities in relation to the listing of and quotation for the Offer Shares including without limitation, the Guidelines on the Offering of Equity and Equity Linked Securities and the Prospectus Guidelines issued by the SC, as well as the Listing Requirements of Bursa Securities, as may be amended from time to time; the Company shall at all times promptly furnish and deliver all documents, instruments, information, certificates and undertakings as may be necessary or advisable in order to obtain such permission and quotation;*

3. DETAILS OF THE IPO (CONT'D)

- (k) *to ensure that the Group will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;*
 - (l) *to notify the Underwriter in writing of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect any of its representations, warranties or undertakings at any time prior to the Closing Date, which shall come to its notice or of which it becomes aware or which shall occur at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriter hereunder;*
 - (m) *to furnish in writing or deliver to the Underwriter all information and documents which the Underwriter may reasonably request for, for the purpose of verifying the truth, completeness or accuracy of the representations, warranties and undertakings contained herein; and*
 - (n) *to do all other things and sign or execute such other documents as may reasonably be required by the Underwriter.*
- (2) *The Underwriter represents and warrants to and for the benefit of the Company that:-*
 - (a) *it has the power to enter into, exercise its rights and perform and comply with its obligations under this Agreement;*
 - (b) *its obligations under this Agreement are valid, binding and enforceable in accordance with its terms.*
- (3) *Each party may at their discretion waive in whole or in part with or without terms or conditions any breach of any of the representations, warranties and undertakings herein contained without prejudicing their respective rights hereunder.*

14. TERMINATION

- (1) *Subject to Clause 14(2) below but notwithstanding any other provision herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date (save for sub-paragraph (e) (iii) below, wherein notice may be given on the Closing Date or immediately after), terminate and cancel and withdraw the commitment of the Underwriter to underwrite the Underwritten Shares if:-*
 - (a) *any of the conditions precedent set out in Clause 4 hereof are not duly satisfied by the Closing Date; or*
 - (b) *there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 5(1) hereof, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Underwriter within ten (10) Market Days from the date the Company is notified by the Underwriter of such breach; or*

3. DETAILS OF THE IPO (CONT'D)

- (c) *there is failure on the part of the Company to perform any of its obligations herein contained; or*
- (d) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or*
- (e) *there shall have occurred, or happened any of the following circumstances:-*
 - (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or*
 - (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, national disorder, declaration of a state of national emergency, acts of terrorism, virus, strikes, lock-outs, fire, explosion, flooding, tsunami, civil commotion, sabotage, acts of war or accidents); or*
 - (iii) *The Kuala Lumpur Composite Index has dropped to below 700 points and has stayed below 700 points for at least 5 consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive;*

which, would have or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue, or the distribution or sale of the Offer Shares, or which has or is reasonably likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

- (2) *In the event that this Agreement is terminated pursuant to Clause 14(1)(e), the Underwriter and the Company may confer with a view to deferring the Public Issue by amending its terms or the terms of this Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.*

15. CONSEQUENCES OF TERMINATION

In the event of termination pursuant to Clause 14(1) hereof, the respective parties hereto shall, save and except for any antecedent breach, be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect subject to the following:-

- (a) *the liability of the Company for the payment of costs and expenses as provided in Clause 19 hereof incurred prior to or in connection with such termination shall remain;*

3. DETAILS OF THE IPO (CONT'D)

- (b) *the liability of the Company for the payment of the Underwriting Commission as provided in Clauses 11 and 12 hereof shall remain;*
- (c) *the indemnity provisions in favour of the Underwriter in Clause 16 below; and*
- (d) *subject thereto, each party hereto shall return any moneys paid without interest thereon to the other party within three (3) Market Days of the receipt of such notice of termination from the Underwriter;*

Provided that the Underwriter may at their discretion waive compliance with or modify any of the provisions of this Clause without prejudice to their powers, rights and remedies under this Agreement."

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4. RISK FACTORS

NOTWITHSTANDING OUR PROSPECTS AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE PARTICIPATING IN THE IPO.

IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

4.1 Risks Relating to Our IPO

4.1.1 No Prior Market for our Shares

Prior to this IPO, there has been no prior market for our Shares. There can be no assurance that an active market in our Shares will be developed or be sustained after the IPO and Listing. Our IPO Price was determined by agreement between our Directors, our Offeror and our Adviser, Sole Underwriter and Sole Placement Agent based on several factors and may not be an indication of the market price of our Shares upon or subsequent to our Listing. We can give no assurance that the market price of our Shares will not decline below the IPO Price. We believe that a number of factors could cause our Share price to fluctuate, including but not limited to our operating and financial history, our proforma consolidated NTA per Share, our earnings potential, our quality and strength of the management team, prevailing market conditions, sales of substantial amounts of our Shares in the public market in the immediate future, announcements of developments relating to our business, fluctuations in our operating results and sales levels, and general industry conditions or the world-wide economy.

In addition, in recent years, the stock market in general has experienced extreme price fluctuations which have often been unrelated to the operating performance of the companies. Such fluctuations may adversely affect the market price of our Shares.

4.1.2 Delay in or abortion of our Listing

The success of our listing on the Main Market of Bursa Securities is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:-

- i. Our Sole Underwriter fail to honour their respective obligations pursuant to the terms and conditions of the Underwriting Agreement;
- ii. The identified institutional and individual investors for the placement tranche fail to acquire the IPO Shares allocated to them; and
- iii. We are unable to meet the public shareholding spread requirements i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the time of our admission to the Official List.

In the event of the failure of our Listing on the Main Market of Bursa Securities, all monies paid in respect of any application accepted from you will be returned in full without interest within 14 days, failing which, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4. RISK FACTORS (CONT'D)

4.1.3 Continued control by our Promoters

Upon completion of this IPO, our Promoters namely, Datuk Lau Nai Hoh, Datin Hii Kiong Thai, Ng Cheng Lee and Lau Choo Chin will collectively hold an aggregate of 92,001,998 TAS Offshore Shares, representing approximately 51.1% of our enlarged issued and paid-up share capital. As a result, these shareholders, acting together, will be our controlling shareholders and have voting control over us and are expected to have significant influence on the outcome of certain matters, unless they are required to abstain from voting by law and/ or by the relevant authorities.

Nevertheless, we have appointed four (4) independent directors to ensure any future transactions involving related parties are entered into on arms-length basis, so as to facilitate good corporate governance whilst promoting greater corporate transparency.

4.2 Risks Relating to Our Operations**4.2.1 Dependence on Major Customers**

For the FYE 31 May 2008, our business is somewhat dependent on our top two (2) customers, Zakher Marine International Inc. and Awal Marine Services Est. W.L.L., contributing 29.5% and 15.6% respectively towards our Group's revenue. For the ten (10)-month FPE 31 March 2009, our two (2) largest customers were Awal Marine Services Est. W.L.L. and Zakher Marine International Inc., contributing 18.5% and 17.5% of our Group's total revenue respectively. The loss of these major customers may adversely affect our operating results.

Nevertheless, Zakher Marine International Inc. has been dealing with our Group for the past six (6) years, which indicates that there is a stable business relationship with this customer. As at the LPD, we have seven (7) vessels under constructions for Zakher Marine International Inc., indicating the confidence placed by our customer in our Group.

Although Awal Marine Services Est. W.L.L. is a new customer and has only been dealing with the Group for two (2) years, the management is confident of a continuing business relationship with the company.

To prevent over-dependency on any single customer, we have broadened our customer base with approximately 37 customers as at the LPD. In addition, we enjoy a long-term business relationship with our customers. This is reflected by six (6) of our Group's top 20 customers (during the ten (10)-month FPE 31 March 2009), have been dealing with us for five (5) years or more.

4.2.2 Dependence on Key Geographical Markets

The top three (3) markets that contributed to our Group's revenue comprised the UAE, Singapore and Bahrain markets, representing 33.4%, 32.5% and 15.6% respectively of our Group's total revenue for the FYE 31 May 2008 and 19.1%, 47.0% and 28.0% respectively of our Group's total revenue for the ten (10)-month FPE 31 March 2009. Any adverse changes in the political, economic and regulatory arena of these countries may affect our customers, and hence our profitability.

4. RISK FACTORS (CONT'D)

Our Group may diversify by exporting our vessels to other geographic markets. In this instance, our Group can leverage off our existing customer base in the UAE to develop new customers in the Middle East, particularly in the Oil and Gas Industry. Other regional markets may also be tapped, such as Indonesia, Thailand and Vietnam. In addition, we can diversify into serving customers in the Malaysian market, including customers in the Oil and Gas Industry.

4.2.3 Dependence on Major Suppliers

We source our raw materials and components and subcontracted services from a variety of suppliers, locally and imported. Currently, our top two (2) suppliers namely, Union Resources & Engineering Co. Ltd (formerly known as Yunnan Machinery Imp. & Exp. Co. Ltd) and Nanjing East Star Shipbuilding Co. Ltd (both companies are collectively joint ship builders) and HG Metal Manufacturing Ltd, accounted for 21.0% and 16.8% respectively of our Group's purchases for the FYE 31 May 2008 and 11.5% and 13.2% respectively of our Group's purchases for the ten (10)-month FPE 31 March 2009.

Even so, we have not been dependent on Union Resources & Engineering Co. Ltd (formerly known as Yunnan Machinery Imp. & Exp. Co. Ltd) and Nanjing East Star Shipbuilding Co. Ltd for our past business operations as they first became our supplier only during the FYE 31 May 2008. In addition, we source subcontracted works from two (2) other suppliers from among our top 20 suppliers. For the ten (10)-month FPE 31 March 2009, we had a total of 29 suppliers of sub-contracted works.

On the other hand, HG Metal Manufacturing Ltd has been our supplier for ten (10) years, indicating a long-term and stable business relationship. To further mitigate our dependency, we also purchase steel plates, steel bars, pipes and other types of steel products from five (5) other suppliers from among our top 20 suppliers. During the ten (10)-month FPE 31 March 2009, we had a total of 13 other suppliers of steel plates, pipes and other steel products.

Our Group has not encountered any major problems in sourcing for raw materials and components and subcontracted services as we have established a close working relationship with our suppliers. Majority of our major suppliers have been dealing with us for more than ten (10) years.

4.2.4 Business Risk

Our business is subject to certain risks inherent in the industry at large. These may include, amongst others, entry of new players, shortage in skilled workforce, increase in cost of labour, cost of operations and raw materials, changes in government policies affecting the industries, changes in general economic and business and credit conditions.

Whilst we seek to limit these risks through employment of highly skilled technical personnel, implementing prudent business strategies and carrying out continuous review of our operations, there can be no assurance that any change to these risks would not have a material adverse impact on our business.

4. RISK FACTORS (CONT'D)

4.2.5 Competition Risk

The Shipbuilding Industry is a competitive industry, with both local and foreign players operating in the Malaysian market. These players range from large multinational companies to large local companies to small and medium enterprises. Competitive factors include price and quality of services, capability to construct ships in accordance with technical requirements of the relevant classification societies, financial strengths to compete and grow the business, established track record, and quality management system certification.

While competition is expected to remain stiff, the threat from potential new entrants is relatively low due to the high barriers of entry inherent in the industry, such as high capital costs, meeting the technical requirements of the relevant classification societies, extensive licensing requirements, proven track record of established market players, technical skills and the complexity of the business.

4.2.6 Dependence on Directors and Key Personnel

Our continued success will depend significantly on the ability, expertise and continued efforts of our existing Directors and key personnel. The departure of any of these individuals may, to a certain extent, affect our future business operations and financial performance. Our future success also depends on our ability to attract, hire, train and motivate sufficient skilled personnel.

Recognising the importance of our personnel, we will continuously consider appropriate measures so as to attract and retain our key personnel. Our Company believes that by offering a competitive salary package, training and conducive working environment should mitigate this risk further. We believe that by increasing our profile through our Listing, we will be able to attract more qualified personnel to continuously play an active role in the growth of our Company.

4.2.7 Long Lead-Time for Marine Engines

Currently there is a long lead-time for the delivery of marine engines. It is common for the lead-time to be one (1) to two (2) years from orders being given to taking physical delivery of the engines. The long lead-time gives rise to the risk of delays in completing the construction of vessels, which may incur holding costs. In addition, there is a risk that we may not be able to secure orders from customers who require delivery of vessels within a short timeframe.

In mitigation, we commonly time our delivery of vessels to customers by taking into consideration the delivery of engines. We also purchase some popular engines and hold them in stock to cater for short lead-time orders. In addition, our competitors also face the same issue with long lead-time for delivery of engines, and thus we are not worse off than our competitors.

4.2.8 Risk of Industrial Disputes

Majority of our workforce comprise of shipyard workers. Although none are a member of any trade unions, there exists the risk of industrial disputes should our workers be dissatisfied with their pay or conditions at work. This would result in the disruption of our operations, loss of invaluable time and increased costs.

4. RISK FACTORS (CONT'D)

In order to avoid such disputes from occurring, our management is dedicated in keeping our workers satisfied by remunerating fairly and ensuring fair treatment to our workers. If any potential conflicts should arise, our management shall seek to resolve it immediately.

4.2.9 Insurance Coverage on Assets

Our Group believes that we have adequate coverage on our assets. Although we review our insurance policies on a regular basis to ensure that there is adequate coverage on our assets, there can be no assurance that the coverage would be adequate for the replacement cost of our assets or any consequential loss arising therefrom.

4.2.10 Breakout of Fire, Energy Crisis and Other Emergencies

We believe that we have adequate safety and fire-fighting equipment installed at our premises to ensure that the risk of fire is contained. In addition, most of the tools and equipment, project materials and consumables are located within our shipyard where high security and safety procedures are strictly enforced.

4.2.11 Foreign Exchange Risks

Fluctuations in foreign exchange rates will have an impact on the prices of imported materials used such as steel and machineries, which may have an impact on our profitability.

Any future significant fluctuations in exchange rates may have a significant impact on the revenue and earnings of our Company. As at the LPD, we use financial instruments to hedge our exposure against transactions in foreign currencies, where applicable and we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs.

4.3 Risks Relating to Our Industry

4.3.1 Risks Arising from the Global Financial Crisis

In view of the current global financial crisis which has impacted the local and global economy as well as the recent decline in the price of crude oil, the outlook of the Shipbuilding Industry in Malaysia may be challenging in the short to medium term.

The short-term effect of a decline in crude oil prices and the global financial crisis is expected to be less severe than the expected long-term effect. While it is expected to be some negative effect on the short-term outlook for the Shipbuilding Industry in Malaysia, the effect on shipbuilders is expected to be moderated by working on existing contracts. However, a prolonged decline in the global price of crude oil is expected to have a somewhat more negative effect on the long-term outlook of the Shipbuilding Industry in Malaysia as oil and gas industry operators adjust to the lower prices by reducing their long-term capital investment plans and exploration activities. The long-term outlook of the Shipbuilding Industry in Malaysia is also expected to be materially affected should the global financial crisis be prolonged. For instance, we may be adversely affected by, amongst others, the cancellation of existing contracts and a reduction in the number of new contracts secured.

4. RISK FACTORS (CONT'D)

Nonetheless, our business has not been materially affected since the beginning of the global financial crisis and the decline in the price of crude oil as we have not experienced any termination of contracts from our customers as at the LPD. Based on our existing order books in hand, we have approximately 28 on-going contracts (including nine (9) new contracts secured since 1 June 2008 until the LPD) for our Shipbuilding activities which shall keep us occupied until year 2011. In the event that the global financial crisis is prolonged, we will continue to boost our marketing activities in order to secure more contracts which include amongst others, attending maritime, oil and gas and related exhibitions as well as advertising our products and services in printed publications.

However, there is no assurance that a prolonged global financial crisis and a sustained decline in the price of crude oil will not have a negative effect on the business of our Group.

4.3.2 Dependence on the Oil and Gas Industry

As approximately 53.3% and 48.6% of our total revenue for the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009 respectively were derived from the construction of Anchor Handling Tugs and Anchor Handling Tug Supply Vessels for the Oil and Gas Industry, we are somewhat dependent on the performance of the industry, which is affected by the fluctuations in the market price of hydrocarbons (including crude petroleum and natural gas) and depletion of hydrocarbon resources, amongst others.

The global price of crude oil fell from a high of just under USD150 per barrel in July 2008 to approximately USD70 per barrel as at early June 2009. This may reduce activity within the Oil and Gas Industry and thus reduce demand for Offshore Support Vessels like Anchor Handling Tugs and Anchor Handling Tug Supply Vessels.

Should there be a drop in demand for vessels from the Oil and Gas Industry, our Group is able to build other types of vessels, for example, Tugboats and Barges, ferries, landing crafts and workboats, which are used by other industries.

Currently, our Group has the experience, capabilities and facilities to build vessels for other end-user industries like the Timber, Coal Mining, Fishing and Port Industries.

4.3.3 Decline in Shipping Charter Rates

Any prolonged and/ or steep decline in ship charter rates is likely to reduce the demand for ship or vessel construction, which may have an impact on operators in the Shipbuilding Industry.

The Baltic Exchange Dry Index ("BDI") is an index that provides an assessment of the price of moving dry bulk by sea, and is regarded as a general benchmark for global charter rates for commercial ships. Since peaking at around 11,600 points during the first quarter of 2008, the BDI has fallen to approximately 3,000 points, or by approximately 75%, as at early June 2009.

4. RISK FACTORS (CONT'D)

Nonetheless, the risk is mitigated as the oil and gas industry support vessels such as Anchor Handling Tugs and Anchor Handling Tug Supply Vessels are designed to perform specialised tasks that often cannot be performed by other types of vessels. As a result, the impact on the charter rates for these vessels may be less as compared to the overall global charter rate trend for commercial ships in general.

Operators with the capability to build a wide range of vessels that can be used in a wide range of industries are in a better position to shift their production to focus on building the types of ships for which there is demand.

4.3.4 Availability of Main Raw Materials

The main raw materials used to construct ships or vessels, including steel plates, bars and other steel products are primarily imported. Therefore any disruptions in the supply of these commodities may impact on the Shipbuilding Industry.

While many of these raw materials are imported, the statistics suggest that Malaysian users do not face shortages in importing these steel raw materials. For the import of flat-rolled products of iron or non-alloy steel, not clad, plated or coated, import value increased at an average annual rate of 17.0% between 2004 and 2008. In 2008, import value increased by 41.9% to reach RM5.9 billion.

For the import of iron and steel bars, rods, angles, shapes and sections, import value increased at an average annual rate of 19.4% between 2004 and 2008. In 2008, import value increased by 24.6% to reach RM3.3 billion.

As we are in a strong financial position, we may be able to purchase and maintain stocks of the key raw materials. As these types of raw materials are also internationally traded commodities, they can be sourced from a number of suppliers or trading houses overseas. Nevertheless there can be no assurance that a disruption in the supply of main raw materials will not impact on our Group's business.

4.3.5 Fluctuating Price of Steel

Steel is a major component for the construction of ships. The price of steel was experiencing an upward trend over the recent years and lately has been declining.

A higher steel price may result in more expensive steel vessels, making them less affordable resulting in reducing demand. A fluctuating steel price would make accurate pricing difficult. Operators may be uncompetitive if their prices are too high or may obtain a low profit margin if their prices are too low.

Steel is a widely traded commodity and any increase or fluctuation in the price of steel will affect the Shipbuilding Industry. Hence, no shipbuilder will have a sustainable advantage over other shipbuilders.

With some exceptions of small and pleasure crafts, there are no practical substitutes for steel. As such, the demand for steel vessels would be mainly driven by economic activities of the user industries, for example, oil and gas, logistics, transportation and shipping industries, and not so much as the price of steel.

4. RISK FACTORS (CONT'D)

4.3.6 Dependency on Imports

The Shipbuilding Industry in Malaysia is reliant on imports for the supply of certain grades of steel plates, bars and other steel products that are not manufactured in Malaysia. The Shipbuilding Industry in Malaysia is also reliant on imports for the supply of marine engines, as there are currently no manufacturers of marine engines operating in Malaysia. Any interruptions in the supply of imported steel products and marine engines may disrupt the Shipbuilding Industry in Malaysia.

Although the Shipbuilding Industry in Malaysia is reliant on imports, as set out in Section 4.3.4 of this Prospectus, the statistics suggest that Malaysian users do not face shortages in importing these steel raw materials. For the import of flat-rolled products of iron or non-alloy steel, not clad, plated or coated, import value increased at an average annual rate of 17.0% between 2004 and 2008. In 2008, import value increased by 41.9% to reach RM5.9 billion.

For the import of iron and steel bars, rods, angles, shapes and sections, import value increased at an average annual rate of 19.4% between 2004 and 2008. In 2008, import value increased by 24.6% to reach RM3.3 billion.

Between 2003 and 2007, the import value of marine propulsion engines increased by an average annual rate of 17.3%. In 2007, the import value of marine propulsion engines increased by 55.1% to reach RM386.0 million.

The Shipbuilding Industry is not dependent on any individual country for the supply of steel, as steel is a widely produced and traded commodity. Similarly, the Shipbuilding Industry is not dependent on marine engine manufacturers located in any individual country, as marine engines are available from a range of manufacturers located in a number of countries worldwide.

4.3.7 Risk of Termination of Contracts

The global financial crisis and decline in crude oil prices may increase the risk that our customers cancel or are otherwise unable to fulfil their contractual obligations to us. Our Group's business may be adversely affected by such an event.

To mitigate this risk, we collect a portion of the contract value upfront as a deposit upon executing contract with our customers. Subsequently, we bill our customers progressively as works on their ships are carried out. We include relevant and reasonable clauses in our contracts with our customers to protect our interests, which include, amongst others, allowing us to rescind the contract and retain any deposits and progressive payments made by our customers. As at LPD, we have not received any cancellations on contracted ships.

Nonetheless, there is no assurance that our Group will not receive any cancellations on contracted ships in the future and that we will be able to sell the ships that may come into our possession from unfulfilled contracts to third-party buyers. In addition, there is also no assurance that the funds received from selling ships that may come into our possession from unfulfilled contracts, together with deposits and progressive payments received from the original customer, will meet the cost of constructing the ship.

4. RISK FACTORS (CONT'D)

4.3.8 Risk of Delay in Vessel Delivery

The risk of a project exceeding its estimated time of completion gives rise to potential rescission of contract or late delivery compensation for breach of contract. This may arise due to external factors which may fall beyond the control of our Group, for example delay in the arrival of raw materials and components. Thus, this would have a direct impact on our profitability.

As this is potentially damaging to our reputation, our management stresses the importance of a detailed building and workflow plan and securing construction materials in adequate quantities to ensure timely delivery. As such, our Group has taken adequate measures and placed orders in advance for key raw materials. In addition, we maintain a diversified group of suppliers to reduce any dependency on a single supplier.

4.4 Other Risks

4.4.1 Political, Economic and Regulatory Risk

Our financial and business prospects and the industry in which we operate in, will depend to some degree on the developments in the political and regulatory front in Malaysia. Amongst the political, economic and regulatory factors are changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the Governments' policies such as licensing regulation.

We will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that adverse economic, political and regulatory changes will not materially affect our Group's business.

4.4.2 Downturn in the Global Economy

Any prolonged and/ or widespread downturn in the global economy is likely to have a negative effect on the Malaysian economy in general. A slowdown in the local and global economy resulting in a decrease in the level of international trade is likely to reduce demand for ship or vessel construction. Thus, a slowdown in the global economy may have some impact on the Shipbuilding Industry through a reduction in new ship or vessel construction.

The Malaysian government's pro-active policies in mitigating the negative impact of global economic downturn through stimulus packages to boost domestic spending and demand have previously been successful in countering a slowdown in the local economy.

4.4.3 Investment Activities Risk

Our Group may invest in new ventures or activities in order to increase our revenue base and ultimately enhance our shareholders' value. As such, there is a potential risk that these new investments may have longer than expected gestation period or may not be entirely successful. In this event, we may take time to recover or be unable to recover our initial investments. In addition, new ventures may cause our Group to seek additional capital, which may or may not be available on satisfactory terms.

As such, to mitigate this risk in the future, we will exercise due care in the evaluation of such ventures. Nevertheless, there can be no assurance that such ventures will yield positive returns to our Group.

4. RISK FACTORS (CONT'D)

4.4.4 Forward-Looking statements

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumption made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors set out in Section 4 of this Prospectus. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

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5. INFORMATION ON OUR GROUP

5.1 Our History and Business

We were incorporated in Malaysia on 18 March 2008 under the Act as a public limited company under the name of TAS Offshore Berhad. We were incorporated as an investment holding company to facilitate the Listing and commenced operations as an investment holding company through the acquisition of TAS on 3 April 2009. Through our wholly-owned subsidiary, TAS, we are involved in Shipbuilding and ship repairing.

Our history can be traced back to 1977 with the incorporation of TASSB. TASSB was initially a supplier of marine coatings and a provider of shipping services before diversifying into Shipbuilding and ship repairing in 1991. In 2002, TAS was incorporated to undertake Shipbuilding and ship repairing activities. TAS initially started with ship repairing activities before the Shipbuilding and ship repairing operations of TASSB were transferred to TAS in 2004.

Datuk Lau Nai Hoh is the Managing Director and founder of our Group. Since the commencement of the Shipbuilding operations of TASSB in the early 1990s, Datuk Lau Nai Hoh has been instrumental in the growth and development of our Group. With approximately 17 years of experience in the Shipbuilding Industry, Datuk Lau Nai Hoh has successfully led the Group to become a reputable player in the industry.

In 2004, TAS acquired its current Shipbuilding Yard covering 12.3 acres in Sungai Bidut in Sibu, Sarawak. The yard provides us with the capacity to construct an average of 23 units of vessels per year (actual number will depend on the types of vessel constructed) based on an eight (8)-hour shift. We have the capabilities to construct a range of vessels including Tugboats, Anchor Handling Vessels, landing craft, barges, ferries, workboats, utility/ support vessels and offshore supply vessels. In the same year, TAS obtained pioneer status from MITI, which was valid from 1 August 2003 to 31 July 2008.

The vessels that are constructed by us are built in accordance with stringent international maritime standards. We currently construct vessels under the governance of Bureau Veritas, Nippon Kaiji Kyokai, and Germanischer Lloyd classification bodies.

Our achievements have been recognised by external bodies whereby in 2006, TAS was awarded "2nd Position out of the Top 10 Golden Bull Award 2006" organised by Nanyang Siang Pau, Malaysian Chinese language daily newspaper.

As part of our emphasis on quality, TAS received ISO 9001:2000 certification on 23 August 2007 issued by Bureau Veritas Certification Malaysia.

For the FYE 31 May 2008, our Group's export revenue was derived from Singapore, UAE, Bahrain and Indonesia, which represented 89.1% of our Group's total revenue whilst for the ten (10)-month FPE 31 March 2009, our export revenue was derived from the same countries, which represented 98.8% of our Group's total revenue. Since the commencement of our Shipbuilding activities in the early 1990s, we have established ourselves as a reputable shipbuilder.

5. INFORMATION ON OUR GROUP (CONT'D)

5.2 Share Capital and Changes in Share Capital

As at the LPD, we have an authorised share capital of RM100,000,000 comprising 200,000,000 TAS Offshore Shares, of which RM51,501,000 comprising 103,002,000 TAS Offshore Shares have been issued and fully paid-up. Upon completion of the Public Issue, our enlarged issued and paid-up share capital will be RM90,001,000 comprising 180,002,000 TAS Offshore Shares.

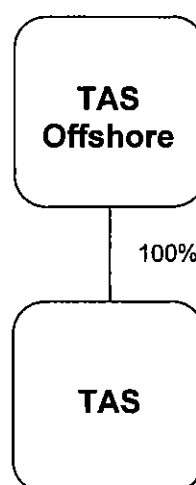
The details of the changes in our issued and paid-up share capital since our date of incorporation are as follows:-

Date of allotment	No. of TAS Offshore Shares	Par Value RM	Consideration	Cumulative issued and paid-up share capital RM
18.03.2008	2,000	0.50	Cash	1,000
03.04.2009	103,000,000	0.50	Acquisition of subsidiary	51,501,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of our Company.

5.3 Group Structure

As at the LPD, our corporate structure is as follows:-



Our subsidiary and its principal activities are as follows:-

Subsidiary	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
TAS	27.03.2002 Malaysia	1,000,000	100	Shipbuilding, ship repairs and maintenance services

5. INFORMATION ON OUR GROUP (CONT'D)

5.4 Subsidiary Company

TAS was incorporated in Malaysia on 27 March 2002 under the Act as a private limited company under its present name. TAS is principally involved in Shipbuilding, ship repairs and maintenance services and commenced operations in year 2002.

As at the LPD, the authorised share capital of TAS is RM10,000,000 comprising 10,000,000 TAS Shares, of which RM1,000,000 comprising 1,000,000 TAS Shares have been issued and fully paid-up. The details of the changes in the issued and paid-up share capital of TAS since incorporation are as follows:-

Date of allotment	No. of TAS Shares	Par Value RM	Consideration	Cumulative issued and paid-up share capital RM
27.03.2002	20,000	1.00	Cash	20,000
18.08.2004	280,000	1.00	Cash	300,000
15.12.2004	700,000	1.00	Cash	1,000,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of TAS.

As at the LPD, TAS does not have any subsidiary or associated company.

5.5 Restructuring and Listing Scheme

In conjunction with, and as an integral part of our Listing, we have implemented a restructuring exercise, which was approved by the SC on 11 March 2009, involving the following:-

5.5.1 Acquisition

In conjunction with the Listing, we had, on 26 November 2008 entered into a conditional share sale agreement with the Vendors for the acquisition of 1,000,000 TAS Shares, representing 100% of the issued and paid-up share capital of TAS for a total consideration of RM51,500,000 ("Purchase Consideration").

The Purchase Consideration was satisfied via the issuance of 103,000,000 new TAS Offshore Shares at par ("Consideration Shares") to the Vendors in the manner as set out below:-

	Shareholdings in TAS		Consideration Shares received	
	No. of TAS Shares	%	No. of TAS Offshore Shares	%
Datuk Lau Nai Hoh	985,667	98.6	101,523,701	98.6
Datin Hii Kiong Thai	9,333	0.9	961,299	0.9
Lau Choo Chin	3,000	0.3	309,000	0.3
Ng Cheng Lee	2,000	0.2	206,000	0.2
TOTAL	1,000,000	100.0	103,000,000	100.0

5. INFORMATION ON OUR GROUP (CONT'D)

The Purchase Consideration was arrived at on willing-buyer willing-seller basis based on the adjusted audited NA after taking into consideration the fair value of the assets of TAS as at 31 May 2008 of RM51,305,390.

Upon completion of the Acquisition, our issued and paid-up share capital has increased from RM1,000 comprising 2,000 TAS Offshore Shares to RM51,501,000 comprising 103,002,000 TAS Offshore Shares.

5.5.2 Public Issue

In conjunction with the Listing, we will undertake a public issue of 77,000,000 new TAS Offshore Shares, representing approximately 42.8% of our enlarged issued and paid-up share capital, at an issue price of RM0.90 per Issue Share to be allocated in the following manner:-

- i. 3,500,000 Issue Shares will be made available for application by the eligible Directors and employees of our Group and persons who have contributed to the success of our Group;
- ii. 9,000,000 Issue Shares will be made available for application by the Malaysian Public;
- iii. 21,500,000 Issue Shares will be made available for application by way of placement to identified investors; and
- iv. 43,000,000 Issue Shares will be made available for application by way of placement to Bumiputera investors approved by the MITI.

The Issue Shares will rank *pari passu* in all aspects with the existing TAS Offshore Shares, except that the new TAS Offshore Shares will not be entitled to any dividends, rights, allotment or other distribution, the entitlements of which is prior to the date of allotment of the said TAS Offshore Shares.

Upon completion of the Public Issue, our issued and paid-up share capital will increase from RM51,501,000 comprising 103,002,000 TAS Offshore Shares to RM90,001,000 comprising 180,002,000 TAS Offshore Shares.

5.5.3 Offer for Sale

In conjunction with the Listing, 11,000,000 Offer Shares, representing 6.1% of our enlarged issued and paid-up share capital, at an offer price of RM0.90 per Offer Share will be offered for sale by way of placement to Bumiputera investors approved by the MITI.

5.5.4 Listing

Upon completion of steps 5.5.1 to 5.5.3 above, we will apply to Bursa Securities for the admission of our Company to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up share capital of RM90,001,000 comprising 180,002,000 TAS Offshore Shares on the Main Market of Bursa Securities. We will be seeking a listing based on profit track record test.

5. INFORMATION ON OUR GROUP (CONT'D)

5.6 Location of Operations and Assets

The location of our business, principal assets, both tangible and intangible, and production facilities are as follows:-

Operations and assets	Approximate Built-up Area/ Surface Area	Location of facility
Head office and other supporting buildings	7,414 squares metres (built-up area)	Lot 100, 111 & 112 Block 1 Sibul Town District, Jalan Sg Ma'aw, Sg. Bidut, 96000 Sibul, Sarawak
Shipbuilding and ship repairing yard	31,051 square metres (surface area)	Lot 22 Block 1 Sibul Town District, Sibul Grant No. 1217, 1218, Sibul Occupation Ticket No. 2202 and 20175 Jalan Sg Ma'aw, Sg. Bidut, 96000 Sibul, Sarawak

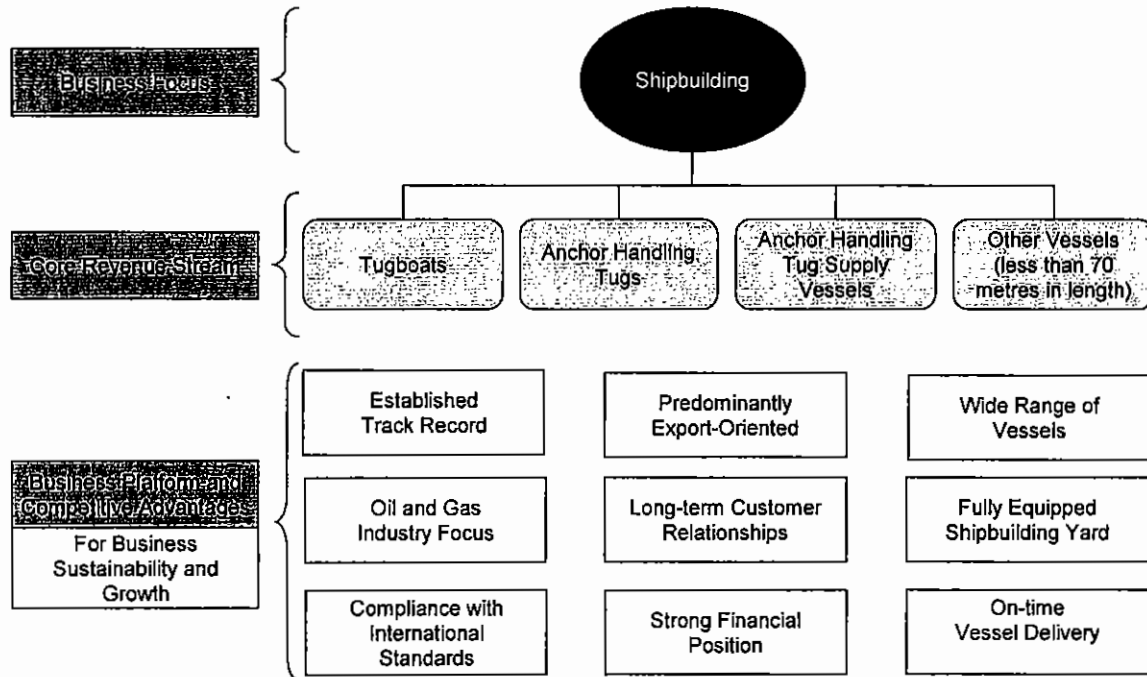
5.7 Key Achievements/ Milestones/ Awards

Year	Achievements/ Milestones/ Awards
1977	The history of TAS Offshore Group can be traced back to 1977 with the incorporation of TASSB. Its initial business activity was in the supply of marine coatings and the provision of shipping services
1991	TASSB diversified into Shipbuilding and ship repairing
2002	TAS was incorporated and initially started with ship repairing business
2003	TAS obtained a Manufacturing Licence on 9 August 2003 from MITI with respect to "Shipbuilding & Ship Repairing" and "Leisure Craft & Offshore Steel Structures". TAS obtained Pioneer Status from MITI which was valid from 1 August 2003 to 31 July 2008
2004	The Shipbuilding and ship repairing operations of TASSB were transferred to TAS. TAS acquired its current 12.3 acres shipyard in Sungai Bidut in Sibul, Sarawak
2006	TAS was awarded "2nd Position out of the Top 10 Golden Bull Award 2006" organised by Nanyang Siang Pau
2007	TAS received ISO 9001:2000 certification issued by Bureau Veritas Certification Malaysia
2008	TAS Offshore Group completed the construction of a 60-metre Anchor Handling Tug Supply Vessel, which is the largest ship constructed by our Group to-date

6. BUSINESS OVERVIEW

6.1 Business Model

Our Business Model is depicted in the figure below:-



6.1.1 Business Focus

We are primarily involved in Shipbuilding where we have in place all the resources and facilities including engineers and skilled workers, Shipbuilding Yard, and machinery and equipment to construct fully functional vessels. All of the vessels constructed by us comply with international standards.

6.1.2 Core Revenue Stream

Our core revenue stream is focused on building various types of vessels less than 70 metres in length. These vessels are for general use and include, among others:-

- i. Tugboats;
- ii. Anchor Handling Tugs;
- iii. Anchor Handling Tug Supply Vessels;
- iv. Utility/ support vessels;
- v. Landing craft;
- vi. Barges;
- vii. Ferries; and
- viii. Workboats.

6. BUSINESS OVERVIEW (CONT'D)

In addition, we are able to undertake conversions of vessels, for example from deck barge to container vessel, as well as repair of vessels.

The vessels constructed by our Group are predominantly sold to overseas customers showing a strong indication that our Group can comply with the requirements of overseas customers in addition to being internationally competitive and established.

6.1.3 Business Platform and Competitive Advantages

Our business is supported by a strong platform of strengths and competitive advantages to sustain the business as well as to support growth. These competitive advantages are detailed below:-

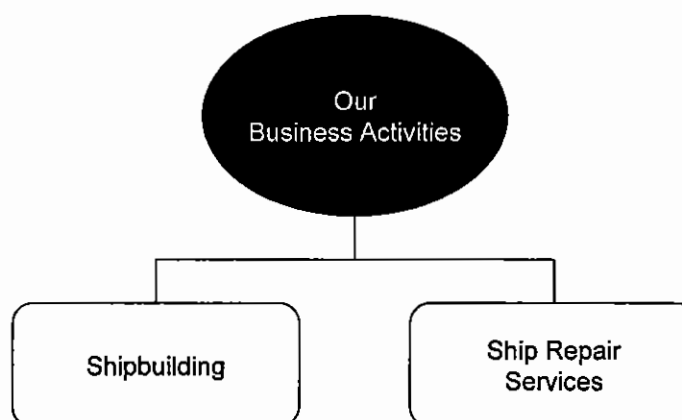
- i. **Established Track Record.** We have an established track record spanning 17 years in the Shipbuilding business. We entered the Shipbuilding Industry in 1991 through TASSB. TAS was incorporated in 2002, and the Shipbuilding and ship repair operations of TASSB were transferred to TAS in 2004. To date, we have completed over 150 vessels of various types and sizes for our customers since the commencement of our Shipbuilding activities in the early 1990s.
- ii. **Predominantly Export-Oriented.** Our business is predominantly export-oriented where revenue from overseas amounted to RM108.2 million and RM108.7 million, accounting for 89.1% and 98.8% of our total revenue for the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009 respectively. Our ability to meet the needs of international customers is a strong endorsement for the quality of our vessels. It also indicates that we are capable of competing against shipbuilders based in other countries.
- iii. **Wide Range of Vessels.** We have the capability to construct a wide range of vessels for our customers and are able to construct most steel vessels that are less than 70 metres in length. We have the experience and the skill to construct Tugboats, anchor handling vessels, Anchor Handling Tug Supply Vessels, Barges, ferries, workboats and landing craft, as well as carrying out ship conversion. Our ability to construct a wide range of vessels ensures that we are able to meet the needs of diverse customers, and at the same time provide product diversity to address business opportunities for future growth.
- iv. **Oil and Gas Industry Focus.** We are currently focused on building ships to support the offshore Oil and Gas Industry, including Anchor Handling Tugs and Anchor Handling Tug Supply Vessels, which collectively represented 53.3% and 48.6% of our Group's total revenue for the FYE 31 May 2008 and for the ten (10)-month FPE 31 March 2009 respectively. Our focus on the Oil and Gas Industry will provide opportunities for future business growth and expansion.
- v. **Long-term Customer Relationships.** We enjoy long-term business relationships with many of our customers. This is demonstrated by the fact that 30% of our top 20 customers have been dealing with us for five (5) or more years during the ten (10)-month FPE 31 March 2009. This indicates a stable and loyal customer relationship.

6. BUSINESS OVERVIEW (CONT'D)

- vi. **Fully Equipped Shipbuilding Yard.** We currently operate a fully equipped Shipbuilding Yard on a 12.3 acres plot of land on the banks of Sungai Igan in Sibu, Sarawak. Our Shipbuilding Yard has a slipway measuring approximately 300 feet long by 80 feet wide and is fully equipped with machinery and equipment including cranes, excavators, welding and cutting equipment, and other machine tools required for the construction of vessels.
- vii. **Compliance with International Standards.** All of the vessels that are constructed by us are built in accordance to stringent international maritime standards established by recognised classification bodies including Bureau Veritas, Nippon Kaiji Kyokai and Germanisher Lloyd.
- viii. **Strong Financial Position.** We are currently in a strong financial position, having enjoyed increasing revenue, PBT and PAT between the FYEs 31 May 2004 to 31 May 2008 and for the ten (10)-month FPE 31 March 2009. Our strong financial position enables us to secure supplies of key Shipbuilding raw materials and components that have long lead times, such as marine engines and generator sets. This reduces the risk of disruption caused by an inability to obtain key components in a timely manner, thereby enabling us to meet our delivery commitments and maximising production efficiency.
- ix. **On-time Vessel Delivery.** We utilise our in-house experience and expertise to carefully plan and manage each Shipbuilding project. We also utilise our financial strength to secure supplies of raw materials and components to ensure their continuous availability so as not to disrupt our Shipbuilding schedule.

6.2 Business Activities

Our business activities can be depicted as follows:-



Our principal business activity is in Shipbuilding. Our secondary business is in the provision of ship repair services.

6. BUSINESS OVERVIEW (CONT'D)

6.2.1 Shipbuilding

Since the commencement of our business, we have constructed the following types of vessels:-

- i. Tugboats;
 - (a) twin screw tug
 - (b) pusher tug
 - (c) azimuth stern drive tug;
- ii. Anchor Handling Tugs;
- iii. Anchor Handling Tug Supply Vessels;
- iv. Utility/ support vessels;
- v. Landing craft;
- vi. Barges;
- vii. Ferries; and
- viii. Workboats.

Since the commencement of our Shipbuilding activities, we have successfully built over 150 vessels for both the overseas and local markets. We currently construct vessels in a range of sizes, ranging from 23 metres to 60 metres in length. For the FYE 31 May 2008 and for the ten (10)-month FPE 31 March 2009, we primarily constructed Tugboats, Anchor Handling Tugs and Anchor Handling Tug Supply Vessels.

We work with third-party naval architects to produce the blueprints for these vessels based on the specifications and requirements established by the customers. In certain cases, we will also work from designs and specifications provided by customers.

All of the vessels constructed by us are built in accordance with stringent international maritime standards. We currently build ships under the governance of the Bureau Veritas, Nippon Kaiji Kyokai and Germanischer Lloyd.

6.2.1.1 Shipbuilding Activities

We have in-house capabilities to construct fully functional vessels. Our main Shipbuilding activities include:-

i. Hull and superstructure construction

We utilise steel as the main raw material and a modular construction technique to construct the hull and superstructure with the following steps:-

- (a) Individual hull and superstructure segments are constructed separately and concurrently at the Shipbuilding Yard;

6. BUSINESS OVERVIEW (CONT'D)

- (b) Some machinery and equipment, pipes, electrical cables, and other components within the modules are pre-installed to minimise the effort needed to install these items deep within the hull once the modules are welded together;
- (c) Construction is scheduled so that the hull and superstructure segments are completed at the same time; and
- (d) The finished hull and superstructure segments are assembled and welded together to produce a complete hull and superstructure.

The main advantages of the modular vessel construction method include:-

- (a) Generally shorter vessel construction time, as work can be carried out simultaneously on multiple segments;
- (b) Reduced effort required to install components within the hull;
- (c) Vessel length can be easily varied (up to a certain length) by varying the number of hull segments used; and
- (d) Standardised design eases construction.

Other activities include various steel construction activities, such as marking, cutting, fitting and welding. We recently invested in a CNC oxy-plasma cutter that utilises instructions created by CAD programmes to precisely and cleanly cut profiles from steel plates and sheets of which some of the advantages derived include:-

- (a) Precisely and cleanly cut profiles typically require less re-work to remove excess material before final fitting and welding;
- (b) Reduced material wastage as profiles can be cut closer together;
- (c) Reduced vessel construction time as profile cutting using a CNC oxy-plasma cutter is typically faster than manual profile cutting; and
- (d) Increased efficiency, as the CAD instructions for cutting standard profiles can be saved and re-used for multiple vessels.

6. BUSINESS OVERVIEW (CONT'D)



Ships Under Construction at Our Shipbuilding Yard

ii. Propulsion and power system installation

A vessel's propulsion and power system usually comprises the following major machinery and equipment:-

- i. One or more marine engines;
- ii. Gearbox;
- iii. Generator set;
- iv. Back-up generator (if required);
- v. Propeller shaft;
- vi. Propeller; and
- vii. Steering control systems.

We have the capability to install and integrate a vessel's propulsion and power systems during the vessel construction process.

The marine engine generates power to propel the vessel and we utilise diesel marine engines in the vessels constructed by us. Diesel marine engines are commonly used because they are more efficient compared to gas turbine marine engines, particularly for larger vessels.

Most of the vessels constructed by us are equipped with two (2) marine engines, each driving a single propeller through independent gear boxes and propeller shafts. This arrangement is used for safety reasons, as it ensures that the vessel will have some power for propulsion should one of the marine engines fail.

Power is transmitted to the propeller through the gearbox and propeller shaft. The propeller is usually made from non-ferrous metal such as manganese bronze for longer lifespan, stiffness and strength.

6. BUSINESS OVERVIEW (CONT'D)

Some vessels are also equipped with additional bow thrusters. Bow thrusters are commonly installed at the bottom of the vessel's bow which provides lateral thrust independent of the vessel's main propulsion system and increases manoeuvrability by allowing the vessel to turn without forward motion.

We currently source marine engines from reputable international marine engine manufacturers, such as Cummins and Caterpillar of the US and Yanmar and Mitsubishi of Japan. There are currently no manufacturers of marine engines operating in Malaysia.

iii. **Communication, navigation and surveillance systems installation**

Practically all ships require communication, navigation and surveillance systems. Communication systems are required to enable the vessel to communicate with other nearby vessels, aircraft, land installations and others. A long-range radio transmitter and receiver is the most commonly used type of communication equipment.

Navigation systems provide a vessel with navigational guidance and information on the location of the vessel. Examples include a gyrocompass that provides directional information, a Global Positioning System device which is commonly used to provide precise information on the position of the vessel, radio direction and ranging equipment used to locate surrounding vessels and objects and other navigation systems including depth sounders and auto pilot systems.

Surveillance systems provide the ship with information on the surrounding environment. Examples include radio direction and ranging equipment and close circuit television systems.

We have the capability to install and integrate a vessel's communication, navigation and surveillance systems during the vessel construction process.



Installation of Control Panel in the Wheelhouse of a Ship

6. BUSINESS OVERVIEW (CONT'D)

iv. Machinery and equipment installation

We install machinery and equipment on a vessel depending on the type of vessel constructed and the role that the vessel is designed to perform. The types of specialised machinery and equipment commonly installed by us includes:-

- (a) Tugboats equipped with towing hook or towing winch systems;
- (b) Anchor Handling Tugs and Anchor Handling Tug Supply Vessels equipped with winches, cranes and an open stern to allow decking of anchors; and
- (c) Some vessels may be equipped with water pumps and nozzles to provide fire-fighting capability.



Installation of Deck Equipment on an Anchor Handling Tug Supply Vessel

v. Interior fit-out

Our Group's in-house carpentry department has the capability to provide one-stop interior fit-out from the design stage to manufacturing wooden furniture modules, to final installation of interior fittings.

We combine our expertise in Shipbuilding and interior fit-out to ensure that space and weight dynamics are taken into consideration during the design phase.

Common interior fit-outs installed by our Group includes exterior and interior installation, air conditioning, fire and thermal insulation, manufacturing and installing furniture modules, laying hardwood decking, interior upholstery and interior painting and polishing.

vi. Painting

We have in-house facilities at our Shipbuilding Yard to paint constructed vessels.

6. BUSINESS OVERVIEW (CONT'D)

Painting is a critical component of vessel construction as the coat paint creates a physical barrier that prevents the steel hull and superstructure from coming into contact with air, water and/ or seawater, leading to corrosion, which can weaken the hull and superstructure.

In addition, the underwater portion of the hull is typically coated with a layer of anti-fouling paint that retards the growth of barnacles and other marine organisms, which can increase the drag of the hull and lower the performance of the vessel.

vii. Vessel testing and commissioning

All vessels constructed by us are tested and commissioned before final handover to customers. Our Group carries out two (2) major trials on all ships, which are the dock trial and official trial.



Anchor Handling Tug Constructed by Us Undergoing Official Trial

A dock trial is carried out to ensure the vessel conforms to our client's design specifications and requirements, as well as the requirements of the relevant classification societies.

Upon the successful completion of the dock trial, the official trial is carried out on the water in the presence of the client's representatives and surveyors from the relevant classification societies.

6. BUSINESS OVERVIEW (CONT'D)



Launching an Anchor Handling Tug Supply Vessel at Our Shipbuilding Yard

We will carry out rectification work to rectify any non-conformity that is identified during the official trial. Once the rectification work is completed, a re-trial is conducted to ensure that the ship conforms to all relevant requirements.

Thereafter, the relevant classification societies will issue the class certificate and statutory certificates for the ship upon the successful completion of the official trial and the ship is then delivered to the client.

The Shipbuilding activities mentioned above generally forms our Shipbuilding process flow as set out in Section 6.3 of this Prospectus.

6.2.1.2 Type of Vessels Constructed by Us

i. Tugboats

In general, a tugboat is a vessel that is primarily designed to manoeuvre or tow other vessels. Tasks commonly performed by Tugboats include:-

- (a) Towing, pushing or manoeuvring barges;
- (b) Towing, pushing or manoeuvring disabled vessels;
- (c) Towing, pushing or manoeuvring other vessels in harbours, through the open sea or in rivers and canals; and
- (d) Towing, pushing or manoeuvring offshore structures, including Oil and Gas Industry structures such as drilling rigs and offshore platforms.

6. BUSINESS OVERVIEW (CONT'D)

The range of Tugboats currently constructed by us includes lengths of 23 metres to 34 metres with gross tonnage of 98 GT to 396 GT. The Tugboats currently constructed by us are mainly used to tow barges. However, these vessels have the capability to perform other common Tugboat tasks.



Tugboat Constructed by Us

During the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009, revenue from the construction of Tugboats totalled RM55.1 million and RM55.4 million, accounting for 45.4% and 50.4% respectively of our Group's total revenue.

ii. **Anchor Handling Tugs**

We currently construct Anchor Handling Tugs for the offshore Oil and Gas Industry.

Anchor Handling Tugs are vessels with high horsepower capable of towing rigs, platforms and other steel structures and secure them at specific locations. Primarily used in the offshore Oil and Gas Industry, they are commonly equipped with powerful winches, other anchor handling equipment, and an open stern to allow anchors to be brought on deck.

Anchor handling services primarily comprise the following:-

- (a) Lowering the anchor to the seabed so as to secure the floating Oil and Gas structure in place; and
- (b) Heaving the anchor from the seabed so as to allow the platform to be moved or repositioned.

6. BUSINESS OVERVIEW (CONT'D)



Anchor Handling Tug Constructed by Us

An Anchor Handling Tug is commonly equipped with the following specialised equipment and features to perform anchor handling services:-

- (a) Powerful engines to tow other vessels;
- (b) Winch, windlass, stern roller, towing pins and deck crane to handle, raise and lower anchors;
- (c) An open stern and open rear deck to allow the anchor to be hauled onto the vessel; and
- (d) Some vessels are equipped with dynamic position systems.

Anchor Handling Tugs are also used to perform other tasks, including:-

- (a) Towing drilling platforms and other vessels to site;
- (b) Towing other floating offshore Oil and Gas Structures;
- (c) Transporting supplies to offshore platforms and vessels; and
- (d) Providing standby rescue, fire fighting and recovery services.

Anchor Handling Tugs that are designed to carry supplies are also known as Anchor Handling Tug Supply Vessels.

The types of Anchor Handling Tug constructed by us include lengths of 45 metres and 49 metres with gross tonnage of 499 GT and 1,079 GT.

6. BUSINESS OVERVIEW (CONT'D)

During the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009, revenue from the construction of Anchor Handling Tugs totalled RM33.9 million and RM14.0 million, accounting for 27.9% and 12.7% respectively of our Group's total revenue.

iii. Anchor Handling Tug Supply Vessels

We currently construct Anchor Handling Tug Supply Vessels that are used to transport supplies in addition to providing anchor handling services for the offshore Oil and Gas Industry.

Anchor Handling Tug Supply Vessels are generally similar to Anchor Handling Tugs. However, the main difference between the two is that Anchor Handling Tug Supply Vessels are designed and constructed with larger open deck spaces so as to provide the ship with supply carrying capabilities.

Examples of supplies that may be carried by Anchor Handling Tug Supply Vessels include drilling fluid and drill pipes, offshore construction material, as well as supplies for the crew of offshore drilling rigs and production platforms.

The type of Anchor Handling Tug Supply Vessels currently constructed by us is 47 metres in length with gross tonnage of 890 GT. We also have the capability to construct Anchor Handling Tug Supply Vessels with lengths of 50 metres and 60 metres.

During the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009, revenue from the construction of Anchor Handling Tug Supply Vessels totalled RM30.8 million and RM39.6 million, accounting for 25.4% and 35.9% respectively of our Group's total revenue.



Anchor Handling Tug Supply Vessel Constructed by Us

6. BUSINESS OVERVIEW (CONT'D)

iv. Other Vessels

In addition to constructing Tugboats, Anchor Handling Tugs and Anchor Handling Tug Supply Vessels, our Group has constructed other types of vessels in the past and retains the capability to do so. Other types of vessels constructed by our Group includes:-

- (a) Utility/ support vessels;
- (b) Landing craft;
- (c) Ferries;
- (d) Barges;
- (e) Workboats; and
- (f) Offshore supply vessels.

We have also carried out ship conversion to convert a deck barge to a container vessel.

Our Group has the capability to construct a range of utility/ support vessels that can be used to perform a variety of tasks. Some of the tasks that are performed by the utility/ support vessels constructed by our Group includes:-

- (a) Towing barges;
- (b) Towing disabled vessels;
- (c) Towing or pushing other vessels in harbours, through the open sea or in rivers and canals;
- (d) Transporting supplies and personnel to offshore Oil and Gas Industry structures; and
- (e) Providing standby rescue, fire fighting and recovery services.



Ferry (left) and Container Carrier (right) Constructed by Us

The range of utility/ support vessels that can be constructed by us includes lengths of 36 metres to 45 metres with gross tonnage ranging from 270 GT to 499 GT.

6. BUSINESS OVERVIEW (CONT'D)

A landing craft is a vessel that has the capability to land on or closely approach the shore, to load or discharge personnel, vehicles and cargo. Landing craft of the type constructed by us can be used to provide logistics services in areas where port facilities are not well developed.

Ferries of the type constructed by us are used to provide ferry services to transport motor vehicles across rivers. Motor vehicles are driven onto the ferry at the embarkation point, and driven off at the disembarkation point.

In general, barges are unpowered vessels that are used to transport cargo. Barges may be designed for use in rivers and canals and in the open sea.

Workboats generally refer to general-purpose ships that can be used to perform a wide range of tasks. Tasks that can be performed by workboats include removing debris from waterways, responding to oil spills, transporting personnel and cargo to offshore facilities and towing other ships.

Offshore supply vessels are Oil and Gas Industry support vessels that are commonly used to transport personnel and supplies to offshore facilities such as drilling rigs and production platforms.

We have successfully carried out a ship conversion project to convert a deck barge into a container vessel. The major equipment and structures added include:-

- (a) Superstructure, including the bridge;
- (b) Propulsion and power system;
- (c) Communication and navigation system; and
- (d) Crew accommodations.



Landing Craft Constructed by Us

6. BUSINESS OVERVIEW (CONT'D)

6.2.2 Ship Repair Services

Apart from our Shipbuilding activities, our Group also provide slipway and afloat ship repair services to our customers which includes the following:-

- i. Routine marine engine, machinery and equipment inspection and maintenance;
- ii. Routine piping and wiring inspection and maintenance;
- iii. Repainting;
- iv. Repairing damage from collision and other accidents; and
- v. Installing equipment.



A Ship Being Repainted by Us

Slipway repairs refer to repairs undertaken to a vessel that has been raised onto dry land and are usually undertaken when major repairs or maintenance, such as propeller replacement, are carried out.

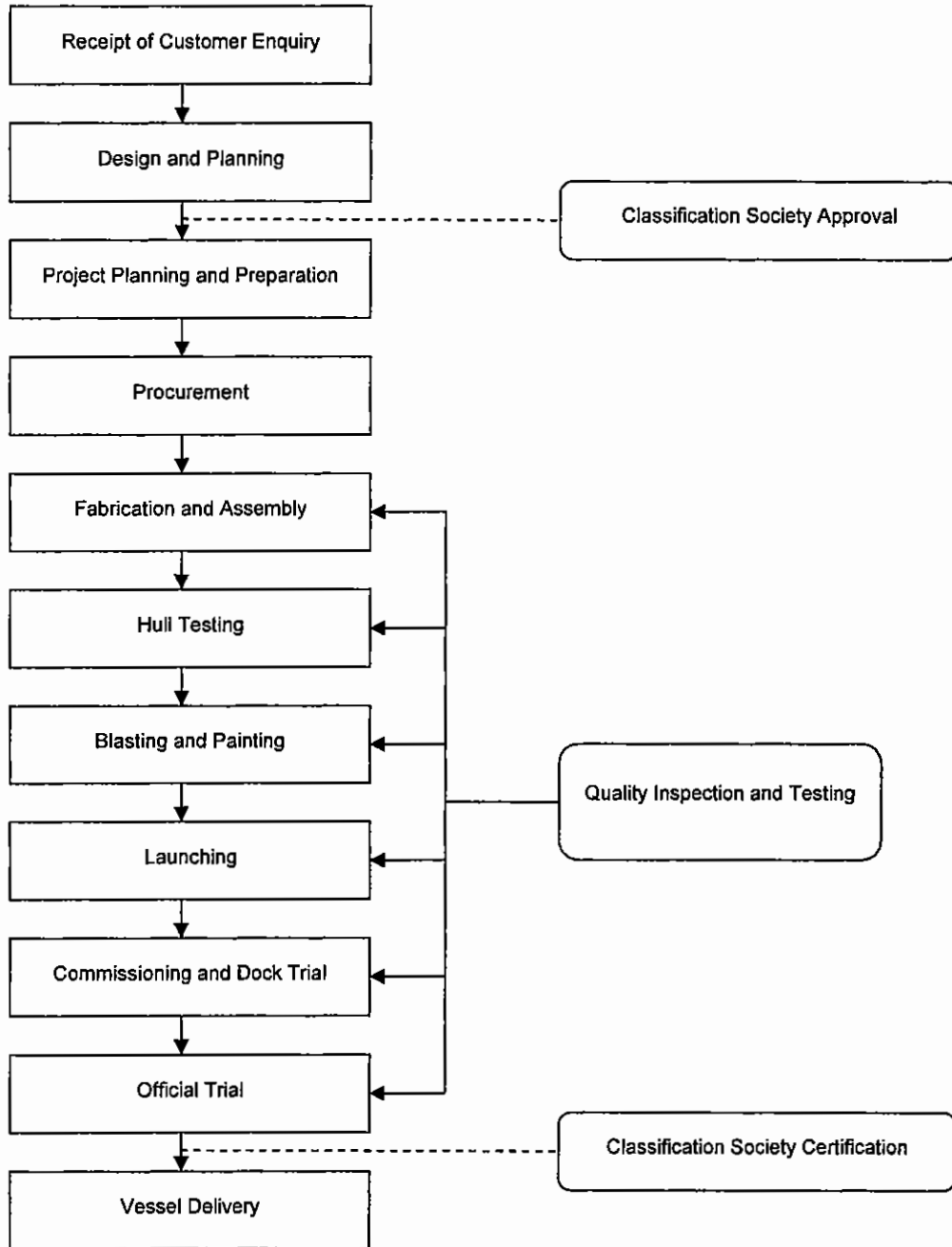
On the other hand, afloat repairs refer to repairs that are undertaken to a vessel that is in the water and are usually undertaken when minor repairs or maintenance are carried out.

During the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009, revenue from the provision of ship repairing services totalled RM1.5 million and RM1.1 million, accounting for 1.3% and 1.0% respectively of our Group's total revenue.

6. BUSINESS OVERVIEW (CONT'D)

6.3 General Process Flow for Shipbuilding

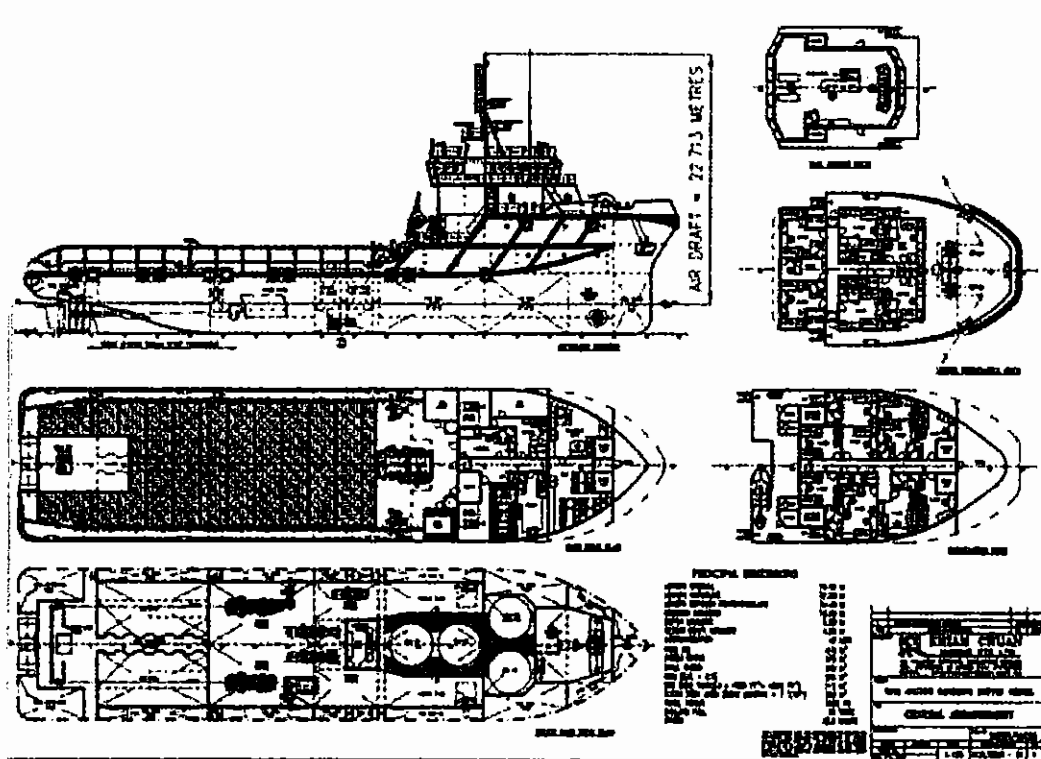
Our general process flow for Shipbuilding is as follows:-



6. BUSINESS OVERVIEW (CONT'D)

Upon receiving enquiries from the customer, we will hold meetings with the prospective customer to ascertain their requirements. Our production team will determine the dimensional and design specifications of the ship to be constructed based on these requirements.

Our production team will then work with external Naval Architects to undertake ship conceptualisation and design. The Naval Architect will produce detailed drawings of the vessel in accordance with the agreed dimensional and design specifications, taking into account the machinery, equipment, parts and materials to be fitted in the ship.



Example of Vessel Drawing Used by Us

In some instances, the client will provide the vessel design. Where applicable, we will use our experience and expertise to recommend changes to vessel design so as to improve the functionality and efficiency of the ship.

Our production team will submit the design to the client for pre-approval after reviewing the technical aspects of the design to ensure that it is consistent with the client's requirements.

After client pre-approval, the vessel design will be submitted to the relevant classification societies for approval.

We will enter into formal contracts with the client upon approval of the design by the client and relevant classification societies, upon which project planning and preparation work will commence.

6. BUSINESS OVERVIEW (CONT'D)



Hull Section Constructed by Us

Our production team oversees the project planning and preparation function. A vessel construction schedule, which provides a timetable for each stage of the vessel construction process, is developed. The schedule is strictly adhered to ensure that the vessel is delivered to the customer on time.

Our purchasing department receives the construction schedule, as well as the list of machinery, equipment, parts and materials required from the production team. Our purchasing department then makes the necessary arrangements for their procurement.

Vessel construction begins once the materials are received:-

- i. Steel plates are cut into shapes and sizes in accordance with the design specifications;
- ii. The steel pieces are fitted and welded together to form panels, strengthened by web, angle bars and flat bars;
- iii. The panels are assembled into major block structures, which are then welded together to form the hull of the vessel;
- iv. Once the hull of the vessel is formed, machinery and equipment, electrical and piping systems are installed;
- v. Ancillary equipment such as communications, navigational and surveillance systems, and air conditioning equipment are subsequently fitted; and
- vi. The cabins are then fitted with carpentry works, furnishings and fixtures.

6. BUSINESS OVERVIEW (CONT'D)



Hull Sections Being Assembled at Our Shipbuilding Yard

Various tests are carried out to assess the structural integrity of the hull, including X-ray weld inspection, ultrasonic testing, air pressure and hydrostatic tests. Rectification work is carried out to correct any defects that are detected. Further details on our quality control procedures are set out in Section 6.10 of this Prospectus.

After the tests are completed, the hull is blasted using high-pressure blasting equipment to prepare the surface for painting where a multi-coat marine paint system is then applied to protect the ship.

The vessel is then launched into the water using steel launching pipe and beams. After launching, the vessel is berthed for the final alignment of the propeller shaft. The propeller shaft is aligned with the main engine and gearbox driving the propeller. The main engine and gearbox are permanently affixed to their position after the alignment is completed.



Completed Anchor Handling Tug Supply Vessel waiting to be launched

6. BUSINESS OVERVIEW (CONT'D)

The vessel and its various systems are then commissioned. A dock trial is carried out to ensure that the vessel conforms to the client's design specifications and requirements, as well as the requirements of the relevant classification societies.

An official trial is carried out following the successful completion of the dock trial. The official trial is carried out on the water in the presence of the client's representatives and surveyors from the relevant classification societies. The purpose of the official trial includes:-

- i. To ascertain the seaworthiness and proper function of the vessel;
- ii. To ensure that the client's specifications and requirements are met;
- iii. To test that all machinery and equipment are functioning properly; and
- iv. To ensure that the ship fully conforms to all of the requirements of the relevant classification societies.

We will carry out rectification work to rectify any non-conformity that is identified during the official trial. Once the rectification work is completed, a re-trial is conducted to ensure that the vessel conforms to all relevant requirements.

The relevant classification societies will issue the class certificate and statutory certificates for the vessel upon the successful completion of the official trial. These documents certify that the vessel conforms to the specifications, standards and requirements set out in the various international conventions that govern the Shipbuilding Industry.

The vessel is finally delivered to the client after the issuance of the class certificate and statutory certificates.



Anchor Handling Tug Testing Fire-fighting equipment during the Official Trial

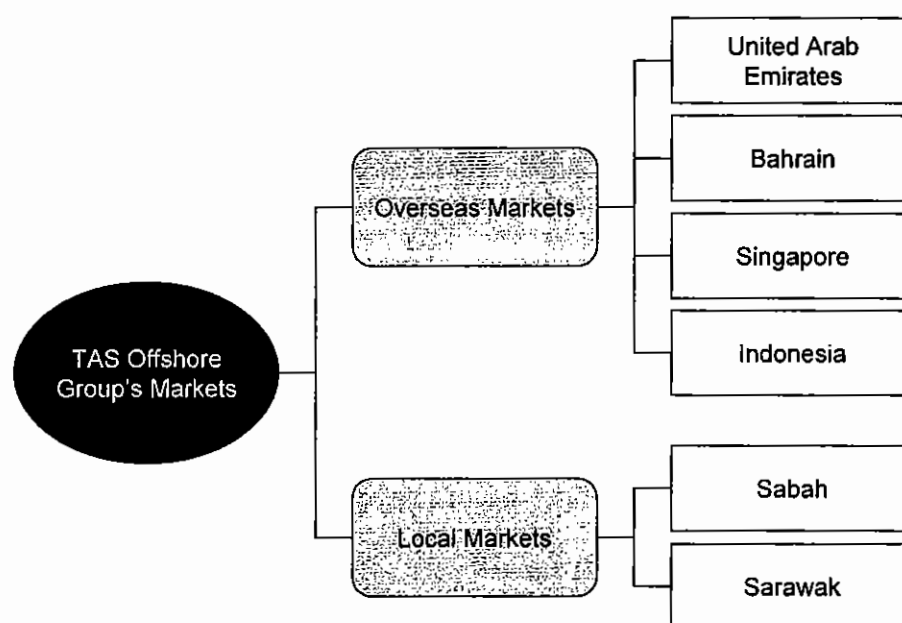
Generally, the duration required to complete a vessel varies depending on the size. On average, smaller vessels (with hull length of 30 metres or less) typically require an average of six (6) to nine (9) months to complete whereas larger vessels (with hull length of more than 30 metres) typically require one (1) to one and a half (1.5) years to complete.

6. BUSINESS OVERVIEW (CONT'D)

6.4 Principal Markets

Our business is predominantly export-oriented which provides us with the global market as the platform to sustain and grow the business. Our predominant export coverage is an indication of our ability to meet the needs, specifications and standards of international customers.

Our local and overseas markets can be depicted as follows:-



Our revenue contribution by markets can be segmented as follows:-

	FYE 31 May 2008		Ten (10)-month FPE 31 March 2009	
	RM'000	%	RM'000	%
Overseas Market	108,168	89.1	108,698	98.8
Local Markets	13,178	10.9	1,358	1.2
Total Group Revenue	121,346	100.0	110,056	100.0

As at LPD, our customer base comprised 19 customers from Malaysia and the remaining 18 customers were from overseas.

6.5 Estimated Market Coverage, Position and Market Share

Our revenue was RM121.3 million for the FYE 31 May 2008. The market size of the overall Shipbuilding Industry in Malaysia based on local production was estimated at RM3.8 billion in 2008. Using our revenue for the FYE 31 May 2008 as a proxy for our revenue during the 2008 calendar year, our market share in the Shipbuilding Industry based on local production was estimated at 3%. Based on total turnover, we ranked 7th among companies in the Shipbuilding Industry in Malaysia.

(Source: Assessment of the Shipbuilding Industry by Vital Factor Consulting Sdn Bhd)

6. BUSINESS OVERVIEW (CONT'D)

6.6 Seasonal and Cyclical Factors

We do not experience any material seasonality in our business, as our business operations are relatively stable throughout the year, with the exception of minor slowdowns in business activity during the festive seasons at the beginning and end of each calendar year.

6.7 Types, Sources and Availability of Raw Materials/ Input

For the FYE 31 May 2008, the purchases of raw materials and components accounted for 68.0% of total purchases, while subcontracted services accounted for 32.0%. For the ten (10)-month FPE 31 March 2009, purchases of raw materials and components accounted for 76.1% of total purchases, while subcontracted services accounted for 23.9% of total purchases.

For the FYE 31 May 2008, the two (2) major raw materials and components purchased by us for the construction of vessels were marine engines and generator sets and steel plates, which accounted for 20.8% and 16.0% of the total purchases of raw materials and components, and subcontracted services. Marine engines and generator sets were imported, while 95.8% of the steel plates purchased by us were imported and the remaining 4.2% sourced locally.

Although Malaysia is a producer of steel plates, the dimensions of steel plates produced in Malaysia are generally not suitable for our usage in Shipbuilding. As a result, most of the steel plates that are purchased by us are imported. In general, steel is a widely traded commodity and we are not vulnerable to purchases of steel from any specific supplier.

The other materials purchased were deck and marine equipment, marine propellers, shafts, gearboxes and steering systems, steel bars and pipes, hardware and marine paint, and fire fighting and safety equipment, which accounted for 8.9%, 6.3%, 6.1%, 3.9% and 1.3% of our total purchases respectively. Purchases of other raw materials and equipment accounted for 4.8% of our total purchases for the FYE 31 May 2008.

With respect to the purchase of subcontracted services, hull construction services accounted for 27.2% of our total purchases. Subcontracted services for electrical wiring, piping, welding and carpentry work accounted for 2.8% of total purchases, while purchases of other services accounted for 1.9% of total purchases for the FYE 31 May 2008.

For the ten (10)-month FPE 31 March 2009, our three (3) largest purchases of raw materials and components were deck and marine equipment, steel plates and marine engines and generator sets, which accounted for 20.4%, 14.4% and 14.2% of total purchases respectively. 85.9% of the deck and marine equipment purchased by us were imported and the remaining 14.1% sourced locally, while 91.2% of the steel plates were imported and the remaining 8.8% sourced locally. All of the marine engines and generator sets were imported.

For the ten (10)-month FPE 31 March 2009, the other materials purchased were hardware and marine paint, steel bars and pipes, fire fighting and safety equipment, and marine propellers, shafts, gearboxes and steering systems, which accounted for 8.2%, 5.0%, 3.3% and 3.3% of our total purchases respectively. Purchases of other raw materials and equipment accounted for 7.2% of our total purchases.

Hull construction services accounted for 19.7% of our total purchases. Subcontracted services for electrical wiring, piping, welding and carpentry work accounted for 3.8% of total purchases, while purchases of other services accounted for 0.5% of total purchases for the ten (10)-month FPE 31 March 2009.

6. BUSINESS OVERVIEW (CONT'D)

As there are currently no manufacturers of marine engines and generator sets operating in Malaysia, all of our marine engines and generator sets are imported and primarily sourced from local agents such as Tractors Malaysia (1982) Sdn Bhd and UMW Industrial Power Sdn Bhd. Nevertheless, marine engines require approximately one (1) to two (2) years from purchase orders to delivery. As such, we will need to place orders for marine engines in advance.

To date, our Group has not experienced any major shortages in sourcing any raw materials for our operations. Further, we have built strong working relationships with our main suppliers over the years and are able to source these raw materials at competitive prices.

6.8 Technologies Employed

The following are the technologies employed including multi-discipline engineering in our Shipbuilding activities:-

i. Hydrodynamic hull technology

A vessel's hull can be regarded as the most important part of the ship, as it provides buoyancy and structural strength. In addition, the design of the hull is also crucial in providing stability and determining the propulsion efficiency of the vessel.

There are various types of hull that can be used depending on how the vessel wishes to be performed in the water. The three (3) basic hull types are as follows:-

(a) Displacement hull

A displacement hull is a hull whereby the displacement weight of water is equivalent to the submerge volume of the hull, regardless of whether or not the vessel is moving. The hull is supported exclusively or predominantly by the pressure of water displaced by the hull. The hull of the vessel is not lifted out of the water when the vessel is in motion.

In general, the advantages of a ship with displacement hull compared to ships with other hull types include:-

- The ship can be propelled with a relatively small engine;
- Propulsion is more fuel efficient;
- The vessel has a smooth, seaworthy ride as the ship is travelling through water, not above it; and
- The vessel is more stable.

However, the theoretical maximum speed of a ship with a displacement hull is largely determined by the length of the vessel's waterline. Applying additional power at this point has little or no effect in increasing the speed of the vessel.

6. BUSINESS OVERVIEW (CONT'D)

Within the Shipping Industry, most large vessels such as oil tankers, passenger ships, container ships and other cargo ships utilise the displacement hull type. Tugboats, Anchor Handling Tugs, utility/support vessels and other vessels constructed by us commonly utilise this hull type.

(b) Planing hull

A planing hull is a hull that is configured to develop positive dynamic pressure so that its draft decreases with increasing speed. The hull of the vessel is progressively raised out of the water as speed and power increases. Draft is reduced as the hull is lifted out of the water, allowing faster speeds to be achieved.

In general, the primary advantages of a vessel with planing hull compared to other types of hull, is that the ship can achieve higher speeds.

The main disadvantage of a vessel with a planing hull is that the motion of the vessel is less smooth, as the vessel is moving along the surface of the water. The vessel can experience severe pounding in rough seas, which can lead to crew discomfort and damage to the hull and equipment.

The planing hull is most commonly used in vessels where high speeds are desired, such as in speedboats, some types of passenger ferries and naval patrol vessels.

(c) Semi-displacement or Semi-planing hull

A semi-displacement or semi-planing hull is capable of generating a moderate amount of dynamic lift as the vessel moves forward, although most of the weight is supported through displacement.

A vessel with a semi-displacement or semi-planing hull has a higher theoretical maximum speed compared to a vessel with a displacement hull. The ship, however will require more power engines, and consume more fuel.

Semi-displacement or semi-planing hulls are commonly used in large naval vessels and large passenger ferries.

ii. Welding Technology

We utilise welding technology in the construction of vessels. Welding is used to join steel plates, steel bars and other materials to construct the hull and superstructure. Welding is a fabrication process that joins materials, usually metals or thermoplastics, by causing coalescence. It is often done by melting the work pieces and adding a filler material to form a pool of molten material that cools to become a strong joint. Sometimes pressure is also used in conjunction with heat, or by itself, to produce the weld.

The welding techniques that are currently commonly used include:-

- (a) Arc welding;
- (b) Gas welding;

6. BUSINESS OVERVIEW (CONT'D)

- (c) Resistance welding;
- (d) Energy beam welding; and
- (e) Ultrasonic welding.

The welding technique that is most commonly used by us is the arc welding technique. In arc welding, an electric arc is created between an electrode and the base material to melt metal at the welding point. The welding region is sometimes protected by an inert or semi-inert gas. Filler materials are sometimes used.

iii. Mechanical Engineering

We currently employ mechanical engineering principles, which is an engineering discipline that involves the application of the principles of physics for the analysis, design, manufacturing and maintenance of mechanical systems. We also make use of specialised Shipbuilding software.

Some of the mechanical engineering technologies that are applied to the vessels constructed by us include:-

- (a) Total vessel design for all moving and stationery parts, including:-
 - Ship hull;
 - Marine engines;
 - Power transmission systems and gearboxes;
 - Propulsion systems;
 - Hydraulic systems;
 - Heating, ventilation and air condition systems, including heat exchangers;
 - Piping systems;
 - Pumps;
 - Installed machinery and equipment, such as winches and anchor handling equipment; and
 - Other metal and non-metal parts and components.
- (b) Testing and analysis of machines, components and materials to determine their performance, strength, response to stress and other characteristics; and
- (c) Integration of all parts, machinery and equipment to ensure optimum performance.

6. BUSINESS OVERVIEW (CONT'D)

iv. Electrical engineering

We apply the principles of electrical engineering, which is an engineering discipline that deals with the study and application of electricity and electromagnetism, for practical purposes such as the design of various electrical systems for the construction of vessels.

Some of the technologies within electrical engineering that are used by us in Shipbuilding are as follows:-

- (a) Control systems;
- (b) Communication and navigation equipment;
- (c) Cables and wiring;
- (d) Electric generator sets;
- (e) Machinery and equipment that is powered by electricity; and
- (f) Lighting systems.

The proper installation and integration of these components requires knowledge of electrical engineering, expertise and skill. We outsource the installation of wiring and some of the electrical equipment in the ships that we construct to third parties.

6.9 Operating Capacities and Output

Our existing 12.3 acres Shipbuilding Yard has the capacity to construct up to 23 completed vessels per year, comprising a mix of small and large vessels. We are able to construct various types of vessels up to 70 metres in length.

Our Shipbuilding Yard is equipped with, amongst others, the following facilities:-

- i. One (1) slipway, 300 feet long by 80 feet wide;
- ii. Six (6) air compressors;
- iii. Two (2) generator set;
- iv. Eight (8) crawler cranes;
- v. One (1) excavator;
- vi. One (1) welding rectifier;
- vii. One (1) mega welding machine;
- viii. One (1) airless spray;
- ix. Two (2) sets of hydraulic bender;
- x. One (1) CNC oxy-plasma profile cutter;
- xi. One (1) drilling machine;
- xii. Two (2) milling machines;

6. BUSINESS OVERVIEW (CONT'D)

- xiii. Two (2) 6 metre length turning lathes;
- xiv. Two (2) 2 metre length turning lathes;
- xv. One (1) shaping machine;
- xvi. One (1) cutting machine;
- xvii. One (1) forklift; and
- xviii. One (1) seat of CAD software.

With our well-equipped modern facilities and technology like our CNC oxy-plasma steel cutter that utilises instructions created by CAD programmes, we are able to complete and deliver vessels on time while maintaining high quality.

6.10 Quality Control Procedures

We place a high degree of emphasis on the quality of the vessels built by us. Stringent quality control measures are implemented in every aspect of our business operations.

As part of our emphasis on quality, we received approval for ISO 9001:2000 certification on 23 August 2007 issued by Bureau Veritas Certification Malaysia. This certification is valid from 22 May 2007 to 22 May 2010.

Vessels built by us are in compliance with stringent internationally recognised maritime standards. We currently construct vessels under the governance of the following classification societies and international marine regulatory bodies:-

- i. Bureau Veritas;
- ii. Nippon Kaiji Kyokai; and
- iii. Germanischer Lloyd.

We adopt the following approaches to ensure that quality standards are maintained internally:-

- i. In-coming raw materials and components are subject to quality checks to ensure that they meet specifications;
- ii. Quality control measures are implemented during the Shipbuilding process to ensure specifications are constantly met;
- iii. Personnel performing metal welding are subjected to competency tests; and
- iv. Final quality checks in the form of inspections, machinery and equipment testing and sea trials are carried out on completed vessels before they are handed over to customers.

6. BUSINESS OVERVIEW (CONT'D)

We have in-house quality assurance testing facilities located in our shipyard. Our on-going quality assurance testing activities which are carried out during the Shipbuilding process include:-

Equipments	Type of testing	Description
Air compressor	Air pressure test	Tanks, pipes and other vessels are pressurised with air to detect the presence of leaks
Hydrostatic test system	Hydrostatic pressure test	Tanks, pipes and other vessels are pressurised with water to ensure that they are able to withstand specified pressure and to detect leaks

In addition to utilising in-house equipments and facilities, we engage licensed independent third-party inspectors to carry out certain quality control testing activities. This is a common practice in the industry. Some of these independent tests include the following:-

Type of testing	Description
Thickness for coating	To measure the thickness of paints and other coating using electronic digital gage
X-ray weld inspection	To use x-ray equipment to carry out non-destructive weld inspection to detect cracks and welding defects and ensure that welding comply with specifications
Ultrasonic weld inspection	To use ultrasonic gage to carry out non-destructive weld inspection to detect cracks and welding defects and ensure that welding comply with specifications

In addition, all completed vessels are subjected to dock trial and official trial. We carry out the dock trial, where the vessel is thoroughly inspected with all installed machinery and equipment tested to ensure that they are functioning properly.

After the dock trial has been successfully completed, the official trial is carried out in the presence of the client's representative and a surveyor from the relevant Classification Society. The purpose of the official trial is to ascertain that the ship has been built in accordance with the client's specifications and the requirements of the relevant Classification Society. The seaworthiness and performance of the vessel are assessed, and all machinery and equipment are tested.

The Classification Society will issue the ship's class certificate and other relevant statutory certificates upon the successful completion of the official trial.

As at the LPD, we had six (6) quality assurance personnel focusing on quality control processes and procedures. In recognition of our quality, we have obtained ISO 9001:2000 certification on 23 August 2007 issued by Bureau Veritas Certification Malaysia.

Our stringent quality control practices enable us to provide assurance to our customers that ships built by our Group are reliable and efficient.

6. BUSINESS OVERVIEW (CONT'D)

6.11 Research and Development**6.11.1 Policy on R&D**

Our policies on R&D are focused on internal process improvement and quality assurance as a means to assist in creating and sustaining our competitiveness. We aim to realise the following benefits through improvements in processes which include:-

- i. Increasing efficiency and productivity to minimise on Shipbuilding time and cost; and
- ii. Rigorously maintaining and improving the quality of vessels to ensure customer satisfaction.

6.11.2 Facilities and Personnel

Our R&D facilities include our in-house quality testing facilities located in our shipyard. Further information of our in-house quality testing facilities is set out in Section 6.10 of this Prospectus. As at the LPD, we do not have any personnel dedicated for our R&D as it forms part of our quality assurance. However, our quality assurance personnel assume the role by focusing on process improvement and quality assurance rather than on new product development.

6.11.3 Achievements in R&D

We have completed more than 150 vessels. As at the LPD, we have successfully developed the capabilities to construct the following types of vessels:-

- i. Tugboats;
 - (a) Twin screw tug;
 - (b) Pusher tug;
 - (c) Azimuth stern drive tug;
- ii. Anchor Handling Tugs;
- iii. Anchor Handling Tug Supply Vessels;
- iv. Utility/ support vessels;
- v. Landing craft;
- vi. Barges;
- vii. Ferries; and
- viii. Workboats.

In addition, we have also successfully carried out ship conversions. Over the course of our Shipbuilding activities, we have accumulated extensive skills and experience.

6. BUSINESS OVERVIEW (CONT'D)

6.11.4 On-going and Future R&D

Contrary to the manufacturing industry, our on-going and future R&D is focused on process improvement rather than on new product development. We continuously focus on internal process improvement, particularly in enhancing the internal production process. This is critical as it has a direct impact on our production efficiency, effectiveness and productivity.

Through incremental improvements in the production processes we aim to achieve the key benefits through reduced raw material usage, reduced Shipbuilding time, improved quality of ships built, minimise machinery and equipment downtime and minimised need for re-work.

Nevertheless, we undertake R&D through the following:-

- i. Optimum production rescheduling, for example by eliminating or minimising work disruptions;
- ii. Continuous evaluation and improvement of existing processes and procedures to optimize work flow;
- iii. Selection of process flow best practices;
- iv. Ensuring that machinery and equipment are properly maintained to eliminate or minimise unscheduled downtime;
- v. Maximise workplace safety to achieve zero lost time due to workplace accidents; and
- vi. Application of innovative and new technologies and Shipbuilding techniques.

Our Shipbuilding process involves special skills and we have adopted technological capabilities in engineering design, metallurgy, corrosion control, machining, welding and fabrication. For example, our investment in a CNC oxy-plasma steel cutter will improve our efficiency and increased accuracy can be achieved.

In addition, our employees are able to improve efficiency and productivity through their continuous practical application in the Shipbuilding process. We will constantly evaluate any existing and new technologies in order to improve on efficiency, effectiveness and productivity.

6.11.5 R&D Expenditure

We did not recognise any expenditure that is specific to R&D activities for the past three (3) FYE 31 May 2008 and for the ten (10)-month FPE 31 March 2009 as our R&D activities were mainly related to process improvement.

6.12 Modes of Marketing/ Distribution/ Sales

6.12.1 Marketing Strategies

The sales and marketing team of our Group utilise the following marketing strategies:-

- i. Position our Group as a one-stop shipbuilder with the capability to construct a wide range of vessels;

6. BUSINESS OVERVIEW (CONT'D)

- ii. Continue to construct vessels of the highest quality with the aim of developing a long-term business relationship with customers; and
- iii. Continue to meet the timely delivery of vessels to customers.

Our Group has our own sales and marketing team to focus on business development with existing and potential customers. Our Group has three (3) personnel under the Sales and Marketing division responsible for new business development and servicing existing customers. Our Sales and Marketing team is headed by Datuk Lau Nai Hoh and is assisted by Lau Choo Chin who is actively engaged in carrying out our Group's sales and marketing activities.

As part of our strategy to promote our products and services as well as identify likely trends in customer preferences, our Group also participates in exhibitions. For example, in March 2007, we were an exhibitor in the Ship Expo 2007 held in Sibu, Malaysia. Our Group attends Malaysian and international maritime, oil and gas and related exhibitions to keep abreast with industry developments and to meet with prospective customers.

6.12.2 Distribution Channel Strategy

The distribution channel strategy of our Group is primarily based on direct distribution as depicted in the diagram below:-



The direct distribution channel approach is executed through our own Sales and Marketing division which is focused on marketing our products directly to customers. The direct distribution strategy has its advantages in enabling us to work closely with our customers to evaluate and attain a better understanding of their requirements, which serves as a feedback mechanism for continuous product innovation and improvement.

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6. BUSINESS OVERVIEW (CONT'D)**6.13 Approvals, Major Licences and Permits Obtained**

Details of the approvals obtained by us for the Listing from the SC together with the conditions imposed by these authorities and status of compliance are set out in Section 9.1 of this Prospectus. Other approvals, major licences and permits obtained by us for the operation of our business are as follows:-

Company	Approving Authority/ Issuer	Date of commencement/ Issue (expiry Date)	Type of Licence and Certificate	Licences and Certificate no.	Major Conditions Imposed	Status of compliance
TAS	Lembaga Kemajuan Perindustrian Malaysia (Malaysian Industrial Development Authority)	14.08.2003	Referring to the Manufacturing Licences under Industrial Co- Ordination Act 1975, for "Shipbuilding & Shiprepairing" and "leisure crafts & Offshore steel structures" at Lot no. 22 & 112, Block 1 Sibu Town District, 96000 Sibu, Sarawak	Reference no. 110/38410/015 5/0003ACI	<ul style="list-style-type: none"> The project has to be implemented within 12 months from the issuing date of the licence or within the period as approved by the licensing office TAS is encouraged to ensure that the composition of the Board of Directors to reflect the equity structure of the company MITI has to be informed of the appointment or changes of board of directors For sales in local market, the company has to endeavour to use the services which are provided by Malaysian including to appoint Malaysian distributors of which 30% of the sale in the local market have to be distributed by Bumiputera distributors 	Complied

6. BUSINESS OVERVIEW (CONT'D)

Company	Approving Authority/ Issuer	Date of commencement/ Issue (expiry Date)	Type of Licence and Certificate	Licences and Certificate no.	Major Conditions Imposed	Status of compliance
TAS	MITI	09.08.2003	Manufacturing Licence for "Shipbuilding" & "Shiprepairing" and "leisure crafts & Offshore steel structures"	Licence no. A 013617 serial & no. A 021545	<ul style="list-style-type: none"> Location: Lot No. 22 & 112, Block 1 Sibü Town District, 96000 Sibü Sarawak, subject to the approval from the state government and the Environment Board 	Complied
TAS	Department of Environment	17.04.2008	Site approval for Regularisation of an existing factory	Reference no. AS (SWK) (B):91/110/621 /2541(4)	<ul style="list-style-type: none"> The noise pollution level around the perimeter of the factory has to be controlled and should not exceed 65 dB(A)Leq during day time and 55 dB(A)Leq during night time; 	Complied
					<ul style="list-style-type: none"> Open burning on disposable items and garbage whether inside or outside of the premises is prohibited under the Quality and Environment Rules (activity already declared) (open Burning) 2330; 	Complied

Company Number : 810179-T

6. BUSINESS OVERVIEW (CONT'D)

Company	Approving Authority/ Issuer	Date of commencement/ Issue (expiry Date)	Type of Licence and Certificate	Licences and Certificate no.	Major Conditions Imposed	Status of compliance
					<ul style="list-style-type: none">The installation/ construction of incinerator, fire equipments (such as boiler and generator set) is subject to Rules 8, 36 and 38, Quality (Clean Air) 1978. Written Approval is required in advance from this Department for the installation;The construction of the effluence system is subject to Rule 4 PPKAS (KEEP) 1979. Written approval is required in advance from this Department for the construction;The administration in production and disposal of waste materials (such as used lubricant/oil) is subject to the Quality and Environmental Rules (listed waste) 2005;Reinforcement is required to be built around the oil tanks or chemical materials to avoid any spillage. The intensity of the reinforcement has to be 110 percent of the contents of the tank reserve;	Not applicable

Company Number : 810179-T

6. BUSINESS OVERVIEW (CONT'D)

Company	Approving Authority/ Issuer	Date of commencement/ Issue (expiry Date)	Type of Licence and Certificate	Licences and Certificate no.	Major Conditions Imposed	Status of compliance
					<ul style="list-style-type: none"> The usage of refrigerant material which is hazardous to the environment in any new installation of any air-conditioner or cooling system as stated under Quality and Environmental Rules (refrigerant management) Amendment (2004) is prohibited; 	Complied
					<ul style="list-style-type: none"> Reference has to be made to this Department for any extension or upgrading of the capacity of the factory or change of process; 	Not applicable
					<ul style="list-style-type: none"> The validity period for suitable operation at the proposed location are two (2) years from the date of issue of this approval letter; 	Complied
					<ul style="list-style-type: none"> The factory is to inform this Department of the date it will commence operation for the purpose of making arrangement to visit; and 	Not applicable

Company Number : 810179-T

6. BUSINESS OVERVIEW (CONT'D)



Company	Approving Authority/ Issuer	Date of commencement/ issue (expiry Date)	Type of Licence and Certificate	Licences and Certificate no.	Major Conditions Imposed	Status of compliance
TAS	Ministry of Finance	09.02.2004	Bonafide Ship and Boat Builder and Repairer	Reference no. (8.20)116/5/1- 16856	<ul style="list-style-type: none">The consent for suitable location and proposed operation of the premises is subject to final approval of "Jawatan Penyelarasan Perindustrian (ICC) dan Authority Perancang Negeri Sarawak".	Not applicable

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6. BUSINESS OVERVIEW (CONT'D)

6.14 Brand Names, Patents, Trade Marks, Technical Assistance Agreements, Franchises and Other Intellectual Property Rights

Save as disclosed below, as at the LPD, we do not have any brand names, patents, trade marks, technical assistance agreements, franchises and other intellectual property rights for our business operations:-

Company	Trade mark	Class	Trademark Registration Number
TAS Offshore		12	08014078
		37	08014077
		39	08014076
TAS		12	08018752
		37	08018753

We have submitted the respective application to register the above trade mark in Malaysia to the Registrar of Trade Marks, Intellectual Property Corporation of Malaysia (Perbadanan Harta Intelek Malaysia).

6.15 Dependency on Patents, Licences, Industrial, Commercial or Financial Contracts or Arrangements

Save for the licenses as disclosed in Section 6.13 of this Prospectus, we are not highly dependent on any other patents, licenses, industrial, commercial or financial contracts or arrangements that could materially affect our business or profitability.

6.16 Interruptions in Business for the Past 12 Months

We have not experienced any business interruption in the form of trade disputes or major operational breakdown occurring within and outside our Group that may have a significant effect on our operation during the 12 months preceding the date of this Prospectus.

6.17 Major Customers

Our major customers (i.e. those individually contributing 10% or more of our revenue for each of the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009) are as follows:-

FYE 31 May 2006

Customers	Country of Origin	Turnover RM'000	Percentage of Turnover %
Entebe Shipping Pte Ltd	Singapore	19,115	27.8
Zakher Marine International Inc.	UAE	12,528	18.2

6. BUSINESS OVERVIEW (CONT'D)**FYE 31 May 2007**

Customers	Country of Origin	Turnover RM'000	Percentage of Turnover %
Finacia Shipping Pte Ltd	Singapore	32,030	43.1
Zakher Marine International Inc.	UAE	10,003	13.5
Cathay Shipping & Freight Services Pte Ltd	Singapore	9,613	13.0

FYE 31 May 2008

Customers	Country of Origin	Turnover RM'000	Percentage of Turnover %
Zakher Marine International Inc.	UAE	35,762	29.5
Awal Marine Services Est. W.L.L.	Bahrain	18,899	15.6

FPE 31 March 2009

Customers	Country of Origin	Turnover RM'000	Percentage of Turnover %
Awal Marine Services Est. W.L.L.	Bahrain	20,410	18.5
Zakher Marine International Inc.	UAE	19,303	17.5

During the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009, our business is somewhat dependent on our top two (2) customers, namely Zakher Marine International Inc. and Awal Marine Services Est. W.L.L..

Zakher Marine International Inc. has been dealing with us for the past six (6) years, which indicates that there is a stable business relationship with the customer. As at the LPD, we have seven (7) vessels under constructions for Zakher Marine International Inc., indicating business continuity and long-term customer relationship.

6.18 Major Suppliers

Our major suppliers (i.e. those individually contributing 10% or more of our raw materials cost for each of the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009) are as follows:-

FYE 31 May 2006

Suppliers	Country of Origin	Purchases RM'000	Percentage of Purchases %
Tractors Malaysia Sdn Bhd	Malaysia	9,259	16.1
HG Metal Manufacturing Ltd	Singapore	6,589	11.5

6. BUSINESS OVERVIEW (CONT'D)**FYE 31 May 2007**

Suppliers	Country of Origin	Purchases RM'000	Percentage of Purchases %
HG Metal Manufacturing Ltd	Singapore	9,981	19.9
UMW Industrial Power Sdn Bhd	Malaysia	5,028	10.0

FYE 31 May 2008

Suppliers	Country of Origin	Purchases RM'000	Percentage of Purchases %
Union Resources & Engineering Co. Ltd (formerly known as Yunnan Machinery Imp. & Exp. Co. Ltd) and Nanjing East Star Shipbuilding Co. Ltd*	PRC	21,261	21.0
HG Metal Manufacturing Ltd	Singapore	17,051	16.8

Note:-

- * Both companies are collectively joint ship builders

FPE 31 March 2009

Suppliers	Country of Origin	Purchases RM'000	Percentage of Purchases %
HG Metal Manufacturing Ltd	Singapore	12,127	13.2
Union Resources & Engineering Co. Ltd and Nanjing East Star Shipbuilding Co. Ltd*	PRC	10,583	11.5

Note:-

- * Both companies are collectively joint ship builders

During the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009, our business is somewhat dependent on our top two (2) suppliers, namely Union Resources & Engineering Co. Ltd (formerly known as Yunnan Machinery Imp. & Exp. Co. Ltd) and Nanjing East Star Shipbuilding Co. Ltd and HG Metal Manufacturing Ltd.

Union Resources & Engineering Co. Ltd and Nanjing East Star Shipbuilding Co. Ltd first became our supplier during the FYE 31 May 2008. We source sub-contracted works from two (2) other suppliers from among our top 20 suppliers during the FYE 31 May 2008, indicating that we have other sources of sub-contracted works. During the ten (10)-month FPE 31 March 2009, we had a total of 29 suppliers of sub-contracted works.

HG Metal Manufacturing Ltd has been our supplier for ten (10) years, indicating a long-term and stable business relationship. This will provide the basis for a continuing business relationship. We purchased steel plates, steel bars, pipes and other types of steel products from five (5) other suppliers from among our top 20 suppliers during the FYE 31 May 2008, indicating that we have other sources of supply for these products. During the ten (10)-month FPE 31 March 2009, we had a total of 13 other suppliers of steel plates, pipes and other steel products.

7. INDUSTRY OVERVIEW AND OUTLOOK

7.1 Overview and Outlook of the Global Economy

The global economy deteriorated further in the first quarter of 2009, while conditions in the international financial system began to stabilise towards the latter part of the quarter. Major advanced economies are still facing a deepening economic contraction following compression in private sector demand. Regional economies experienced a sharp economic slowdown in the first quarter of 2009 following further deterioration in both exports and production. Amidst worsening economic growth and diminishing inflationary pressures, authorities in the advanced economies continued to adopt aggressive monetary and financial measures to stabilise the financial system.

In the US, real GDP contracted at an annualised rate of 6.1% in the first quarter, its third consecutive quarter of decline, marking the longest contraction since 1975. While there was a quarter-on-quarter increase in consumer spending, the decline in overall GDP was due to larger declines in private fixed investment and government spending as well as significant inventory drawdown. Private fixed investment activities registered a larger contraction of 37.9%, reflecting a broad-based decline in residential and non-residential sectors. Private inventory drawdown accounted for nearly half of the GDP decline in the first quarter, as businesses continued to reduce inventories amidst weak demand prospects. Meanwhile, headline inflation declined by 0.2% in the quarter due mainly to lower energy prices and transportation cost.

The euro area experienced a decline in real GDP of 4.6% in the first quarter, recording the largest contraction since its formation in 1999. Germany, the largest member country contracted by 6.9%, its steepest decline in 30 years driven by deterioration in net exports and investment. Domestic demand in several economies such as Ireland and Spain were affected by the ongoing correction in the housing market. The financial turmoil has also resulted in tighter credit conditions for households and businesses in the euro area, with the economic sentiment indicator reaching a record low of 64.6 points in March 2009.

In the Asian region, the more open economies including Singapore, Chinese Taipei, Korea and Hong Kong SAR experienced deeper recessions following the broad weakness in external demand while growth of other regional economies decelerated sharply during the first quarter of 2009. Growth in some economies was further affected by inventory drawdown as companies continued to cut production by a larger magnitude relative to exports. Following a weaker export performance, growth in PRC moderated to 6.1% in the first quarter of 2009. However, economic indicators in PRC arising from the implementation of the fiscal stimulus. In response to the worsening global economic prospects amidst subsiding inflationary pressures, central banks across Asia have reduced interest rates by between 75 and 175 basis points.

Going forward, while some segments of the financial markets have showed improvement, global growth prospects are expected to remain weak despite some tentative signs of stabilisation in a number of economic indicators in several economies. Nonetheless, the implementation of large stimulus measures as well as ongoing measures to restore the health of the financial sector have increased the prospects for global economic conditions to stabilise in the second half of the year.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2009)

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

7.2 Overview and Outlook of the Malaysian Economy

The Malaysian economy contracted by 6.2% in the first quarter of 2009, the first contraction since the third quarter of 2001, due mainly to a significant deterioration in external demand and the decline in domestic demand. External demand deteriorated significantly following the deepening recession in several advanced economies as well as slower growth in the regional economies. Domestic demand contracted, due mainly to weaker investment and private consumption activities. Higher public spending provided some support to the domestic economy. The large inventory drawdown, particularly in the manufacturing and commodity sectors, also contributed to the decline of growth in the first quarter. On the supply side, all sectors of the economy, except the construction sector, recorded contractions.

On a sectoral basis, weaknesses were seen across all economic sectors, with the exception of the construction sector. The manufacturing sector recorded a sharp decline amidst significant deterioration in external demand as well as weaker domestic conditions. The services sector registered only a marginal decline, due to weaker growth in sub-sectors closely linked to the manufacturing sector and trade-related activities. The performance of the agriculture sector was affected by weaker production of palm oil and rubber, while growth in the mining sector continued to be sluggish on lower output of both crude oil and natural gas. Meanwhile, the construction sector turned around to register a small positive growth, supported by the activities in the commercial and residential sub-sectors.

Despite tentative signs of economic stabilisation in several economies in recent months, the major advanced economies as well as regional economies are still experiencing a sharp economic contraction. Meanwhile, the conditions in the international financial system have yet to normalise. These developments will continue to pose risks to the outlook for global economic conditions and outlook. Nevertheless, the implementation of large stimulus measures by several economies has increased the prospects for global economic conditions to improve, particularly in the second half of 2009. Progress made in the financial sector resolution in several advanced economies has also provided support for the progression towards stabilisation of economic and financial conditions.

The Malaysian economy has been adversely impacted by these negative global developments that have resulted in the sharp decline in exports and its consequent effect on the economy in the first quarter of 2009. These effects have continued into the second quarter. The domestic economy is expected to improve in the second half of the year, supported by stabilisation in global economic conditions, and reinforced by the accelerated implementation of the fiscal measures, the further moderation in inflation, continued access to financing, as well as from the cumulative effects of the accommodative monetary environment. As exports are expected to continue to decline, growth will be supported by domestic demand, particularly by the implementation of fiscal stimulus. The implementation of fiscal stimulus measures is expected to strengthen the domestic sources of growth as well as boost confidence of the private sector. Continued access to financing, particularly following the introduction of several loan guarantee facilities and the establishment of the Financial Guarantee Institution and lower inflation will also lend support to the economy during this challenging period.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2009)

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

7.3 Overview of the Shipbuilding Industry

The Shipbuilding Industry plays a key role in supporting the growth and development of the Malaysian economy. The Shipbuilding Industry currently constructs a wide range of vessels that are used to perform a number of important tasks, including providing supporting services to the offshore Oil and Gas Industry and transportation and logistics services to support other industries. In addition, the Shipbuilding Industry also provides opportunities for other dependent industries such as the telecommunications, insurance, banking and finance, storage, bulk breaking, and port services industries.

The Shipbuilding Industry has developed specialised skills and technological capabilities in engineering design, metallurgy, corrosion control, machining, welding and fabrication.

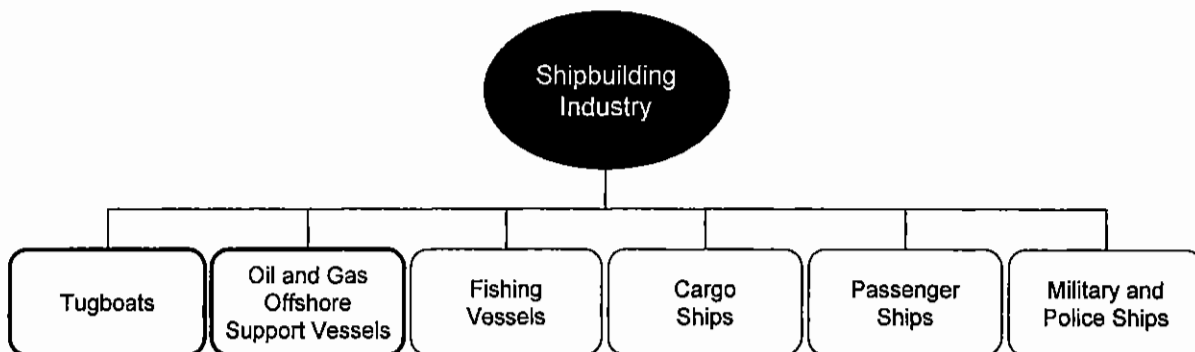
In 2008, there were approximately 70 companies operating in the Shipbuilding Industry in Malaysia. However most of these companies were small operations, building mostly smaller wooden and aluminium hulled boats and watercraft.

The demand for ships in Malaysia is generally based on the following factors:-

- i. Replacement of old ships;
- ii. Demand for new ships on a jobbing basis;
- iii. Demand for ships to support the Oil and Gas Industry; and
- iv. To meet the requirements of the military and police.

There is also considerable demand from overseas customers for ships built by Malaysian shipbuilders.

In general, the Shipbuilding Industry in Malaysia can be broadly categorised by the types of ships built as follows:-



Types of vessels built by us

A tugboat is primarily designed to manoeuvre or tow other vessels. Tugboats are currently used to perform many functions, including:-

- i. Towing, pushing or manoeuvring barges;
- ii. Towing, pushing or manoeuvring disabled vessels;
- iii. Towing, pushing or manoeuvring other vessels in harbours, through the open sea or in rivers and canals; and

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

- iv. Towing, pushing or manoeuvring offshore structures, including Oil and Gas Industry structures such as drilling rigs and offshore platforms.

We are currently engaged in constructing Tugboats.

Oil and gas Offshore Support Vessels comprise a wide range of vessels that are designed to provide various supporting services to the Oil and Gas Industry. Some examples of Oil and Gas Industry support vessels include Anchor Handling Tugs, Anchor Handling Tug Supply Vessels, utility/ support vessels, offshore construction vessels, crew boats and accommodation boats.

We are currently engaged in constructing Anchor Handling Tugs and Anchor Handling Tug Supply Vessels for the Oil and Gas Industry.

Fishing vessels refer to ships and boats that are primarily designed to carry out commercial fishing activities. Some examples of fishing vessels include trawlers, long liners, and purse seiners. Larger fishing vessels that are designed to operate at sea for extended periods of time are often equipped with on-board facilities to preserve and process their catch.

Cargo ships are primarily designed to transport cargo, goods and materials from one port to another. Some examples of cargo ships include dry bulk carriers, container vessels, crude oil and petroleum tankers, and Liquefied Natural Gas/ Liquefied Petroleum Gas tankers.

Passenger ships are primarily designed to transport passengers. Some examples of passenger ships include commercial vessels such as ferries and cruise ships, and private vessels such as yachts.

Military and police ships are primarily designed for military and security purposes. Some examples of military and police ships include patrol vessels, surface combatants, and submarines.

(Source: Assessment of the Shipbuilding Industry prepared by Vital Factor Consulting Sdn Bhd)

7.4 Future Outlook

7.4.1 Outlook of the Shipbuilding Industry

In view of the current global financial crisis that has impacted on the local economy, coupled with the recent fall in crude oil prices, the outlook of the Shipbuilding Industry focusing on the Oil and Gas Industry in Malaysia may be challenging for the short to medium term.

Worsening global economic conditions resulted in slower growth of the Malaysian economy during the fourth quarter of 2008. Real GDP growth slowed to 0.1% during the fourth quarter of 2008 as compared to real GDP growth of 4.7% during the third quarter of 2008. The Malaysian economy recorded a real GDP growth of 4.6% for the year 2008 as a whole, compared to real GDP growth of 6.3% in 2007. During the first quarter of 2009, GDP growth in Malaysia shrank by 6.2%. According to BNM, the Malaysian economy will start to see improvement in the second half of 2009, especially in the fourth quarter.

The global price of crude oil peaked at approximately USD150 per barrel in July 2008. The global price of crude oil was approximately USD70 per barrel as at early June 2009.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

The short-term effect of a decline in crude oil prices and the global financial crisis is expected to be less severe than the expected long-term effect. There is expected to be some negative effect on the short-term outlook for the Shipbuilding Industry in Malaysia, however shipbuilders are expected to continue working on existing contracts. A prolonged decline in the global price of crude oil is expected to have a somewhat more negative effect on the long-term outlook for the Shipbuilding Industry in Malaysia as oil and gas industry operators adjust to the lower prices by reducing their long-term capital investment plans and exploration activities. The long-term outlook of the Shipbuilding Industry in Malaysia is also expected to be negatively affected if the global financial crisis is prolonged.

The outlook for Shipbuilding Industry is expected to improve with the recovery of the Malaysian economy and global economy. Increasing international trade and economic activity in general are expected to increase ship charter rates fuel demand for new ships, including ships to replace older ships that were not replaced during the economic slowdown.

A recovery in the global price of crude oil is also expected to improve the outlook of the Shipbuilding Industry, as new Offshore Support Vessels are ordered to carry out offshore Oil and Gas Industry activity.

The relationship of the above factors and the outlook of the Shipbuilding Industry are further illustrated in Section 7.7 of this Prospectus.

(Source: Assessment of the Shipbuilding Industry prepared by Vital Factor Consulting Sdn Bhd)

7.4.2 Drivers of Growth for the Shipbuilding Industry

i. Economic growth and demand from end-user industries

Economic growth as well as demand from end-user industries should create demand for the Shipbuilding Industry. Some examples of end-user industries include the Oil and Gas, where various types of ships are used to provide supporting services for offshore platforms and in maritime transportation and logistics services for the transportation of cargo and passengers. The demand from end-user industries will, in turn, create demand for the Shipbuilding Industry as new vessels of ships are ordered, including Anchor Handling Tugs, platform supply vessels, offshore construction vessels, accommodation vessels, Tugboats, container ships, tankers, dry bulk carriers and passenger ships.

ii. Growth of the Oil and Gas Industry

The growth of the Oil and Gas Industry, particularly offshore exploration and production activities, will drive demand for the Shipbuilding Industry. On-going offshore exploration and production activities will create demand for supporting ships such as Anchor Handling Tugs, Supply Vessels, crew boats and other types of ships.

iii. Growth in international trade

Growth in international trade will also drive demand for the Shipbuilding Industry as new ships are required to meet the increasing demand for sea cargo and passenger transportation.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

iv. Export market demand

Export market demand will also help to drive the demand for the Shipbuilding Industry. The recent increase in the exports of Tugboats and pusher craft indicates that Tugboats constructed in Malaysia are gaining international acceptance and popularity.

v. Continuing government support

The Malaysian government is continuing to provide support to nurture the growth and development of the Shipbuilding Industry. The Shipbuilding Industry is a promoted activity and operators that are granted pioneer status will enjoy either a five (5) year partial or full tax exemption on their statutory income depending on location of their operations. Operators who invest in promoted areas such as Sabah, Sarawak and the designated Eastern Corridor will enjoy 100% tax exemption on their statutory income during the five (5) year period.

(Source: Assessment of the Shipbuilding Industry by Vital Factor Consulting Sdn Bhd)

7.5 Industry Players and Competition

7.5.1 Factors of Competition

Operators in the Shipbuilding Industry in Malaysia face normal competitive conditions. As with most free enterprise environments, competition amongst shipbuilders is based on a number of factors, including the following:-

i. Capability to construct ships in accordance with the technical requirements of the relevant classification societies

The ships constructed by us are built in accordance with stringent international maritime standards. We currently build ships under the governance of the internationally established Bureau Veritas, Nippon Kaiji Kyokai and Germanischer Lloyd classification societies.

The capability to construct ships in accordance with the technical requirements of the relevant classification societies is an important competitive factor, as shipbuilders that lack this capability will not be able to secure orders and contracts for ships.

ii. Financial strength to compete and grow the business

For the FYE 31 May 2008, our PBT amounted to RM17.9 million. Our PBT was RM20.5 million for the ten (10)-month FPE 31 March 2009. Our high profitability will enable us to compete against other shipbuilders, as it provides us with the financial strength to secure supplies of key raw materials, parts and components to ensure that there is no disruption to our operations stemming from a shortage of these materials. Our financial strength will also support our on-going operations and future expansion plans.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

iii. Established track record

We have been engaged in Shipbuilding since the early 1990's. We have successfully completed over 150 ships of various types for our overseas and local customers. This long and established track record provides us with a competitive advantage over new entrants and companies who have only been in operations for a short period of time.

iv. Quality management system certification

In addition to our ability to construct ships in accordance with technical requirements of the relevant classification societies, the quality of the ship is also important to ensure customer loyalty as well as to serve as product references to attract new customers. As such, operators with demonstrable quality management system in place would have an advantage. As part of our emphasis on quality, we received ISO 9001:2000 certification on 23 August 2007 issued by Bureau Veritas Certification Malaysia.

(Source: Assessment of the Shipbuilding Industry by Vital Factor Consulting Sdn Bhd)

7.5.2 Competitive Intensity and Factors that Moderate the Competitive Intensity

The overall competition among shipbuilders is moderate to high and is substantiated by the following:-

- i. There were approximately 70 companies operating in the Shipbuilding Industry in Malaysia in 2008. Most of these companies are small operations, building mostly smaller wooden and aluminium hulled boats and watercraft.

The moderate number of steel vessel builders would mitigate somewhat the competitive pressure on existing shipbuilders.

- ii. Capital and set-up cost to establish an entry-level Shipbuilding Yard is approximately RM22.8 million. This includes investment into building the infrastructure for the Shipbuilding Yard, to purchase equipment and for working capital.

The relatively high capital and set-up cost required will limit the number of new entrants, and thus reduce somewhat the competitive pressure from too many new entrants into the Shipbuilding Industry.

- iii. Experience, track record, technical skills and relevant accreditations are pre-requisites for any new entrant to commence business in the industry. In addition, these pre-requisites would favour more experienced shipbuilder.

As such, these pre-requisites would moderate somewhat the competitive intensity among more experienced and established shipbuilders who have longer track records.

(Source: Assessment of the Shipbuilding Industry by Vital Factor Consulting Sdn Bhd)

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

7.5.3 Operators in the Industry

- i. There were approximately 70 companies involved in the Shipbuilding Industry in Malaysia in 2008.

(Source: Assessment of the Shipbuilding Industry by Vital Factor Consulting Sdn Bhd)

7.6 Relevant Laws and Regulations Governing the Industry and Peculiarities of the Industry

7.6.1 Government Laws and Regulations

- i. Manufacturing License

Apart from the normal manufacturing licence, there are no material government laws, regulations and policies that may impede on operators' performance and growth within a free enterprise environment.

Application of a manufacturing licence under the Industrial Coordination Act, 1975 is required for companies with shareholders' funds of RM2.5 million or above or engaging 75 or more full-time employees.

We have obtained a manufacturing licence on 9 August 2003 from MITI with respect to "Shipbuilding & Ship Repairing" and "Leisure Crafts & Offshore Steel Structures".

- ii. Registration as Bonafide Shipbuilder & Repairer

We were registered as a "Bonafide Shipbuilder & Repairer" by the Ministry of Finance on 9 February 2004. The registration is effective from 20 January 2004.

As a registered "Bonafide Shipbuilder & Repairer", we have the rights to obtain import duty and sales tax exemption on raw materials/ components.

7.6.2 Government Incentives

In general, the Malaysian government provides incentives for companies listed as promoted activities or products under the Promotion of Investments Act 1986 including:-

- i. Pioneer Status, which provides for a five (5) years partial exemption from the payment of income tax;
- ii. Investment Tax Allowance on qualifying capital expenditure incurred on factory, plant, machinery or other equipments within five (5) years from the date on which the first qualifying capital expenditure was incurred;
- iii. Reinvestment Allowance for a manufacturing company that has been in operation for at least 12 months (this condition has been revised to at least 36 months, effective from year of assessment 2009) and incurs qualifying capital expenditure to expand, modernise or automate its existing business or diversify its existing business into any related products within the same industry; and

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

- iv. Tax Exemption on the Value of Increased Exports to a locally-owned manufacturing company with Malaysian equity of at least 60% is eligible for a tax exemption on the statutory income equivalent to 30% of the value of increased exports, provided the company achieves a significant increase in exports.

7.6.3 Environmental Regulation

During the normal course of our ship construction and ship repair activities, we mainly generate bulk waste in the form of steel scrap from the cutting of steel plates, steel bars and other steel products. Steel scrap is normally recycled by our Group.

As such, we do not generate any significant waste that is likely to have a negative impact on the environment during the normal course of our business operations.

7.7 Demand and Supply Conditions

7.7.1 Demand - Exports

As 89.1% of our revenue for the FYE 31 May 2008 and 98.8% of our revenue for the ten (10)-month FPE 31 March 2009 were derived from overseas sales, demand for our ships are primarily driven by exports, as set out below:-

- i. Export of Ships, Boats and Floating Structures

Between 2004 and 2008, the export value of ships, boats and floating structures declined at an average annual rate of 8.6%. In 2008, the export value of ships, boats and floating structures increased by 12.9% to reach RM1.1 billion.

- ii. Export of Tugs and Pusher Craft

Tugboats currently exported by us are primarily of tugs and pusher craft of more than 26 Gross Tonnages, but not more than 4,000 Gross Tonnages.

Between 2004 and 2008, the export value of tugs and pusher craft increased at an average annual rate of 11.2%. In 2008, the export value of tugs and pusher craft declined by 83.5% to RM28.8 million. In 2008, the UAE and Indonesia were the major export destinations for tugs and pusher craft, representing 67.9% and 17.9% of total exports under this category respectively. The other export markets for tugs and pusher craft in 2008 were Ireland and Saudi Arabia.

7.7.2 Demand Dependencies

A major proportion of the ships currently constructed by us are intended for use in the Oil and Gas Industry. During the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009, 53.3% and 48.6% of our total revenue respectively were from the construction of Anchor Handling Tugs and Anchor Handling Tug Supply Vessels, which are primarily used to provide supporting services to the offshore Oil and Gas Industry.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

The Anchor Handling Tugs and Anchor Handling Tug Supply Vessels constructed by us are primarily sold to customers in the UAE and the Middle East. The ships exported by us to the UAE are used to provide services to customers in the UAE and the wider Middle Eastern region.

As most of the imports and exports of goods in Malaysia are transported by sea, the level of Malaysia's international trade will provide an indication of the demand for ships in general, and Tugboats in particular, in Malaysia.

Similarly, the following section will provide an analysis of the total number of ships and Tugboats that are registered in Malaysia as an indication of the level of demand in Malaysia.

As Tugboats are used to tow and assist ships to navigate and dock, demand for Tugboats is, to a certain extent, dependent on the level of port activities. The following section will also provide an indication of the level of port activities at ports in Malaysia by analysing the number of ships calling at Malaysian ports. As Singapore and Indonesia are major export markets for Tugboats exported by us, demand for Tugboats will also be dependent upon the level of port activity in these two countries.

The following analysis will provide an indication of the above:-

i. Oil and Gas Industry in Malaysia

The level of Investment made by Petroliam Nasional Berhad and Petroleum Sharing Contract Operators in the exploration and production of oil and gas in Malaysia increased at an average annual rate of 18.5% between the financial years ended 31 March 2004 and 2008. For the FYE 31 March 2008, investment in exploration and production increased by 12.0% to reach RM21.5 billion.

For the FYE 31 March 2008, the average daily production of crude oil and condensates increased by 4.6% to 692,000 Barrels of Oil Equivalent ("BOE"). The average daily production of crude oil and condensates declined at an average annual rate of 2.0% between the financial years ended 31 March 2004 and 2008.

For the FYE 31 March 2008, the average daily production of natural gas in Malaysia increased by 3.3% to reach 982,000 BOE per day. Between the financial years ended 31 March 2004 to 2008, the average daily production of natural gas in Malaysia declined at an average annual rate of 0.5%.

Malaysia's exploration and production sector remained vibrant despite the increasingly challenging and costlier environment characterised by maturing hydrocarbon acreages and tightness in the supply of materials, equipment and experienced human capital.

ii. Oil and Gas Industry in the Middle East

Between 2003 and 2007, the production of crude oil in the Middle East increased at an average annual rate of 2.5%. In 2007, crude oil production in the Middle East declined by an estimated 1.7% to 22.5 million barrels per day.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

Between 2003 and 2007, the marketable production of natural gas in the Middle East increased at an average annual rate of 7.7%. In 2007, the marketable production of natural gas in the Middle East increased by an estimated 4.5% to reach 352.8 billion Standard Cubic Metres.

Between 2003 and 2007, the number of active rigs in the Middle East increased at an average annual rate of 10.8%. In 2007, the number of active rigs in the Middle East increased by an estimated 7.1% to a total of 258 rigs.

iii. Oil and Gas Industry in the UAE

Between 2003 and 2007, the production of crude oil in the UAE increased at an average annual rate of 3.0%. In 2007, crude oil production in the UAE declined by an estimated 1.5% to 2.5 million barrels per day.

Between 2003 and 2007, the marketable production of natural gas in the UAE increased at an average annual rate of 2.9%. In 2007, the marketable production of natural gas in the UAE increased by an estimated 3.1% to reach 50.3 billion Standard Cubic Metres.

Between 2003 and 2007, the number of active rigs in the UAE declined at an average annual rate of 3.3%. In 2007, the number of active rigs in the UAE declined by an estimated 6.7% to a total of 14 rigs.

iv. Total Exports and Imports of Goods from and to Malaysia

Between 2005 and 2008, Malaysia's trade account for the export of goods grew at an average annual rate of 7.2%. In 2008, it was estimated that it grew by 9.6% to reach RM664.2 billion.

Between 2005 and 2008, Malaysia's trade account for the import of goods grew at an average annual rate of 6.4%. In 2008, it was estimated that it grew by 3.3% to reach RM494.1 billion.

v. Total Number of Ships and Tugboats Registered in Malaysia

The total number of ships registered in Malaysia increased at an average annual rate of 4.2% between 2004 and 2008. In 2008, the total number of ships registered in Malaysia increased by 3.8% to 4,452 ships.

Between 2004 and 2008, the total number of Tugboats registered in Malaysia increased at an average annual rate of 5.1%. In 2008, the total number of Tugboats registered in Malaysia increased by 4.3% to 926 Tugboats.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

- vi. Total Number of Ships Calling at Ports in Malaysia, Singapore and Indonesia

Between 2004 and 2008, ships calling at Malaysian ports measured in terms of Gross Tonnage increased at an average annual rate of 4.0%. In 2008, ships calling at Malaysian ports measured in terms of Gross Tonnage declined by 4.1% to 533.3 million.

Between 2004 and 2008, vessel arrivals at Singapore ports measured in terms of Gross Tonnage increased at an average annual rate of 11.7%. In 2008, vessel arrivals at Singapore ports measured in terms of Gross Tonnage increased by 11.1% to reach 1.6 billion.

Between 2001 and 2005, the number of ship calls at sea ports in Indonesia increased at an average annual rate of 2.7%. In 2005, the number of ship calls at sea ports in Indonesia increased by 42.3% to 755,781.

7.7.3 Supply

We are primarily engaged in Shipbuilding and also engaged in providing ship repairing services as a secondary business activity. The supply conditions are set out below:-

- i. Building and Repairing of Ships

Between 2002 and 2006, the value of gross output for the building and repairing of ships increased at an average annual rate of 5.5%. In 2006, the value of gross output for the building and repairing of ships increased by 20.8% to RM3.4 billion (based on 165 establishments).

- ii. Manufacture of Tugs and Pusher Craft

Between 2002 and 2005, the sales value of the manufacture of tugs and pusher craft increased at an average annual rate of 46.8%. In 2005 (the most recent year for which data is available), the sales value for the manufacture of tugs and pusher craft increased by 141.2% to reach RM247.7 million (based on 20 establishments).

- iii. Manufacture of Multi-purpose Vessels

Between 2002 and 2005, the sales value of the manufacture of multi-purpose vessels increased at an average annual rate of 53.5%. In 2005 (the most recent year for which data is available), the sales value for the manufacture of multi-purpose vessels declined by 7.8% to RM141.8 million (based on 6 establishments).

- iv. Manufacture of Fishing Vessels, Factory Ships and Other Vessels

Between 2002 and 2005, the sales value of the manufacture of fishing vessels, factory ships and other vessels increased at an average annual rate of 39.2%. In 2005 (the most recent year for which data is available), the sales value for the manufacture of fishing vessels, factory ships and other vessels totalled RM15.5 million (based on 17 establishments).

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

v. Imports of Ships, Boats and Floating Structures

Between 2004 and 2008, the import value of ships, boats and floating structures declined at an average annual rate of 5.0%. In 2008, the import value of ships, boats and floating structures decreased by 57.6% to reach RM2.4 billion.

vi. Imports of Tugs and Pusher Craft

Between 2004 and 2008, the import value of tugs and pusher craft increased at an average annual rate of 136.4%. In 2008, the import value of tugs and pusher craft increased by 8.0% to RM15.4 million.

In 2008, India was the largest source of imports for tugs and pusher craft, accounting for 98.1% of imports by value. The remaining 1.9% of imports of tugs and pusher craft by value was made up of imports from the US.

7.7.4 Supply Dependencies

The main raw materials used in the Shipbuilding Industry include steel plates and bars and marine engines. The following provides the supply dependencies of the industry:-

i. Manufacture of Basic Iron and Steel Products

Between 2005 and 2008, the sales value of the manufacture of basic iron and steel products grew at an average annual rate of 15.4%. In 2008, the sales value of manufacture of basic iron and steel products increased by 22.9% to reach RM28.4 billion.

ii. Imports of Iron and Steel

Between 2004 and 2008, the import value of iron and steel grew at an average annual rate of 15.3%. In 2008, the import value of iron and steel increased by 17.4% to reach RM24.2 billion.

iii. Imports of Flat-rolled Products of Iron or Non-alloy Steel, Not Clad, Plated or Coated

Between 2004 and 2008, the import value of flat-rolled products of iron or non-alloy steel, not clad, plated or coated increased at an average annual rate of 17.0%. In 2008, the import value of flat-rolled products of iron or non-alloy steel, not clad, plated or coated increased by 41.9% to reach RM5.9 billion.

iv. Imports of Iron and Steel Bars, Rods, Angles, Shapes and Sections

Between 2004 and 2008, the import value of iron and steel bars, rods, angles, shapes and sections increased at an average annual rate of 19.4%. In 2008, the import value of iron and steel bars, rods, angles, shapes and sections increased by 24.6% to reach RM3.3 billion.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

v. Import Value of Marine Propulsion Engines

Between 2003 and 2007, the import value of marine propulsion engines increased by an average annual rate of 17.3%. In 2007, the import value of marine propulsion engines increased by 55.1% to reach RM386.0 million.

In 2007, the United States was the largest source of imports for marine propulsion engines, accounting for 37.3% of imports by value. Japan and the United Kingdom were the second and third largest sources of imports in 2007, accounting for 26.9% and 16.3% of imports by value respectively. Other sources of imports of marine propulsion engines include Germany, PRC, Norway, Hong Kong and Sweden.

(Source: Assessment of the Shipbuilding Industry by Vital Factor Consulting Sdn Bhd)

7.8 Substitute Products/ Services

In general, there are currently no practicable substitutes for marine vessels. Within the different types of vessels, there are also no practical substitutes as each type of vessel is designed to perform a specific function. For offshore Anchor Handling Vessels, there are no practicable substitutes as these types of vessels are required to provide anchor handling support for offshore Oil and Gas Industry platforms. Similarly, there are no practicable substitutes for Tugboats, as there are currently no other types of vessel in service that combine all of the characteristics of Tugboats, which are high manoeuvrability which enables Tugboats to navigate confined waterways such as ports and rivers, high power to weight ratio, relatively small in size and good sea-going characteristics.

(Source: Assessment of the Shipbuilding Industry by Vital Factor Consulting Sdn Bhd)

As such, we face no threat from substitutes for our principal business activities.

7.9 Vulnerability to and Reliance on Imports

The Shipbuilding Industry in Malaysia is reliant on imports for the supply of certain grades of steel used in Shipbuilding that are not produced in Malaysia. However, the Shipbuilding Industry is not vulnerable to imports of steel, as steel is a widely produced and traded commodity.

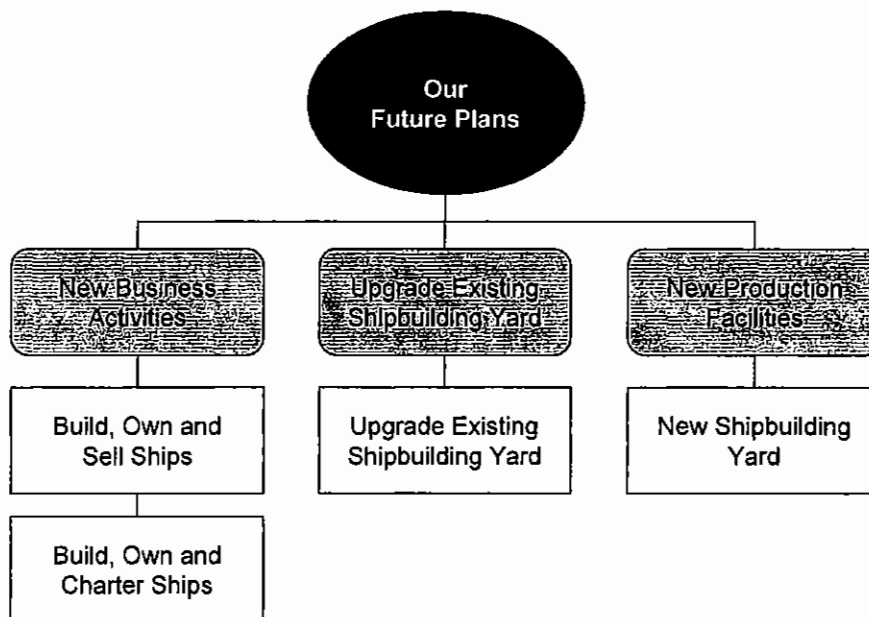
Nevertheless, the Shipbuilding Industry in Malaysia is reliant on imports for the supply of marine engines, as there are currently no producers of marine engines operating in Malaysia. As marine engines are available from a range of manufacturers located in a number of countries worldwide, any disruption to operations is therefore minimised.

(Source: Assessment of the Shipbuilding Industry by Vital Factor Consulting Sdn Bhd)

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

7.10 Future Plans and Strategies

In ensuring our continued growth, our future plans are focused in three areas as depicted in the diagram below:-



7.10.1 New Business Activities

7.10.1.1 Build, Own and Sell Ships

All of the ships currently constructed by us are constructed under contract from customers. We plan to build ships based on commonly used specifications for subsequent sale as we believe that it can earn a higher margin on our Shipbuilding activities using this business model.

We have commenced our build, own and sell operations in 2009. As at the LPD, there are six (6) vessels that are under this build, own and sell activity.

7.10.1.2 Build, Own and Charter Ships

As part of our future plans, we plan to build, own and charter offshore supply vessels, primarily to support the offshore Oil and Gas Industry. By building our own offshore supply vessels, we are able to minimise our initial capital investment as it internalise the value added created during the Shipbuilding process. We also leverage off the expertise gained from building similar ships for our customers.

We intend to diversify our business operations and create a steady stream of revenue from offshore supply vessel chartering services in Malaysia by forming a joint venture with an established ship chartering operator to provide our offshore supply vessel chartering service. In this aspect, we plan to begin our build, own and charter operations by 2010.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

7.10.2 Upgrading Existing Shipbuilding Yard

We plan to upgrade our existing Shipbuilding Yard at Sungai Bidut, Sarawak by investing in additional machinery and equipment and improving the Shipbuilding Yard's infrastructure. The major machinery and equipment we plan to invest in are one (1) unit of 50-tonne gantry cranes and two (2) units of 16-tonne gantry cranes.

We plan to improve our Shipbuilding Yard's infrastructure by strengthening and cementing an area measuring 280 feet by 450 feet over which the gantry cranes are to be installed. This will improve the efficiency of our Shipbuilding Yard by speeding up ship construction.

We plan to begin upgrading our existing Shipbuilding Yard in 2009 and expect to complete the upgrading exercise by 2010.

7.10.3 New Production Facilities

We plan to establish a new Shipbuilding Yard covering an area of at least 60 acres to cater for our future growth and business diversification. Establishing operations in a new and larger Shipbuilding Yard will enable us to increase our Shipbuilding capacity, as well as increase the maximum size of vessels that we can build.

We are currently assessing potential sites for the new Shipbuilding Yard and expect to establish the new Shipbuilding Yard by 2010.

7.10.4 Prospects of our Group

The following are some of the major factors that may impact on the prospects of our Group:

Positive Factors

- i. Our Group's competitive advantages;
- ii. Our Group's future plans; and
- iii. Significant growth opportunities for the business.

Moderating Factors

- i. Decline in the price of crude oil;
- ii. Downturn in the local and global economy; and
- iii. Decline in shipping charter rates.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

7.10.4.1 Positive Factors

Our competitive advantages, which include our established reputation and track record, predominantly export orientation, capability to build a wide range of vessels, long term customer relationships, fully equipped Shipbuilding Yard, compliance with international standards, strong financial position and timely vessel delivery will ensure business sustainability under normal market conditions as well as providing a sound platform for business growth. Further details on our competitive advantages were set out in Section 6.1.3 of this Prospectus.

In addition, our future plans are prudent and is able to provide growth for the business while simultaneously counter competition. Venturing into the building, owning and selling of ships will further enable us to command a higher selling price as compared to commencement of building only upon receiving a firm order. By further building, owning and chartering ships, this will provide a new revenue stream which is recurring in nature and will somewhat help to smoothen the cashflow.

By upgrading our existing Shipbuilding Yard, we aim to increase our efficiency and output, thus maximising our existing yard's capabilities. In addition, we will also identify the suitable location for new Shipbuilding Yard that will increase our capacity to take on more jobs in order to increase our revenue.

In view of the significant areas of growth in the business, there are various areas of growth from many end-user industries including the oil and gas, transportation, timber and port management industries. Furthermore, there are vast growth opportunities in export markets in the Middle East and surrounding neighbouring countries like Vietnam, Thailand, Indonesia and the Philippines. Other factors including the continuing economic growth, growth in international trade and continuing government support may further spur the growth of the Shipbuilding Industry and may place our Group in favourable business conditions.

7.10.4.2 Moderating Factors

The price of crude oil has dropped significantly from a high of approximately USD150 per barrel in early July 2008. The price of crude oil is approximately USD70 per barrel as at early June 2009. A sustained depressed price of crude oil may reduce activities within the Oil and Gas Industry and thus reduce demand for Offshore Support Vessels like Anchor Handling Tugs and Anchor Handling Tug Supply Vessels, which may ultimately impact on our Group.

7. INDUSTRY OVERVIEW AND OUTLOOK (CONT'D)

Any prolonged and/ or widespread downturn in the global economy is likely to have a negative effect on the Malaysian economy in general. A slowdown in the local and global economy resulting in a decrease in the level of international trade and economic activity is likely to reduce demand for transportation vessels as well as Offshore Support Vessels for the oil and gas industry, which may ultimately impact on our Group.

Since peaking at around 11,600 points during the first quarter of 2008, the BDI has declined to approximately 3,000 points, or by approximately 75%, as at early June 2009. Any prolonged and/ or steep decline in ship charter rates is likely to reduce demand for construction of transportation vessels as well as Offshore Support Vessels for the oil and gas industry, which may ultimately impact on our Group.

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8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT**8.1 Substantial Shareholder and Promoters****8.1.1 Shareholdings**

As at the date of this Prospectus, the direct and indirect interests of our substantial shareholder and Promoters are as set out below:-

Substantial Shareholder	Nationality	After Acquisition		After Public Issue		After Offer for Sale	
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Datuk Lau Nai Hoh	Malaysian	101,525,671	1,270,323 ¹	101,525,671	1,270,323 ¹	90,525,671	1,270,323 ¹
		98.6	1.2	56.4	0.7	50.3	0.7
		%	%	%	%	%	%
Promoters							
Datuk Lau Nai Hoh	Malaysian	101,525,671	1,270,323 ¹	101,525,671	1,270,323 ¹	90,525,671	1,270,323 ¹
		98.6	1.2	56.4	0.7	50.3	0.7
		%	%	%	%	%	%
Datin Hii Kiong Thai	Malaysian	961,317	101,834,677 ²	961,317	101,834,677 ²	961,317	90,834,677 ²
		0.9	98.9	0.5	56.6	0.5	50.5
		%	%	%	%	%	%
Lau Choo Chin	Malaysian	309,006	102,486,988 ³	309,006	102,486,988 ³	309,006	91,486,988 ³
		0.3	99.5	0.2	56.9	0.2	50.8
		%	%	%	%	%	%
Ng Cheng Lee	Malaysian	206,004	-	206,004	-	206,004	-
		0.2	-	0.1	-	0.1	-
		%	%	%	%	%	%

Notes:-

- ¹ Deemed interested by virtue of his spouse's and son's shareholdings in TAS Offshore
- ² Deemed interested by virtue of her spouse's and son's shareholdings in TAS Offshore
- ³ Deemed interested by virtue of his parent's shareholdings in TAS Offshore
- ⁴ The shareholdings shown in the table above do not include the pink form allocation under the Public Issue

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.1.2 Profiles

The profiles of Datuk Lau Nai Hoh and Lau Choo Chin are set out in Section 8.2.2 of this Prospectus and the profile of Ng Cheng Lee is set out in Section 8.4.2 of this Prospectus.

Datin Hii Kiong Thai, a Malaysian aged 52, was formerly the Company Secretary of TAS. She obtained her Company Secretary License from the CCM in 1994. She began her career as a Director and the Company Secretary of TASSB in 1997. Subsequently, she joined TAS in 2002 as the Company Secretary and has since resigned in March 2009. She is currently the Director of TAS.

8.1.3 Directorships and substantial shareholdings in other Public Companies

None of our substantial shareholder or Promoters hold or held any directorships or substantial shareholdings (5% or more of the issued and paid-up share capital) in any other public companies for the past two (2) years up to the LPD.

8.1.4 Changes in shareholdings

The changes in our substantial shareholder and Promoters in their shareholdings in our Company since incorporation up to the date of this Prospectus are set out below:-

Substantial shareholder	←-----As at 18 March 2008----->				←-----As at the LPD----->			
	←-----Direct----->		←-----Indirect----->		←-----Direct----->		←-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Lau Nai Hoh	1,970	98.5	24 ^{*1}	1.2	101,525,671	98.6	1,270,323 ^{*1}	1.2
Promoters								
Datuk Lau Nai Hoh	1,970	98.5	24 ^{*1}	1.2	101,525,671	98.6	1,270,323 ^{*1}	1.2
Datin Hii Kiong Thai	18	0.9	1,976 ^{*2}	98.8	961,317	0.9	101,834,677 ^{*2}	98.9
Lau Choo Chin	6	0.3	1,988 ^{*3}	99.4	309,006	0.3	102,486,988 ^{*3}	99.5
Ng Cheng Lee	4	0.2	-	-	206,004	0.2	-	-

Notes:-

^{*1} Deemed interested by virtue of his spouse's and son's shareholdings in TAS Offshore

^{*2} Deemed interested by virtue of her spouse's and son's shareholdings in TAS Offshore

^{*3} Deemed interested by virtue of his parent's shareholdings in TAS Offshore

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.2.2 Profiles

The profiles of our Directors are set out below:-

Datu Haji Mohammed Sepuan Bin Anu, a Malaysian aged 63, was appointed as our Independent Non-Executive Chairman on 1 June 2009. He graduated from the Cranfield University of United Kingdom in 1977 with a Bachelor of Science (Hons) Degree in Agricultural Engineering. He started his career as an Assistant Agricultural Officer in Simunjan in 1968. He was appointed as a Director of the Integrated Agriculture Development Project Samarahan in 1994 and later served as Director of Agriculture in 2001 until the end of his tenure in March 2006. He later served as an Agriculture Advisor in the Ministry of Modernisation of Agriculture till April 2007. He has held directorships in several companies including company listed on the Main Market of Bursa Securities. His experience in both the corporate and public arena will benefit us.

Datuk Lau Nai Hoh, a Malaysian aged 58, is our founder and was appointed as our Managing Director on 18 March 2008. He has been instrumental in our growth and development. He has approximately 20 years of experience in the marine industry. He established TASSB in late 1977 dealing initially with marine paint and hardware but ventured into ship repairing and Shipbuilding activities in the early 1990s. In early 2002, he established TAS, a company specialised in building various types of Tugboats to cater for the needs of the mining, timber and oil and gas industries, to take over the Shipbuilding and repairing activities from TASSB. 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.

Lau Choo Chin, a Malaysian aged 34, was appointed as our Deputy Managing Director on 18 March 2008. He graduated with a Diploma in Marketing Management from the Institute of Marketing Malaysia in 2001. He joined TASSB in 1997 as Assistant Manager responsible for the coordination of Shipbuilding activities and was subsequently promoted to Manager in 2004 before joining TAS in 2005. He has more than 11 years of experience in Shipbuilding and project management related especially to the Oil and Gas Industry. He has been instrumental in developing the Middle-East market and in spearheading the development of engineering design for big vessels. His in-depth knowledge in vessel manufacturing and established business network will continue to benefit us.

Tan Sri Dato' Seri Mohd Jamil Bin Johari, a Malaysian aged 62, was appointed as our Independent Non-Executive Director on 1 June 2009. He is a graduate from the University of Malaya with a Bachelor of Arts (Hons) Degree and a Diploma in Education. He also obtained a Master of Arts Degree 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 the Chairman and Independent Non-Executive Director of a company listed on the Main Market of Bursa Securities and Chairman of a private limited company involved in the information technology services. His experience in both the corporate and public arena will be valuable to us.

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Ling Ka Chuan, a Malaysian aged 51, was appointed as our Independent Non-Executive Director on 1 June 2009. He graduated with a Bachelor of Engineering (Mechanical) Degree 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 holds directorships in several private companies, which involved in manufacturing, real estate development and general trading.

Lau Kiing Yiing, a Malaysian aged 55, was appointed as our Independent Non-Executive Director on 1 June 2009. He holds a Bachelor of Commerce Degree from the University of Canterbury, New Zealand. He holds professional memberships in the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He is also a Fellow member of CPA Australia and a Member of the Institute of Chartered Accountants, New Zealand. His working experience commenced with auditing various business while with Ernst and Whinney (now known as Ernst and Young). With over 29 years of experience, he is currently a partner of an accounting firm, Hii & Lee. He also has extensive knowledge in corporate finance and restructuring work. He also holds directorship in a company listed on the Main Market of Bursa Securities. His vast experience in his profession and corporate arena is of significant value to our Group.

8.2.3 Directorships and Substantial Shareholdings in other Public Companies

Save as disclosed below, none of our Directors hold or held any directorships or substantial shareholdings (5% or more of the issued and paid-up share capital) in any other public companies for the past two (2) years up to the LPD:-

Directors	Company	Designation	Date of Appointment	Shareholdings			
				Direct		Indirect	
				No. of shares	%	No. of shares	%
Datu Mohammed Sepuan Bin Anu	Haji Sarawak Plantation Berhad	Director	01.05.2007	25,000	~*	-	-
Tan Sri Dato' Mohd Jamil Johari	Seri Bin Dolomite Corporation Berhad	Director	25.07.2005	-	-	-	-
Lau Kiing Yiing	Hock Seng Lee Berhad	Director	23.03.1996	276,000	~*	-	-

Note:-

* *Negligible*

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**8.2.4 Directors' remuneration and benefits**

The aggregate remuneration, fees and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our Directors for their services rendered for the FYE 31 May 2009 and FYE 31 May 2010 are set out below:-

Directors	←-----Remuneration Band-----→	
	FYE 31 May 2009 RM'000	Proposed for FYE 31 May 2010 RM'000
Datuk Lau Nai Hoh	1,200 – 1,250	1,300 – 1,350
Lau Choo Chin	100 – 150	350 – 400
Datu Haji Mohammed Sepuan Bin Anu	-	0 – 50
Tan Sri Dato' Seri Mohd Jamil Bin Johari	-	0 – 50
Ling Ka Chuan	-	0 – 50
Lau Kiing Yiing	-	0 – 50

Our Directors' remuneration is approved by our Board and the shareholders of our Company following recommendations made by our Remuneration and Nomination Committee.

8.2.5 Term of office

According to our Articles of Association, all our Directors shall retire from office at the first AGM, and at the AGM in every subsequent year, one-third (or the number nearest to one third) of our Directors are required to retire from office at each AGM. Further, all our Directors are required to retire from office at least once every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he or she retires. An election of Directors shall take place each year.

Any person appointed as Directors, either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

Accordingly, Lau Choo Chin and Ling Ka Chuan shall retire at our 2010 AGM in accordance with Article 86 of our Articles of Association and shall then be eligible for re-election provided that there is no change in the directorship from the date of issue of this Prospectus.

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**8.3 Audit, Remuneration and Nomination Committee****8.3.1 Audit Committee**

The composition of our Audit Committee is set out below:-

Name	Designation	Directorship
Lau Kiing Yiing	Chairman	Independent Non-Executive Director
Ling Ka Chuan	Member	Independent Non-Executive Director
Datu Haji Mohammed Sepuan Bin Anu	Member	Independent Non-Executive Chairman

Amongst the terms of reference of the Audit Committee are set out below:-

- i. Recommends to our Board regarding the selection of the external auditors;
- ii. Reviews the results and scope of the audit and other services provided by our external auditors;
- iii. Reviews and evaluates our internal audit and control functions; and
- iv. Assess the financial risk and matters relating to related party transactions and conflict of interests.

The Audit Committee may obtain advice from independent parties and other professionals in discharging their duties.

8.3.2 Remuneration Committee

The composition of our Remuneration Committee is set out below:-

Name	Designation	Directorship
Ling Ka Chuan	Chairman	Independent Non-Executive Director
Lau Kiing Yiing	Member	Independent Non-Executive Director
Datuk Lau Nai Hoh	Member	Managing Director/ Executive Director

Amongst the terms of reference of the Remuneration Committee are set out below:-

- i. Recommends to our Board regarding the remuneration of our Directors;
- ii. Assist our Board in assessing the responsibility and commitment undertaken by our Board members; and
- iii. Establish the performance criteria to evaluate the performance of our Directors.

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.3.3 Nomination Committee

The composition of our Nomination Committee is set out below:-

Name	Designation	Directorship
Ling Ka Chuan	Chairman	Independent Non-Executive Director
Lau Kiing Yiing	Member	Independent Non-Executive Director
Datuk Lau Nai Hoh	Member	Managing Director/ Executive Director

Amongst the terms of reference of the Nomination Committee are set out below:-

- i. Reviews the structure, size and composition of our Board;
- ii. Reviews the nomination for the appointment or reappointment of our Board members;
- iii. Recommends Directors who are retiring by rotation to be put forward for re-election; and
- iv. Ensures that all Board appointees undergo an appropriate introduction and training programmes.

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8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**8.4 Key Management****8.4.1 Shareholdings**

As at the date of this Prospectus, the direct and indirect interests of our key management are as set out below:-

Name	Nationality	As at LPD		After Public Issue		After Offer for Sale							
		Direct No. of Shares	%	Direct No. of Shares	%	Direct No. of Shares	%						
Datuk Lau Nai Hoh	Malaysian	101,525,671	98.6	1,270,323 ¹	1.2	101,525,671	56.4	1,270,323 ¹	0.7	90,525,671	50.3	1,270,323 ¹	0.7
Lau Choo Chin	Malaysian	309,006	0.3	102,486,988 ²	99.5	309,006	0.2	102,486,988 ²	56.9	309,006	0.2	91,486,988 ²	50.8
Ng Cheng Lee	Malaysian	206,004	0.2	-	-	206,004	0.1	-	-	206,004	0.1	-	-
Tan Shang Hai	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Hli Chai Hung	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Christina Wong Siew Ping	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Lau Choo Kuang	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Lau Siew Ling	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Lau Chu Hua	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

¹ Deemed interested by virtue of his spouse's and son's shareholdings in TAS Offshore

² Deemed interested by virtue of his parent's shareholdings in TAS Offshore

³ The shareholdings shown in the table above do not include the pink form allocation under the Public Issue

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.4.2 Profiles

The profiles of Datuk Lau Nai Hoh and Lau Choo Chin were set out in Section 8.2.2 of this Prospectus.

Ng Cheng Lee, a Malaysian aged 45, is the Senior Production Manager of TAS. He obtained his Diploma of Science Degree from Tunku Abdul Rahman College, Malaysia in 1988. He also obtained a Bachelor of Science Degree conferred by Campbell University, US in 1988. He began his career in 1989 as a Chemist-Branch Executive with Caleb Brett (Malaysia) Sdn Bhd, where he was responsible for overseeing daily branch operations. He joined TASSB as a Manager in 1993 and was promoted to the position of Senior Manager in 2004. In 2005, he joined TAS in his current capacity as Senior Manager, where he is responsible for overseeing overall project management. He is also a Director of a subsidiary of our Group.

Tan Shang Hai, a Malaysian aged 51, is the Corporate Planning & Development Manager of TAS. He obtained his Diploma in Commerce from Tunku Abdul Rahman College, Malaysia in 1982. He subsequently obtained his Masters in Business Administration Degree from the University of Southern California for Professional Studies, US in 2002. He began his career as an Officer with Hock Hua Bank Bhd in 1982, where he was responsible for operations and internal audit. He then joined Delta Finance Co. Bhd in 1988 as a Senior Officer responsible for internal audit. In 1990, he joined Hock Hua Bank Bhd as a Senior Officer, where he was responsible for internal audit. He was promoted to the position of Assistant Manager in 1995 and to the position of Manager in 1997. Subsequently in 2001, he joined Public Bank Bhd as a Manager, where he was responsible for internal audit. In 2003, he joined Pan Sarawak Co. Sdn Bhd as a Manager where he was responsible for internal audit. In 2007, he joined TAS in his current capacity as Corporate Planning & Development Manager. He is currently responsible for the corporate management and for overseeing the Shipbuilding Yard's operations.

Hii Chai Hung, a Malaysian aged 37, is the Group Accountant of TAS. She obtained her Diploma in Management Accounting from Tunku Abdul Rahman College, Malaysia in 1996. She was admitted as an Associate Member of the Chartered Institute of Management Accountants in 2005. She began her career as an Accounts Executive with SBC Corporation Bhd in 1997, where she was responsible for accounting functions. She subsequently joined Jasa Infra Sdn Bhd as an Accounts Manager in 2003, where she was responsible for managing the accounts. In 2006, she joined Value Hospitality Management Sdn Bhd as an Accountant, where she was responsible for preparing various accounting statements and financial reports. Subsequently in 2007, she joined TAS as the Group Accountant. She is currently responsible for overseeing the overall functions of the Accounts Department.

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Christina Wong Siew Ping, a Malaysian aged 35, is the Human Resources and Administration Manager of TAS. She obtained her Bachelor's Degree in Property from the University of Auckland, New Zealand in 1998. She obtained a Salesperson Certificate from the Real Estate Institute of New Zealand in 1999. She began her career as a Mail Officer with New Zealand Post Limited Business Mail Centre, New Zealand in 1995, where she was responsible for internal distribution and customer services. In 1998, she joined Kira Ora Jewellery Crafts & Souvenirs, New Zealand as a Sole Charge Administrator, where she was responsible for packing and despatching orders, invoicing accounts and answering telephone enquiries. In 1999, she joined TASSB as the Administration Coordinator, where she was responsible for coordinating office administrative functions. In 2003, she joined TAS as the Administration Coordinator, where she was responsible for coordinating office administrative functions. She was promoted to her current position as Human Resources and Administration Manager and is responsible for the human resources management and for coordinating office administrative functions.

Lau Choo Kuang, a Malaysian aged 27, is the Procurement and Inventory Manager of TAS. He obtained his High School Bursary from Senior College, New Zealand in 2000. In 2002, he began his career with TASSB as Project Assistant, where he was responsible for supporting the operational aspects of vessel construction projects. In 2006, he joined TAS as a Purchasing Officer where he was responsible for purchasing functions. He was promoted to his current position as Procurement and Inventory Manager in 2007, where he is responsible for managing the procurement functions and inventory.

Lau Siew Ling, a Malaysian aged 32, is the Finance Manager of TAS. She obtained her Bachelor of Commerce Degree from the University of Auckland, New Zealand in 2000, and subsequently obtained a Graduate Diploma in Commerce from the same institution in 2001. She began her career with TASSB in 2003 as an Accounts Administrator. In 2006, she joined TAS as an Accounts Administrator, where she was responsible for ensuring accounting entries were taken up correctly. She was promoted to her current position as Finance Manager in 2006, where she is responsible for overseeing the functions of Finance Department.

Lau Chu Hua, a Malaysian aged 46, is the Electronic Data Processing Manager of TAS. He obtained a Bachelor of Arts (Hons) Degree in Computer Science from Southern Illinois University, US in 1987. He subsequently obtained a Bachelor of Science (Hons) Degree in Engineering Technology from the same institution in 1988. He began his career in 1989 with Delta Finance Bhd/ RHB Delta Finance Bhd, where he was responsible for setting up, maintaining and improving the information technology system, before leaving the company with the position of Senior Executive. He joined TAS in 2007 in his current capacity as Electronic Data Processing Manager, where he is responsible for the smooth running of the information technology system.

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.4.3 Involvement in other Business or Corporations

As at the LPD, save as disclosed below, none of our Executive Directors and/or key management are involved in other businesses or corporations, save and except for the operations of our Company:-

Datuk Lau Nai Hoh is a substantial shareholder of NMDSB, which is principally engaged in the provision of ship repair services. Our revenue from ship repairing for the FYE 31 May 2008 was relatively small amounting to RM1.5 million, representing 1.3% of our total revenue. We rent Shipbuilding Yard space from NMDSB on an *ad hoc* basis, typically when our Shipbuilding Yard is fully utilised. However, the rental paid by us to NMDSB during the FYE 31 May 2008 totalled RM0.1 million, representing a small proportion of our total purchases. Furthermore, all business transactions between us and NMDSB were carried out on an arm's length basis and are based on normal business terms. For the ten (10)-month FPE 31 March 2009, there were no business transactions entered into between us and NMDSB.

8.5 Declaration from Our Substantial Shareholder, Promoters, Directors and Key Management

As at the LPD, none of our substantial shareholder, Promoters, Directors and key management is or was involved in the following events (whether in or outside Malaysia):-

- i. A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he or she was a partner or any corporation of which he or she was a director or key personnel;
- ii. Was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- iii. Was charged and/ or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- iv. Any judgement was entered against he or she involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- v. Was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him or her from engaging in any type of business practice or activity.

8.6 Relationship and Associations

Save as disclosed below, there are no family relationships or associations between our substantial shareholder, Promoters, Directors and key management:-

- i. Lau Choo Chin, Lau Siew Ling and Lau Choo Kuang are the children of Datuk Lau Nai Hoh;
- ii. Datin Hii Kiong Thai is the spouse of Datuk Lau Nai Hoh;
- iii. Christina Wong Siew Ping is the spouse of Lau Choo Chin; and
- iv. Lau Chu Hua is the nephew of Datuk Lau Nai Hoh.

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**8.7 Service Agreements**

As at the LPD, none of our Directors and key management has any existing or proposed service agreement with our Company.

8.8 Employees**8.8.1 Number of Employees**

As at the LPD, our Company has a total workforce of 168 permanent employees excluding our Board members, of which Malaysians accounted for 86.3% of total employees while the remaining 13.7% were foreign nationals. Our Company does not have any contractual or temporary employees. None of our employees belong to any trade unions and there have been no industrial dispute since we commenced operations.

The breakdowns of our employees by categories are as follows:-

	No. of Employees	Average No. of Years in Service
Management and Professionals	7	4
Technical Professionals		
- Engineers	7	3
- Quality Assurance	5	1
Sales and Marketing	3	4
Clerical and Administrative	20	3
Shipyards Workers		
- Technical Workers ¹	70	4
- General Workers	56	4
Total workforce	<u>168</u>	

Note:-

¹ *Technical workers include fitters, welders and pipe fitters, as well as workers undergoing training in these fields*

8.8.2 Training and Development Programmes

Our Company believes that the ability to retain a team of highly skilled and knowledgeable workforce is instrumental to our success. Hence, we emphasise the importance of providing training and development programmes for our employees. These programmes relate to in-house workshops and external training programmes to update our employees on the latest developments within our Group and the industries that we are involved in. Our employees also receive technical and production training as well as safety training from our in-house experts.

Our training plan for our employees for the 2009 calendar year includes the following courses:-

Training/ Course Title	Month
ISO 9001:2000 awareness	January
Project planning & scheduling using MS Project – Basic	August
Occupational safety and health at workplace	August
Leadership & managerial skills	August

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Training/ Course Title	Month
Enhance skills & production productivity	September
Human resource management	September
Prime working skills – Report writing, writing letters & communication	September
Planning, organising and teamwork	October
Effective purchasing and inventory management	October
Essential project implementation, monitoring & controlling	October
Clerical skills development programme	November
ISO 9001:2000 Lead Assessor	November
Scaffolding competency	November
Practical managerial skills	December

8.8.3 Management Succession Plans

Our business is organised along functional lines where department managers are responsible for the execution of their duties. Our Group practices management empowerment whereby department managers are relatively autonomous, and have significant decision-making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on our Managing Director/ Executive Director to be involved in all the details and aspects of the operational and functional areas. This allows our Managing Director/ Executive Director to focus on strategic matters and on further developing the business for growth and success.

Nevertheless, to ensure business continuity, our Group has put in place a management succession plan which includes:-

- i. Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management position in line with the business goals, strategies and culture of our Group; and
- ii. Taking a positive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision-making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

9. APPROVALS AND CONDITIONS

9.1 Conditions and Approvals

The approval of the SC, pursuant to the CMSA and the FIC pursuant to the Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests for our Listing Scheme was obtained on 11 March 2009. The conditions imposed by the SC for the approval of our Listing Scheme and status of compliance are set out below:-

Conditions	Status of compliance
i. TAS Offshore should rectify the unapproved structure on its land within 1 year from the date of SC's approval letter;	To be complied
ii. TAS Offshore should provide an undertaking letter to SC that it will pay the enhanced premium for the amalgamation and Application for Variation of Title Condition (AVTC) for Lot Nos. 22, 100, 111, 112, Block 1, Sibul Town District; Sibul Grant Nos. 1217 and 1218; Sibul Occupation Ticket Nos. 2202 and 20175 immediately upon receiving the notification from the Land and Survey Department, Sibul;	Complied. TAS Offshore has forwarded the said undertaking letter to the SC on 1 July 2009
iii. TAS Offshore should fully disclose in its listing prospectus the following matter:	
(a) In light of the current poor economic conditions and low level of crude oil price, which may persist for an extended period of time in the future, how its business would be affected (including, amongst others, in the event its customers are unable to fulfil their contract obligations for the purchase of vessels), the measures to mitigate such a situation and to discuss the viability of each measure taken or to be taken;	Complied. Please refer to Sections 4.3.1 and 4.3.7 of this Prospectus
(b) Detailed allocation of the working capital amount of RM67.31 million with the respective timelines to fully utilise the amount including the following:	Complied. Please refer to Section 3.9 of this Prospectus
(1) What it intends to do with the funds in the event the planned utilisation could not be carried out;	-
(2) What it intends to do upon receipt until the utilisation of the funds given that some of the planned utilisation would only be carried out many months into the future; and	-
(3) If the funds are to be utilised to finance its "build, own, sell" and "build, own and charter" ventures, how these ventures could be justified given the following factors:	-
• Current poor economic conditions and low level of crude oil price may persist for an extended period of time in the future; and	
• TAS Offshore's limited experience in these ventures in the past; and	

9. APPROVALS AND CONDITIONS (CONT'D)

Conditions	Status of compliance
(c) With respect to its land:	Complied. Please refer to Section 11.1 of this Prospectus
(1) The undertaking letter to SC; and	
(2) The status of the enhanced premium payment and the steps taken to settle it;	
iv. TAS Offshore should also make an announcement on Bursa Malaysia upon payment of the enhanced premium and to update SC when the announcement is made;	To be complied
v. TAS Offshore should comply with the National Development Policy ("NDP") requirements, whereby the Bumiputera investors holding at least 30% of its enlarged issued and paid-up share capital be recognised and approved by the MITI. In the event that TAS Offshore/ MITI is unable to allocate the shares from the offer for sale portion to the identified Bumiputera investors, the unsubscribed shares shall be immediately offered to the public Bumiputera investors via balloting;	To be complied
vi. OSK/ TAS Offshore should provide SC with the status of compliance with the NDP requirement upon completion of the proposed flotation; and	To be complied
vii. OSK/ TAS Offshore should fully comply with the relevant requirements pertaining to the implementation of the proposed flotation under the Guidelines on the Offering of Equity and Equity-Linked Securities.	To be complied

The SC, on behalf of the FIC noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in TAS Offshore would change arising from the implementation of our Listing Scheme are set out below:-

	Before the Listing Scheme^{*1}	After the Listing Scheme
	%	%
Bumiputera	0.0	32.1 ^{*2}
Non-Bumiputera	100.0	67.9
Foreigners	0.0	0.0
Total	100.0	100.0

Notes:-

*1 As at incorporation

*2 Subject to approval by MITI

The approval of the MITI for our Listing Scheme was obtained on 22 January 2009. The condition imposed by the MITI for the approval of our Listing Scheme and the status of compliance are set out below:-

Conditions	Status of compliance
i. SC's approval and compliance with the Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests.	Complied. The SC had vide its letter dated 11 March 2009 approved the Listing Scheme

9. APPROVALS AND CONDITIONS (CONT'D)**9.2 Moratorium on Promoters' Shares**

Pursuant to the SC Guidelines, our Shares that are held by our Promoters amounting to 51.1% of our nominal issued and paid-up capital as at our date of admission to the Official List be placed under moratorium. Our Promoters whose Shares are subject to moratorium are set out below:-

Promoters	Number of Shares held after the Offer for Sale	Number of Shares to be held under moratorium after the Public Issue	Percentage of share capital %
Datuk Lau Nai Hoh	90,525,671	90,525,671	50.3
Datin Hii Kiong Thai	961,317	961,317	0.5
Lau Choo Chin	309,006	309,006	0.2
Ng Cheng Lee	206,004	206,004	0.1
Total	92,001,998	92,001,998	51.1

Our Promoters have provided an undertaking letter to the SC that they will not sell, transfer or assign any part of their interest in the Shares under the moratorium within six (6) months from our date of admission to the Official List.

The moratorium, which has been fully accepted by our Promoters, is specifically endorsed on the Share certificates representing our Promoters' respective shareholdings which are under moratorium to ensure that our Company's share registrar does not register any transfer not in compliance with the restriction imposed by the SC.

The endorsement, which will be affixed on the Share certificate are set out below:-

"The shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by the SC ("Moratorium Period"). The shares comprised herein will not constitute good delivery pursuant to the Rules of Bursa Securities during the Moratorium Period. No share certificates will be issued to replace this certificate during the Moratorium period unless the same shall be endorsed with this restriction."

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

10.1 Related Party Transactions and Conflict Of Interest

Save as disclosed in Section 8.4.3 of this Prospectus and below, there are no other related party transactions, existing or potential, entered or to be entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholder, key management and/ or persons connected with such Directors, substantial shareholder and key management for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009:-

Related parties	Nature of Transaction	Potential conflict of interest	Transaction Value FYE 31 May			Ten (10)- month FPE 31 March 2009
			2006 RM'000	2007 RM'000	2008 RM'000	RM'000
TASSB	Sales of vessel to TASSB	Datuk Lau Nai Hoh is the director and substantial shareholder of TASSB	1,350	-	-	-
TASSB	Rental of office to TASSB	Datuk Lau Nai Hoh is the director and substantial shareholder of TASSB	-	9	7	-
TASSB	Purchase of marine paint by TAS	Datuk Lau Nai Hoh is the director and substantial shareholder of TASSB	673	529	557	75
TASSB	Hiring of equipment by TAS	Datuk Lau Nai Hoh is the director and substantial shareholder of TASSB	231	171	-	-
NMDSB	Rental of shipbuilding yard by TAS	Datuk Lau Nai Hoh is the substantial shareholder of NMDSB	37	48	80	-

Our Directors are of the opinion that all the business transactions which involve the interests of our Directors, substantial shareholder, key management and/ or persons connected with them were based on normal commercial terms and are on arm's length basis which are not more favourable to the related parties than those generally available to the public, and which are not detrimental to the minority shareholders. Our Audit Committee will supervise the terms of all related party transactions, and our Directors will report such related party transactions, if any, annually in our Company's annual reports.

10.2 Transactions that are Unusual in their Nature or Conditions

Our Directors have confirmed that to their best knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/ or our subsidiary is a party for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**10.3 Outstanding Loans Made for the Benefit of the Related Parties**

Save as disclosed below, our Directors have confirmed that to their best knowledge and belief, there are no outstanding loans (including guarantees of any kind) made by our Company and/ or our subsidiary to or for the benefits of our Directors, substantial shareholder, key management and/ or persons connected to them for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009:-

Related party	Nature of Transaction	Potential conflict of interest	Transaction Value FYE 31 May			Ten (10)- month FPE 31 March 2009
			2006 RM'000	2007 RM'000	2008 RM'000	RM'000
Lau Heng Tieng & Sons Sdn Bhd	Short term advance by TAS	Datuk Lau Nai Hoh is the director of Lau Heng Tieng & Sons Sdn Bhd and has an indirect interest held through Lau Nai Hoh Sdn Bhd	-	1	-	-
Lau Nai Hoh Sdn Bhd	Short term advance by TAS	Datuk Lau Nai Hoh is the director and substantial shareholder of Lau Nai Hoh Sdn Bhd	8	148	-	-
Seatrade Sdn Bhd	Short term advance by TAS	Lau Choo Chin is the director of Seatrade Sdn Bhd Datuk Lau Nai Hoh is the substantial shareholder of Seatrade Sdn Bhd	55	48	-	-
TA Marine Engineering Sdn Bhd	Short term advance by TAS	Datuk Lau Nai Hoh is the director and substantial shareholder of TA Marine Engineering Sdn Bhd	1	2	-	-
Zencom Power Sdn Bhd	Short term advance by TAS	Datuk Lau Nai Hoh is the director and substantial shareholder of Zencom Power Sdn Bhd	-	500	-	-
Cara Timur Transport Sdn Bhd	Short term advance by TAS	Datuk Lau Nai Hoh is the director and substantial shareholder of Cara Timur Transport Sdn Bhd	1	1	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Related party	Nature of Transaction	Potential conflict of interest	Transaction Value FYE 31 May			Ten (10)- month FPE 31 March 2009
			2006 RM'000	2007 RM'000	2008 RM'000	RM'000
Togo Shipping Sdn Bhd	Short term advance by TAS	Lau Choo Chin has been appointed as director of Togo Shipping Sdn Bhd since 28.10.08 Datuk Lau Nai Hoh and Lau Choo Chin are the substantial shareholders of Togo Shipping Sdn Bhd	- ¹	- ¹	-	-

Note:-

¹ Negligible.

10.4 Interest in Similar Business

Save as disclosed in Section 8.4.3 of this Prospectus, as at the LPD, none of our Directors or substantial shareholder has any interest, direct or indirect, in any businesses and corporations carrying on a similar trade as our Group.

10.5 Promotions of Material Assets

Save as disclosed in Section 5.5.1 of this Prospectus, none of our Directors or substantial shareholder have any interest, directly or indirectly, in any promotion of, or in any material assets acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009.

10.6 Interest in Contracts or Arrangements

As at the LPD, there are no contracts or arrangements, existing or potential, entered or to be entered into by us which involved the interest, direct or indirect, of our Directors, substantial shareholder and key management and/ or persons connected with such Directors, substantial shareholder and key management.

10.7 Declaration of the Advisers to the IPO**i. Adviser**

OSK confirms that, as at the date of this Prospectus, there is no other existing or potential conflict of interest in its capacity as the Adviser, Sole Underwriter and Sole Placement Agent for the IPO.

ii. Legal Advisor

Messrs Alvin Chong & Partners Advocates has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Legal Advisor for the IPO.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

iii. Reporting Accountants

Messrs Folks DFK & Co. has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Reporting Accountants for the IPO.

iv. Valuer

VPC Alliance (Sarawak) Sdn Bhd has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Valuer for the IPO.

v. Independent Business and Market Research Consultants

Vital Factor Consulting Sdn Bhd has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants for the IPO.

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11. OTHER INFORMATION CONCERNING OUR GROUP

11.1 Information on Land and Buildings

A summary of the Property Assets owned by our Group are as follows:-

Registered Owner/ Lessor	Title Description/ Postal Address/	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and Existing Use	Land Area	Restrictions and Special Conditions/ Encumbrances	Whether COF has been issued	Market Value as at 19 November 2008 RM
TAS	Lot 22 Block 1 Sibul Town District Postal address:- Lot 111 -112, Sungai Mataw Road, Sg. Bidut, 96008 Sibul, Sarawak	60 years from 24.08.1978 to 23.08.2038	Leasehold industrial land The property is currently used as slipway and shipyard	12,464 square metres	i. This land is to be used only for industrial purposes; ii. The development of this land shall be in accordance with plans sections and elevations approved by the Superintendent of Lands and Surveys, Third Division; and iii. The erection of a building shall be in accordance with detailed drawings and specifications approved by the Sibul Urban District Council and shall be completed within eighteen (18) months from the date of registration of this lease.	Not applicable	17,000,000 for the Property Assets

Charged to United Overseas Bank (Malaysia) Bhd

11. OTHER INFORMATION CONCERNING OUR GROUP (CONT'D)

Registered Owner/ Lessor	Title Description/ Postal Address/	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and Existing Use	Land Area	Restrictions and Special Conditions/ Encumbrances	Whether COF has been issued	Market Value as at 19 November 2008 RM
TAS	Lot 100 Block 1 Sibul Town District Postal address:- Lot 111 -112, Sungai Ma'aw Road, Sg. Bidut, 96008 Sibul, Sarawak	1 & 4 years for walk-up flat and 1 year for utility hangar and toilet block. 60 years from 23.01.1951 to 22.01.2011	Leasehold agricultural - titled land with two (2) 3-storey walk-up flat, a single-storey open sided utility hangar and a single-storey toilet block erected thereon The property is currently used as utility hangar and workers' quarters	6,150 square metres	This land is to be used only for agricultural purposes	Yes	
TAS	Lot 111 Block 1 Sibul Town District Postal address:- Lot 111 -112, Sungai Ma'aw Road, Sg. Bidut, 96008 Sibul, Sarawak	2 years 99 years from 24.01.1930 to 31.12.2029	Leasehold agricultural - titled land with a single-storey guard house erected thereon The property is currently part of the shipyard	2,890 square metres	This land is to be used only for agricultural purposes	Yes	
TAS	Lot 112 Block 1 Sibul Town District Postal address:- Lot 111 -112, Sungai Ma'aw Road, Sg. Bidut, 96008 Sibul, Sarawak	5 years 99 years from 15.12.1934 to 31.12.2033	Leasehold agricultural - titled land with 3-storey office cum utility and a single-storey utility hangar erected thereon The property is currently used as administrative office and utility hangar	9,440 square metres	This land is to be used only for agricultural purposes and incidental to the production and processing of crops grown thereon and such other purposes as may be from time to time approved by the Director of Lands and Surveys.	Yes	

Charged to United Overseas Bank (Malaysia) Bhd

11. OTHER INFORMATION CONCERNING OUR GROUP (CONT'D)

Registered Owner/ Lessor	Title Description/ Postal Address/	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and Existing Use	Land Area	Restrictions and Special Conditions/ Encumbrances	Whether COF has been issued	Market Value as at 19 November 2008 RM
TAS	Sibu Grant 1217 Postal address:- Lot 111 -112, Sungai Ma'aw Road, Sg. Bidut, 96008 Sibul, Sarawak	999 years from 15.11.1915 to 31.12.2914	Leasehold agricultural titled land The property is currently part of the shipyard	1,542 square metres	i. Bona Fide operations must be carried on by the grantee; ii. The land to revert to Government if abandoned; and iii. The land may not be sold without the consent of the Government.	Not applicable	
TAS	Sibu Grant 1218 Postal address:- Lot 111 -112, Sungai Ma'aw Road, Sg. Bidut, 96008 Sibul, Sarawak	999 years from 15.11.1915 to 31.12.2914	Leasehold agricultural titled land The property is currently part of the shipyard	7,122 square metres	i. Bona Fide operations must be carried on by the grantee; ii. The land to revert to Government if abandoned; and iii. The land may not be sold without the consent of the Government.	Not applicable	
TAS	Sibu Occupation Ticket 2202 Postal address:- Lot 111 -112, Sungai Ma'aw Road, Sg. Bidut, 96008 Sibul, Sarawak	99 years from 04.11.1925 to 31.12.2024	Leasehold agricultural titled land The property is currently part of the shipyard	5,625 square metres	This land is subject to be used only for agricultural purposes.	Not applicable	

11. OTHER INFORMATION CONCERNING OUR GROUP (CONT'D)

Registered Owner/ Lessor	Title Description/ Postal Address/	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and Existing Use	Land Area	Restrictions and Special Conditions/ Encumbrances	Whether COF has been issued	Market Value as at 19 November 2008 RM
TAS	Sibu Occupation Ticket 20175 Postal address:- Lot 111 -112, Sungai Ma'aw Road, Sg. Bidut, 96008 Sibul, Sarawak	99 years from 24.01.1930 to 31.12.2029	Leasehold agricultural titled land The property is part of the shipyard	4,298 square metres	This land is subject to be used only for agricultural purposes.	Not applicable	

Notes:-

¹ The valuation of the abovementioned Property Assets have been carried out by the Valuer in arriving at the market value for the computation of the purchase consideration for the Acquisition.

² The Valuation Certificate is set out in Section 17 of this Prospectus.

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11. OTHER INFORMATION CONCERNING OUR GROUP (CONT'D)

A net revaluation surplus on the Property Assets owned by us are computed as follows:-

	RM
Open market value of the Property Assets as at 19 November 2008	17,000,000
• Less: NBV of Property Assets as at 31 May 2008	(5,517,434)
• Less: Estimated premium for conversion of land title	(600,000)
• Less: Deferred tax	(2,720,642)
Revaluation surplus*	<u>8,161,924</u>

Note:-

- * *The above revaluation surplus had been taken into consideration in arriving at the purchase consideration for the Acquisition.*

Our Directors wish to highlight that, to the best of their knowledge and belief, the Property Assets stated in Section 11.1 above:-

- i. Have not breached any of the land-use conditions/ permissible land use;
- ii. Where buildings are involved, there has not been any non-compliance with current statutory requirements, land rules or building regulations; and
- iii. Approval has been granted by Land and Survey Department, SibU for the amalgamation and variation of title condition for the above eight (8) titles to industrial purpose (shipyard) and the new subsisting title to carry a 60 years lease issued on 11 May 2009 with an enhanced premium of RM671,828. As at the date of this Prospectus, the title for the amalgamation land title has yet to be issued. Nonetheless, we had, on 1 July 2009 provided a Letter of Undertaking to the SC informing that we will pay the enhanced premium for the amalgamation and variation of title condition for the above Property Assets upon receiving the notification from Land and Survey Department, SibU. We expect to receive the aforementioned notification, the payment of enhanced premium and issuance of new title within one (1) year from 11 May 2009.

11.2 Acquisitions of Properties during the Two (2) Years Preceding the Date of this Prospectus

We have not acquired any properties during the two (2) years preceding the date of this Prospectus.

11.3 Material Plant and Equipment

Save as disclosed below, all the other plant and equipment utilised by our Group are individually immaterial to be disclosed separately:-

Registered Owner	Description/ Existing Use	Audited Net Book Value/ Market value as at 31 March 2009 RM'000
TAS	Cranes	2,246
TAS	Slipway	808
TAS	Welding machines	661
TAS	CNC machine	374

12. FINANCIAL INFORMATION

12.1 Historical Financial Information

12.1.1 Income statements

The following table sets out a summary of the proforma consolidated income statements of our Group for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2008 and 31 March 2009, prepared based on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter included in the proforma consolidated financial information set out in Sections 13 and 15 of this Prospectus.

	FYE 31 May 2006 RM'000	FYE 31 May 2007 RM'000	FYE 31 May 2008 RM'000	Ten (10)- month FPE 31 March 2008 ¹ RM'000	Ten (10)- month FPE 31 March 2009 RM'000
Revenue	68,808	74,239	121,346	82,276	110,056
Gross profit	9,981	16,218	19,967	14,408	22,117
Other operating income	103	1,193	1,536	1,241	1,920
Operating profit	8,175	15,382	17,954	13,023	20,603
Finance costs	(36)	(40)	(47)	(42)	(57)
PBT	8,139	15,342	17,907	12,981	20,546
Taxation	(296)	(613)	(1,869)	(1,133)	(4,792)
PAT	<u>7,843</u>	<u>14,729</u>	<u>16,038</u>	<u>11,848</u>	<u>15,754</u>
EBIDTA	9,429	16,572	19,294	14,079	21,953
Number of ordinary shares in TAS Offshore had TAS Offshore Group been in existence ('000) ²	103,002	103,002	103,002	103,002	103,002
Gross profit margin (%)	14.51	21.85	16.45	17.51	20.10
PAT margin (%)	11.40	19.84	13.22	14.40	14.31
EPS (sen)					
- Basic	7.61	14.30	15.57	11.50	15.29
- Diluted ³	-	-	-	-	-

Notes:-

¹ Unaudited and included for the purpose of comparison only

² Based on the issued and paid-up share capital of 103,002,000 ordinary shares of RM0.50 each immediately prior to the Public Issue

³ Diluted earnings per share is not provided as there were no potential ordinary shares to be issued throughout the financial years and period under review

⁴ There were no exceptional or extraordinary items throughout the financial years and period under review

12. FINANCIAL INFORMATION (CONT'D)**12.1.2 Balance sheets**

The following table sets out a summary of the proforma consolidated balance sheets based on our audited consolidated financial statements as at 31 March 2009 to show the effects of the Acquisition, the Public Issue, the Offer for Sale and the proposed utilisation of proceeds from our Public Issue on the assumption that the transactions were completed on 31 March 2009. The proforma consolidated balance sheets are presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying in the proforma consolidated financial information set out in Section 15 of this Prospectus.

	As at 31 March 2009 RM'000	Proforma I After the Acquisition RM'000	Proforma II After I and the Public Issue and Offer for Sale RM'000	Proforma III After II and utilisation of proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	12,772	12,772	22,772
Prepaid land lease payments	-	10,096	10,096	10,096
	-	22,868	22,868	32,868
Current assets				
Inventories	-	20,284	20,284	20,284
Amount due from contract customers	-	42,870	42,870	42,870
Trade receivables	-	13,503	13,503	13,503
Other receivables	890	14,218	14,218	13,328
Tax recoverable	-	- ^{*1}	- ^{*1}	- ^{*1}
Cash and bank balances	- ¹	7,055	76,355	64,245
	890	97,930	167,230	154,230
TOTAL ASSETS	890	120,798	190,098	187,098
EQUITY AND LIABILITIES				
Share capital	1	51,501	90,001	90,001
Share premium	-	-	30,800	27,800
(Accumulated losses)/ Retained profits	(17)	1,230	1,230	1,230
Total equity	(16)	52,731	122,031	119,031
Non-current liabilities				
Hire purchase payables	-	69	69	69
Term loans (secured)	-	1,001	1,001	1,001
Deferred tax liabilities	-	2,870	2,870	2,870
	-	3,940	3,940	3,940
Current liabilities				
Amount due to contract customers	-	11,102	11,102	11,102
Trade payables	-	24,767	24,767	24,767
Other payables	906	3,097	3,097	3,097
Hire purchase payables	-	167	167	167
Term loans (secured)	-	281	281	281
Bank overdraft (secured)	-	2,164	2,164	2,164
Other bank borrowings (secured)				
- Bankers' acceptances	-	645	645	645
- Revolving credit	-	19,663	19,663	19,663
Taxation	-	2,241	2,241	2,241
	906	64,127	64,127	64,127

12. FINANCIAL INFORMATION (CONT'D)

	As at 31 March 2009 RM'000	Proforma I After the Acquisition RM'000	Proforma II After I and the Public Issue and Offer for Sale RM'000	Proforma III After II and utilisation of proceeds RM'000
Total liabilities	906	68,067	68,067	68,067
TOTAL EQUITY AND LIABILITIES	890	120,798	190,098	187,098
Number of shares ('000)	2	103,002	180,002	180,002
(NL)/ NA (RM'000)	(16)	52,731	122,031	119,031
(NL)/ NA per share (RM)	(8.00)	0.51	0.68	0.66
(NTL)/ NTA (RM'000) ²	(16)	42,635	111,935	108,935
(NTL)/ NTA per share (RM)	(8.00)	0.41	0.62	0.61
Total borrowings (RM'000)	-	23,990	23,990	23,990
Gearing ratio (times)	-	0.45	0.20	0.20

Notes:-

¹ Negligible

² For the purposes of calculating NTA, the prepaid land lease payments have been excluded as such payments are treated as intangible assets

12.1.3 Cash Flows

The following table sets out a summary of the proforma consolidated cash flow statement of our Group for the ten (10)-month FPE 31 March 2009, prepared based on the assumption that our Group has been in existence throughout the period under review. The proforma consolidated cash flow statement is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying in the proforma consolidated financial information set out in Section 15 of this Prospectus.

	RM'000
Cash flows from operating activities	
PBT	20,546
Adjustments for:-	
Depreciation of property, plant and equipment	969
Amortisation of prepaid land lease payments	45
Unrealised loss on foreign exchange	167
Interest income	(52)
Interest expense	445
Operating profit before working capital changes	22,120
Increase in inventories	(9,523)
Increase in amount due from customers on contract	(1,786)
Increase in amount due to customers on contract	7,413
Increase in trade and other receivables	(15,348)
Decrease in trade and other payables	(17,019)
Cash utilised in operations	(14,143)

12. FINANCIAL INFORMATION (CONT'D)

	RM'000
Cash flows from operating activities (cont'd)	
Tax paid	(3,967)
Tax refunded	21
Interest paid	(43)
Net cash used in operating activities	<u>(18,132)</u>
Cash flows from investing activities	
Additional prepaid land lease payments	(675)
Interest received	52
Purchase of property, plant and equipment	(2,961)
Net cash used in investing activities	<u>(3,584)</u>
Cash flows from financing activities	
Repayment of hire purchase liabilities	(185)
Hire purchase interest paid	(13)
Net repayment of term loans	(218)
Loan interest paid	(43)
Increase in other bank borrowings	20,308
Interest paid on other bank borrowings	(345)
Dividend paid	(14,200)
Net cash from financing activities	<u>5,304</u>
Net decrease in cash and cash equivalents	(16,412)
Cash and cash equivalents at beginning of period	21,488
Foreign exchange difference on opening balance	(185)
Cash and cash equivalents at end of period¹	<u>4,891</u>

Note:-

¹ Components of cash and cash equivalents at end of period:-

	RM'000
Cash and bank balances	7,055
Bank overdraft	(2,164)
	<u>4,891</u>

12. FINANCIAL INFORMATION (CONT'D)**12.2 Capitalisation and Indebtedness**

The following table summarises our capitalisation and indebtedness:-

- i. As at 31 March 2009 based on our proforma consolidated financial information after the Acquisition; and
- ii. As adjusted for the net proceeds arising from the issuance of 77,000,000 new TAS Offshore Shares pursuant to our Public Issue as well as the utilisation of proceeds as set out in Section 3.9 of this Prospectus.

	Proforma as at 31 March 2009 after the Acquisition RM'000	After adjustment for the Public Issue, Offer for Sale and utilisation of proceeds RM'000
Indebtedness		
Short-term indebtedness:-		
• Hire purchase payable	167	167
• Term loans (Secured and guaranteed)	281	281
• Bank overdraft (Secured and guaranteed)	2,164	2,164
• Other bank borrowings (secured and guaranteed):-		
- Bankers' acceptances	645	645
- Revolving credit	19,663	19,663
Long-term indebtedness		
• Hire purchase payable	69	69
• Term loans (Secured and guaranteed)	1,001	1,001
Total indebtedness	23,990	23,990
Capitalisation		
Total shareholders' equity	52,731	119,031
Total capitalisation	52,731	119,031
Total capitalisation and indebtedness	76,721	143,021

The indirect and contingent liabilities of our Group are set out in Section 12.4.9 of this Prospectus.

12.3 Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects

The following management's discussion and analysis of our financial condition, results of operations and prospects as set out in Sections 12.3 of this Prospectus have been made based on our proforma consolidation financial information for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009 which have been prepared for illustrative purposes to reflect what our financial position would have been throughout the years and period under review and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter included in the proforma consolidated financial information set out in Sections 13 and 15 of this Prospectus. The information relating to the ten (10)-month FPE 31 March 2008 have not been audited and have been included for comparison purposes only.

12. FINANCIAL INFORMATION (CONT'D)**12.3.1 Overview of Operations****FYE 31 May 2006*****Revenue***

Revenue had increased by RM28.66 million or 71.4% to RM68.81 million mainly due to higher revenue from overseas Shipbuilding contracts which registered an increase of RM42.05 million or 168.8%. Revenue from local Shipbuilding contracts however had decreased by RM12.49 million during the year as most of the local contracts which were previously subcontracted from TASSB had been substantially completed.

Revenue from Shipbuilding for the FYE 31 May 2006 was recognised based on the construction of the following vessels:-

FYE 31 May	2006		2005	
	Units	RM'000	Units	RM'000
Completed during the year	25	43,226	14	27,637
Work-in-progress as at end of year	9	24,595	10	10,623
Total	34	67,821	24	38,260

The overall increase in revenue was mainly due to an increase in the total number of vessels completed as indicated in the above table and the procurement of a Shipbuilding contract from a customer in UAE amounting to RM16.7 million which was 75% completed as at the end of the financial year.

Gross Profit

Gross profit had increased by RM5.59 million or 127% from RM4.39 million in the FYE 31 May 2005 to RM9.98 million in the FYE 31 May 2006 due to the increase in revenue as explained above and an increase in the overall gross profit margin.

The average gross profit margin from Shipbuilding activities for the FYE 31 May 2006 was 14.5% as compared to 10.5% in the FYE 31 May 2005. The higher profit margin was largely attributable to the increase in overseas Shipbuilding contracts which gave a better margin than local contracts. The gross profit margin from local Shipbuilding contracts had decreased from 12.0% in the FYE 31 May 2005 to 4.6% in the FYE 31 May 2006 mainly because revenue recognised from the vessels that were completed in the FYE 31 May 2006 were not substantial in value and due to a loss of approximately RM185,000 suffered on one of the vessels.

PBT

FYE 31 May	2006 RM'000	2005 RM'000	Increase/ (Decrease) RM'000
Gross profit	9,981	4,394	5,587
Other operating income	103	2	101
Operating expenses	(1,909)	(828)	1,081
Finance expenses	(36)	(10)	26
PBT	8,139	3,558	4,581
Taxation	(296)	(297)	(1)
PAT	7,843	3,261	4,582

12. FINANCIAL INFORMATION (CONT'D)

Other operating income had increased in the FYE 31 May 2006 due to gains arising from foreign exchange and increase in interest income.

The increase in operating expenses was mainly due to the following:-

- i. Increase in payroll costs amounting to RM1.07 million arising from an increase in the number of employees employed and higher bonus payout during the financial year;
- ii. Increase in electricity, communication and travelling expenses amounting to RM113,529 in tandem with the increase in turnover and business activity; and
- iii. Increase in depreciation charge amounting to RM175,705 due to additions to items of Property, Plant and Equipment.

However, during the year there was no write off of Property, Plant and Equipment and foreign exchange losses and this had partly off-set the increase in the total operating expense.

Effective Tax Rate

	FYE 31 May 2006 RM'000
Current financial year	
- income tax	324
- deferred tax	(3)
Under/(over) provision in previous financial year	
- income tax	10
- deferred tax	(35)
	296
Effective tax rate	3.6%

The effective tax rate is lower than statutory tax rate of 28% due to the 85% tax exemption of statutory income that is derived from Shipbuilding activities which has been granted with a pioneer status incentive.

FYE 31 May 2007***Revenue***

Revenue increased by approximately RM5.43 million or 7.9% from RM68.81 million in the FYE 31 May 2006 to RM74.24 million mainly due to an increase in revenue from overseas Shipbuilding contracts secured mainly from customers in Singapore.

Revenue from Shipbuilding for the FYE 31 May 2007 was recognised based on the construction of the following vessels:-

FYE 31 May	2007		2006	
	Units	RM'000	Units	RM'000
Completed during the year	19	47,090	25	43,226
Work-in-progress as at end of year	16	26,060	9	24,595
Total	35	73,150	34	67,821

12. FINANCIAL INFORMATION (CONT'D)

In addition, revenue recognised in the FYE 31 May 2007 from Shipbuilding contracts comprised more vessels with longer length and which carried a higher sales value as compared with the previous financial year. The following table summarises the revenue recognised by the length of vessels:-

FYE 31 May Length of vessels	2007		2006	
	Completed & incomplete Units	Revenue RM'000	Completed & incomplete Units	Revenue RM'000
23 to 29 metres	28	39,452	32	49,442
31 to 49 metres	7	33,698	2	18,379
Total	35	73,150	34	67,821

Gross Profit

In the FYE 31 May 2007, gross profit had increased by RM6.24 million from RM9.98 million in the FYE 31 May 2006 to RM16.22 million. The increase was a result of the increase in revenue as explained above and the overall gross profit margin which had increased from 14.5% in the FYE 31 May 2006 to 21.9%.

The improvement in the gross profit margin was mainly due to an increased number of larger vessels, measuring between 31 to 49 metres in length, sold to overseas customers in the FYE 31 May 2007. In addition, our Group was able to enjoy better economies of scale through the spreading of fixed or common costs over increased activities.

PBT

FYE 31 May	2007 RM'000	2006 RM'000	Increase/ (Decrease) RM'000
Gross profit	16,218	9,981	6,237
Other operating income	1,193	103	1,090
Operating expenses	(2,029)	(1,909)	120
Finance expenses	(40)	(36)	4
PBT	15,342	8,139	7,203
Taxation	(613)	(296)	317
PAT	14,729	7,843	6,886

PBT had increased as a result of the increase in gross profit as elaborated above and due to the increase in gains on foreign exchange by RM1.01 million and increase in interest income earned by RM84,153 which were included in other income.

12. FINANCIAL INFORMATION (CONT'D)**Effective Tax Rate**

	FYE 31 May 2007 RM'000
Current financial year	
- income tax	626
- deferred tax	-
Under/(over) provision in previous financial year	
- income tax	(10)
- deferred tax	3
Effects of change in tax rate	(6)
	<u>613</u>
Effective tax rate	4.0%

The effective tax rate is lower than statutory tax rate of 27% mainly due to the 85% tax exemption of statutory income that is derived from Shipbuilding activities.

FYE 31 May 2008**Revenue**

Revenue had increased by RM47.11 million or 63.5% with revenue from overseas Shipbuilding contracts registering an increase of RM37.49 million or 53.0% while revenue from local Shipbuilding contracts increased by RM9.18 million or 372.1%.

Revenue from Shipbuilding for the FYE 31 May 2008 was recognised based on the construction of the following vessels:-

FYE 31 May	2008		2007	
	Units	RM'000	Units	RM'000
Completed during the year	19	36,634	19	47,090
Work-in-progress as at end of year	34	83,185	16	26,060
Total	53	119,819	35	73,150

The breakdown of revenue recognised by the length of vessels is as follows:-

FYE 31 May Length of vessels	2008		2007	
	Completed & incomplete Units	Revenue RM'000	Completed & incomplete Units	Revenue RM'000
23 to 29 metres	40	51,109	28	39,452
31 to 49 metres	7	30,788	7	33,698
50 to 60 metres	6	37,922	-	-
Total	53	119,819	35	73,150

As indicated in the above tables, the increase in Shipbuilding revenue in the FYE 31 May 2008 was mainly due to the increase in the number of vessels being constructed during the financial year. In addition, there was an increase in the number of larger vessels constructed in the FYE 31 May 2008 such as those measuring 50 metres and above which provided additional revenue to our Group.

12. FINANCIAL INFORMATION (CONT'D)

In order to meet the demand for more vessels from our customers, our Group has outsourced the construction of five (5) units of vessels (three (3) units of 47 metres length and two (2) units of 50 metres length) to a shipbuilder in Nanjing, Jiangsu, PRC. The total consideration sum of these vessels amounted to RM89.53 million of which RM20.60 million was recognised as revenue during the financial year.

Gross Profit

Gross profit had increased by RM3.75 million or 23.1% to RM19.97 million in the FYE 31 May 2008 on the back of the increase in revenue. The overall gross profit margin however decreased from 21.85% in the FYE 31 May 2007 to 16.5% in the FYE 31 May 2008 which was largely attributable to the decrease in profitability from Shipbuilding activities.

The gross profit margin from Shipbuilding activities had decreased from 21.6% in the FYE 31 May 2007 to 16.1% mainly due to:-

- i. The construction of five (5) units of vessels that had been subcontracted to a shipbuilder in the PRC that generates profit margins ranging between 9% to 13% only. These margins are generally lower than the average gross profit margin of a vessel that is constructed by our Group; and
- ii. There were three (3) units of completed Tugboats and one (1) unit which was under construction as at the end of the financial year which contributed low profit margins ranging between 3.2% to 7.4% only. These vessels were sold to several local customers at lower prices in order to attract repeats orders from them.

PBT

FYE 31 May	2008 RM'000	2007 RM'000	Increase/ (Decrease) RM'000
Gross profit	19,967	16,218	3,749
Other operating income	1,536	1,193	343
Operating expenses	(3,549)	(2,029)	1,520
Finance costs	(47)	(40)	7
PBT	17,907	15,342	2,565
Taxation	(1,869)	(613)	1,256
PAT	16,038	14,729	1,309

The increase in other operating income in the FYE 31 May 2008 was mainly due to dividend income received from investment in unit trusts amounting to RM193,716 and gains arising from the disposal of the investment amounting to RM144,917. Such increase was partly offset by the decrease in gains from foreign exchange by RM118,805.

The increase in operating expenses was mainly due to:-

- i. Increase in payroll costs amounting to RM0.81 million arising from increase in management personnel of RM0.36 million, and directors' emoluments of RM0.38 million and higher bonus pay out (increased by RM0.27 million) during the financial year;

12. FINANCIAL INFORMATION (CONT'D)

- ii. Increase in legal and professional charges by RM0.23 million incurred mainly in connection with the securing of additional banking facilities; and
- iii. Increase in depreciation charge of RM0.17 million due to additions to items of Property, Plant and Equipment.

Effective Tax Rate

	FYE 31 May 2008 RM'000
Current financial year	
- income tax	1,853
- deferred tax	3
Under/(over) provision in previous financial year	
- income tax	(1)
- deferred tax	20
- effect of reduction in tax rate	(6)
	1,869
Effective tax rate	10.4%

The effective tax rate of 10.4% is lower than the statutory rate of 26% mainly due to the exemption of tax on our Group's statutory income which is granted under the pioneer status incentive. However, the current effective tax rate of 10.4% is higher than the rate of 4% in the FYE 31 May 2007 mainly because profits accruing to vessels that are being constructed in PRC and other dockyard do not enjoy pioneer status tax incentive as such tax incentive is only allowed on profits from Shipbuilding activities carried out in our Group's premises in Sibul.

FPE 31 March 2009**Revenue**

Revenue for the ten (10)-month FPE 31 March 2009 had increased by RM27.78 million or 33.8% when compared with the revenue of RM82.28 million generated for the previous corresponding ten (10)-month FPE 31 March 2008.

Revenue from Shipbuilding for the ten (10)-month FPE 31 March 2009 was recognised based on the construction of the following vessels:-

FPE 31 March	2009		2008	
	Units	RM'000	Units	RM'000
Completed during the period	17	28,299	16	29,957
Work-in-progress as at end of period	31	80,694	29	51,073
Total	48	108,993	45	81,030

12. FINANCIAL INFORMATION (CONT'D)

The breakdown of revenue recognised by the length of vessels is as follows:-

FPE 31 March Length of vessels	2009		2008	
	Completed & incomplete Units	Revenue RM'000	Completed & incomplete Units	Revenue RM'000
23 to 29 metres	33	47,906	35	38,424
31 to 49 metres	6	11,111	6	21,212
50 to 60 metres	9	49,976	4	21,394
Total	48	108,993	45	81,030

The increase in revenue is mainly due to an increase in the number of large vessels measuring 50 metres and above constructed during the period as compared with the previous corresponding period. Revenue recognised from such vessels had increased by RM28.58 million or 133.6%. In addition, the revenue recognised from vessels ranging from 23 to 29 metres in length had also increased by 24.7% or RM9.48 million which was mainly attributable to a general increase in the values contracted for these categories of vessels during the current period.

Gross Profit

Gross profit for the ten (10)-month FPE 31 March 2009 had increased by RM7.71 million or 53.5% to RM22.12 million when compared to the previous corresponding period. The overall gross profit margin had also increased from 17.5% in FPE 31 March 2008 to 20.1% in the ten (10)-month FPE 31 March 2009.

The increase in gross profit margin was mainly due to the following factors:-

- i. Increase in profitability from vessels measuring 23 to 29 metres due to a general increase in the contract value of such vessels during the period; and
- ii. The general appreciation of the USD against the RM during the period has resulted in an overall increase in the value of several contracts which were denominated in USD.

PBT

FPE 31 March	2009 RM'000	2008 RM'000	Increase/ (Decrease) RM'000
Gross profit	22,117	14,408	7,709
Other operating income	1,920	1,241	679
Operating expenses	(3,434)	(2,626)	808
Finance costs	(57)	(42)	15
PBT	20,546	12,981	7,565
Taxation	(4,792)	(1,133)	3,659
PAT	15,754	11,848	3,906

The increase in other operating income in the ten (10)-month FPE 31 March 2009 was mainly due to increase in realised gain on foreign exchange amounting to RM1.18 million. Such increase was partly offset by a decrease in dividend and interest income amounting to RM0.33 million and decrease in gain on disposal of investment of RM0.14 million.

12. FINANCIAL INFORMATION (CONT'D)

The increase in operating expenses was mainly due to increase in remuneration paid to executive directors and senior management by RM0.7 million.

Effective Tax Rate

	FPE 31 March 2009 RM'000
Current financial year	
- income tax	4,775
- deferred tax	24
Under/(over) provision in previous financial year	
- income tax	.1
- deferred tax	-
- effect of reduction in tax rate	(7)
	<u>4,792</u>
Effective tax rate	23.3%

Note:-

* Negligible

The effective tax rate of 23.3% is higher than the rate of 10.4% in the FYE 2008 mainly due to the expiry of pioneer status incentive which was granted from 1 August 2003 to 31 July 2008 which resulted in all income earned from Shipbuilding activity subsequent to that date being taxable.

12.3.2 Factors Affecting Future Financial Condition and Results

After taking into consideration the risk factors relating to our business, industry and our ability to mitigate such risk factors as set out in Section 4 of this Prospectus, we are of the opinion that our future financial condition and results will remain profitable.

Whilst the on-going global economic crisis may have some impact on our business in the short term, we strongly believe that our competitive strengths and advantages as set out in Section 6.1.3 of this Prospectus provide the fundamental for the sustainability of our future business and financial growth. Our future plans as set out in Section 7.10 of this Prospectus, to venture into new business activities, expand our production capacity and establish new production facilities will further contribute to sustainable growth in our financial performance.

12.3.3 Segmental Analysis

The following is the segmental analysis of the proforma consolidated results of our Group for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009. The proforma consolidated results are provided for illustrative purposes only and on the assumption that the current structure of our Group had been in existence throughout the financial years under review.

12. FINANCIAL INFORMATION (CONT'D)**Revenue**

The breakdowns of our Group's revenue by division are set out below:-

	←-----FYE 31 May-----→						←-FPE 31 March-→	
	2006		2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	67,821	98.6	73,151	98.5	119,819	98.7	108,993	99.0
Ship repairing	987	1.4	1,088	1.5	1,527	1.3	1,063	1.0
	68,808	100.0	74,239	100.0	121,346	100.0	110,056	100.0

The breakdowns of our Group's revenue by geographical location are set out below:-

	←-----FYE 31 May-----→						←-FPE 31 March-→	
	2006		2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Export	66,964	97.3	70,682	95.2	108,168	89.1	108,698	98.8
Local	1,844	2.7	3,557	4.8	13,178	10.9	1,358	1.2
	68,808	100.0	74,239	100.0	121,346	100.0	110,056	100.0

The breakdowns of our Group's revenue by types of vessels (for Shipbuilding activities only) are set out below:-

	←-----FYE 31 May-----→						←-FPE 31 March-→	
	2006		2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Tugboats	55,293	81.5	59,417	81.2	55,110	46.0	55,433	50.9
Anchor Handling Tug	12,528	18.5	13,734	18.8	33,889	28.3	13,987	12.8
Anchor Handling Tug Supply Vessel	-	-	-	-	30,820	25.7	39,573	36.3
	67,821	100.0	73,151	100.0	119,819	100.0	108,993	100.0

Revenue from Shipbuilding activities have grown significantly throughout the periods under review and are our main source of revenue, contributing approximately 99% to our revenue for the past three (3) financial years up to 31 May 2008. This growth is in line with our Group's objective of expanding our Shipbuilding activity. Although the percentage contribution from ship repairing to our revenue has remained fairly consistent throughout the financial years under review, the amount of revenue has increased gradually for the past three (3) financial years due to an increase in value of service orders secured.

12. FINANCIAL INFORMATION (CONT'D)

The strong growth in our Group's revenue for the past three (3) financial years under review was mainly due to our endeavour to develop overseas markets. The export market continues to be our primary source of revenue, contributing approximately at least 89% of our revenue for the past three (3) financial years, with UAE, Singapore and Indonesia being our primary markets. Revenue from the local market has been increasing over the past three (3) financial years as the Group has been able to source additional local customers particularly from East Malaysia. However, for the ten (10)-month FPE 31 March 2009, the revenue recorded was RM1.36 million. On an annualised basis, the revenue for FYE 31 May 2009 is lower as compared to FYE 31 May 2008 as our shipyard was fully utilised for overseas contracts.

Historically, our source of revenue is mainly derived from construction of Tugboats. However, the increase in oil and gas activities in recent years has resulted in high demand for Offshore Support Vessels worldwide. As a result, we have expanded our Shipbuilding activities to cater for the high demand of Offshore Support Vessels in the oil and gas industry. Besides constructing Tugboats and Anchor Handling Tug, we commenced to construct Anchor Handling Tug Supply Vessels in 2008.

Gross Profit

The breakdowns of our Group's gross profit by division are set out below:-

	←-----FYE 31 May-----→						←-FPE 31 March->	
	2006		2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	9,847	98.7	15,825	97.6	19,268	96.5	21,638	97.8
Ship repairing	134	1.3	393	2.4	699	3.5	479	2.2
	9,981	100.0	16,218	100.0	19,967	100.0	22,117	100.0

Margin

Shipbuilding	14.5%	21.6%	16.1%	19.9%
Ship repairing	13.6%	36.1%	45.8%	45.1%

The breakdowns of our Group's gross profit by geographical location are set out below:-

	←-----FYE 31 May-----→						←-FPE 31 March->	
	2006		2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding								
- Export	9,808	98.3	15,762	97.2	18,421	92.3	21,799	98.5
- Local	39	0.4	63	0.4	847	4.2	(161) ¹	(0.7)
Ship repairing								
- Local	134	1.3	393	2.4	699	3.5	479	2.2
	9,981	100.0	16,218	100.0	19,967	100.0	22,117	100.0

12. FINANCIAL INFORMATION (CONT'D)

Margin	←-----FYE 31 May-----→			←-FPE 31 March-→
	2006	2007	2008	2009
Shipbuilding				
- Export	14.6%	22.3%	17.0%	20.1%
- Local	4.6%	2.6%	7.3%	(54.7%)* ¹
Ship repairing				
- Local	13.6%	36.1%	45.8%	45.1%

The breakdowns of our Group's gross profit by types of vessels (for Shipbuilding activities only) are set out below:-

	←-----FYE 31 May-----→						←-FPE 31 March-→	
	2006		2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Tugboats	9,534	96.8	13,906	87.9	9,616	49.9	13,062	60.4
Anchor Handling Tug	313	3.2	1,919	12.1	5,224	27.1	1,770	8.2
Anchor Handling Tug Supply Vessel	-	-	-	-	4,428	23.0	6,806	31.4
	9,847	100.0	15,825	100.0	19,268	100.0	21,638	100.0

Margin				
Tugboats	17.2%	23.4%	17.4%	23.6%
Anchor Handling Tug	2.5%	14.0%	15.4%	12.7%
Anchor Handling Tug Supply Vessel	-	-	14.4%	17.2%

Note:-

*1 includes an adjustment for profit over-recognised on vessels under construction in FYE 31 May 2008 of RM176,706

The total gross profit from Shipbuilding activities had increased significantly over the past three (3) financial years under review, representing at least 96% of our Group's total gross profit. This was in line with our focus on the Shipbuilding activities. The gross profit margin for Shipbuilding activities for FYE 31 May 2007 had increased to 21.6% from 14.5% in FYE 31 May 2006 mainly due to the increased number of larger vessels sold and that the Group was able to enjoy better economies of scale through the spreading of fixed or common costs over increased activities. In FYE 31 May 2008, the gross profit margin had decreased to 16.1% mainly because of the construction of several vessels had been subcontracted to a shipbuilder in the PRC due to a constraint in the Group's capacity and the gross profit margins derived from these vessels were generally lower than the average gross profit margin of a vessel that is constructed by the Group itself.

12. FINANCIAL INFORMATION (CONT'D)

In addition, the Group had sold several units of vessels to local customers in FYE 31 May 2008 at lower prices to promote repeat orders and as a consequence, the gross profit derived from such vessels was low. However, the gross profit margin for the ten (10)-month FPE 31 March 2009 had increased to 19.9% mainly because our Group had been able to secure higher selling prices for vessels measuring 23 metres to 29 metres in length and due to the general appreciation of the USD against RM which had resulted in an overall increase in the value of several contracts which were denominated in USD. The gross profit margin from ship repairing services varies with the type of repair works requested by customers. The fluctuations in the gross profit margins for ship repairing over the past three (3) financial years and the ten (10)-month FPE 31 March 2009 were mainly attributable to the different types of repair works undertaken by the Group.

Export market for the Shipbuilding activities has consistently contributed at least 90% to our Group' total gross profit, which is in line with our focus on expanding our overseas presence. The gross profit contributed from local market is insignificant over the past three (3) financial years and for the ten (10)-month FPE 31 March 2009. The gross profit margin generated from export market has been consistently higher than the local market over the past three (3) financial years and for the ten (10)-month FPE 31 March 2009 mainly because the contract values of vessels secured from the local market were generally lower than export markets as our Group was making efforts to expand our local customers base and to promote repeat orders.

In terms of vessels constructed, Tugboats have predominantly been the major contributor over the past three (3) financial years and the ten (10)-month FPE 31 March 2009. Nonetheless, due to the increase in oil and gas activities in recent years, our Group has focused on constructing Offshore Support Vessels to cater for the high demand in the oil and gas industry. The gross profit margin for the Anchor Handling Tugs and Anchor Handling Tug Supply Vessels has been increasing over the years.

12.3.4 Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009.

12.3.5 Material Changes in Sales/ Revenue

A discussion on the reasons on material changes in our revenue for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009 is set out in Section 12.3.1 of this Prospectus.

12.3.6 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices on Operating Profits

We have business transactions in foreign currencies in the normal course of our business, which include purchases of raw materials and supplies, and the export of our products. Given this, our exposure to movements in foreign exchange has a "natural" hedge, to a certain extent.

There is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009.

12. FINANCIAL INFORMATION (CONT'D)

12.3.7 Impact of Inflation

There is no material impact of inflation on our historical profits for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009.

12.3.8 Government/ Economic/ Fiscal or Monetary Policies

Risk relating to government, economic, fiscal or monetary policies or factors, which may materially affect our operations, is as set out in Sections 4.4.1 of this Prospectus.

There is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009.

12.4 Liquidity and Capital Resources

12.4.1 Working Capital

Our Group has been financing our operations through cash generated from our operations and external sources of funds. Our Group's external source of funds mainly comprises of shareholders' equity and bank borrowings.

Our Directors are of the opinion that, after taking into consideration the cash flow position, banking facilities available and the net proceeds from the Public Issue, our Company will have adequate working capital for a period of 12 months from the date of this Prospectus.

12.4.2 Cash Flow

A summary of our Group's proforma cash flow statement for the ten (10)-month FPE 31 March 2009 based on the proforma consolidated cash flow statement as disclosed in Section 15 of this Prospectus is set out below:-

Cash Flow	FPE 31 March 2009 RM'000
Net cash used in operating activities	(18,132)
Net cash used in investing activities	(3,584)
Net cash from financing activities	5,304
Net decrease in cash and cash equivalents	<u>(16,412)</u>
Cash and cash equivalents at the beginning of the period	21,488
Foreign exchange difference on opening balance	(185)
Cash and cash equivalents at end of period	<u>4,891</u>

There are no legal or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends. Some of our bankers, however, require us to seek their prior approval for dividend payments. We do not expect such approval to be unreasonably withheld by our bankers, therefore, we are confident that we can meet our cash obligations.

12. FINANCIAL INFORMATION (CONT'D)

Net Cash Used in Operating Activities

The amount generated from operations but before working capital changes during the ten (10)-month FPE 31 March 2009 was RM22.12 million. However, during the same period, we had used RM36.26 million to finance our working capital and RM3.99 million to pay our income tax liabilities and bank interests which resulted in a net cash outflow in operating activities of RM18.13 million. Funds used to finance working capital include:-

- i. An amount of RM9.72 million used to finance the increase in trade and other receivables and net amount due from contract customers. Such increase was mainly attributable to an extension of credit period to some customers, a substantial amount of billings on Shipbuilding contracts which were raised only towards the end of the financial period and an increase in deposits paid to Shipbuilding suppliers. Trade receivables are monitored by our Group's management and as at the LPD, a total amount of RM5.14 million has been collected from the debts due to our Group as at 31 March 2009;
- ii. An amount of RM9.52 million used to finance the increase in inventories which in turn was due to the buying and storing of additional Shipbuilding materials for use in future contracts and the construction of six (6) units vessels which have not been sold; and
- iii. An amount of RM17.02 million used to reduce the amount due to trade and other payables.

Our Group actively manages our operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. Other than the funds generated from its operations, funds used in our Group's operating activities during the financial period were also sourced from the amount of cash and cash equivalents at the beginning of the financial period and from the drawdown of our bank borrowings facilities. As at 31 March 2009, our Group has a total credit facilities amounting to RM34 million of which a total amount of RM 23.75 million had been utilised.

Net Cash Used in Investing Activities

The net cash used in investing activities of approximately RM3.58 million for the ten (10)-month FPE 31 March 2009 was mainly due to capital expenditure incurred arising from purchase of property, plant and equipment of RM2.96 million.

Net Cash From Financing Activities

The net cash from financing activities of approximately RM5.30 million for the ten (10)-month FPE 31 March 2009 was mainly due to proceeds from other bank borrowings of RM20.31 million which include bankers' acceptances and revolving credit to finance the purchase of raw materials and the payment of dividend of RM14.2 million.

12. FINANCIAL INFORMATION (CONT'D)**12.4.3 Borrowings**

As at 31 March 2009, the total outstanding bank borrowings in the form of bank overdrafts, term loans and trade finance facilities amounted to approximately RM24.0 million. The borrowings can be analysed further as follows:-

Outstanding Borrowings	Amount RM'000
Short term borrowings	
• Interest bearing	
- Hire purchase payable	167
- Term loans	281
- Bank overdraft	2,164
- Other bank borrowings	
- Bankers' acceptance	645
- Revolving credit	19,663
- Non-interest bearing	-
Long term borrowings	
• Interest bearing	
- Hire purchase payable	69
- Term loans	1,001
• Non-interest bearing	-
Total interest-bearing borrowings	23,990
Gearing ratio as at 31 March 2009 ¹	0.45
Gearing ratio after Public Issue ²	0.20

Notes:-

¹ Based on borrowings and proforma shareholders' funds as at 31 March 2009 of approximately RM52.7 million upon completion of the Acquisition

² Based on borrowings and proforma shareholders' funds as at 31 March 2009 of approximately RM119.0 million upon completion of the Public Issue as set out in Section 3.9 of this Prospectus

Our Group has not defaulted on payments of either interest and/ or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof up to 31 March 2009.

12.4.4 Breach of Terms and Conditions/ Covenants Associated with Credit Arrangement/ Bank Loan

To the best of our Directors' knowledge, as at 31 March 2009, our Group is not in breach of any terms and conditions or covenants associated with credit arrangement or bank loan, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

12.4.5 Type of Financial Instruments Used

Our Group is exposed to fluctuations in foreign exchange rates through the revenue earned and purchases made that were transacted in foreign currencies.

12. FINANCIAL INFORMATION (CONT'D)

For the ten (10)-month FPE 31 March 2009, our Group has not entered into any forward exchange contracts but will undertake to regularly monitor and review the need to hedge our foreign currency exposure. As at the LPD, we have a forward foreign exchange line which allows our Group to enter into forward contracts of up to RM30 million.

12.4.6 Treasury Policies and Objectives

We have been financing our operations through cash generated from our operations and external sources of funds. Our external source of funds mainly comprises shareholders' funds and bank borrowings.

We have short-term and long-term bank borrowings facilities available to our Group. Our short-term bank borrowing is mainly bank overdrafts which are used to redeem Lot 22 & Lot 112 of Block 1, Sibu Town District from Public Bank Berhad and to finance working capital requirements. The interest rates for our short-term bank borrowings are based on the base lending rate prevailing at the dates of the respective transactions as well as the base lending rate plus a margin agreed upon by our bankers when the respective loans were granted.

Our long-term bank borrowings are mainly fixed loans and revolving credits which are used to redeem Lot 22 & Lot 112 of Block 1, Sibu Town District from Public Bank Berhad and to finance Shipbuilding contract/ agreement on contract specific basis respectively. The interest rates for our long-term bank borrowings are based on the base lending rate plus a margin agreed upon by our bankers when the respective loans were granted.

We conduct our operations in RM, as well as other foreign currencies, which mainly include the USD and SGD. Therefore, we maintain cash accounts in RM and multi currencies.

Our imports are mainly denominated in USD and SGD. For sales, domestic sales are mainly in RM, whilst export sales are mainly in USD and SGD. Where purchases are in USD and SGD, we would pay our suppliers by natural hedging using export proceeds in USD and SGD. By natural hedging, we minimise our foreign exchange exposure risk.

Our Group mitigates against foreign exchange risk by using our foreign currency earnings to pay for purchases denominated in the same foreign currency, where possible. This could provide some natural hedge against foreign exchange fluctuations.

Our Group has not entered into any interest rate swap to hedge against the fluctuations in the interest rates. We manage our interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

12.4.7 Material Commitment

As at the LPD, our Directors are not aware of any material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group.

12. FINANCIAL INFORMATION (CONT'D)**12.4.8 Material Litigation**

As at the LPD, our Company has not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our Company's financial position. Our Directors have no knowledge of any proceedings pending or threatened against our Company or any fact likely to give rise to any proceeding which might materially and adversely affect our financial position and business.

12.4.9 Contingent Liabilities

As at the LPD, our Directors are not aware of any contingent liabilities which, upon becoming enforceable might materially and adversely affect our financial position and business.

12.4.10 Key Financial Ratios

The table below sets out the key financial ratios of our Company for the three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009 which have been prepared for illustrative purposes only based on our audited financial statements and on the assumption that the current structure of our Company has been in existence throughout the financial years/ period under review:-

	FYE 31 May		Ten (10)-month FPE 31 March	
	2006	2007	2008	2009
Trade receivables turnover period (days)	39	19	22	36
Trade payables turnover period (days)	130	144	157	109
Inventories turnover period (days)	12	42	54	89

Trade receivables turnover

Our Group's normal credit period given to our trade debtors ranges from seven (7) days to 60 days. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration, inter-alia, the background and credit-worthiness of the customer, payment history of the customer and our relationship with our customer.

Our Group trade receivables turnover period has been consistently within our normal credit period. However, the increase in trade receivable turnover period for the ten (10)-month FPE 31 March 2009 was due to some of the customers had requested for an extension of credit period and approximately 30% of the total receivable was billed towards end of the financial period.

12. FINANCIAL INFORMATION (CONT'D)

The trade receivables of our Group as at 31 March 2009 are set out below:-

Credit Period	Within credit period		Exceeding	Total
	0 – 30 days RM'000	31 – 60 days RM'000	credit period Over 60 days RM'000	
Trade receivables	4,001	4,415	5,087	13,503
% of total trade receivables	29.6	32.7	37.7	100.0

As at the LPD, 38.1% or RM5.14 million of the total trade receivable for the ten (10)-month FPE 31 March 2009 has been subsequently collected.

Trade payables turnover

The normal credit terms granted to us by our trade suppliers range from seven (7) days to 90 days. In view of the good relationship with our trade suppliers, we enjoy credit periods that are longer than the stipulated period.

For the past three (3) FYE 31 May 2008, our Group's trade payable turnover has been increasing, attributable to the longer payment period extended by our suppliers.

The trade payable of our Group as at 31 March 2009 are set out below:-

Credit period	Within credit period			Exceeding	Total
	0 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	credit period Over 90 days RM'000	
Trade payables	14,766	3,731	2,234	4,036	24,767
% of total trade payables	59.6	15.1	9.0	16.3	100.0

The increase in trade payables during the financial years under review is in tandem with the increase in purchases. The trade payable turnover period had decreased from 157 days to 109 days for the ten (10)-month FPE 31 March 2009 as we have utilised our banking facilities such as bankers' acceptance and revolving credit to pay our trade suppliers.

As at 31 March 2009, we are not aware of any actions, legal or otherwise, that have been taken against us by the trade suppliers for the recovery of debts due to them or due to any defaults in payment.

Inventories turnover

Our inventories consist of consumable stores and spare parts, raw materials and work-in-progress.

12. FINANCIAL INFORMATION (CONT'D)

Raw materials in the FYE 31 May 2008 and FYE 31 May 2007 comprised mainly Shipbuilding materials such as steel plates which have yet to be allocated to any specific contract. The balance of inventories and turnover period increased in the FYE 31 May 2007 as we started to practise a policy of buying and storing additional Shipbuilding materials for use in future contracts instead of buying the required materials as and when only a contract has been secured as practised previously. The balance of raw materials as at the FYE 31 May 2008 has increased as compared with the FYE 31 May 2007 mainly because we expect more Shipbuilding contracts will be secured after the FYE 31 May 2008.

The increase in level of inventories and turnover period was due to substantial amount of raw materials and consumable stores were purchased for use in existing contracts which have not been completed as at 31 March 2009, where approximately 30% of the raw materials had been used within two (2) months after FPE 31 March 2009. In addition, the work in progress had increased by 107.8% as compared to FYE 31 May 2008 as we have commenced construction work on six (6) units of new vessels during the period which have not been completed as at 31 March 2009.

We are of the view that there are no material slow-moving or obsolete inventories as at ten (10)-month FPE 31 March 2009.

12.5 Trend Information

Based on our segmental analysis of revenue and profitability by our business activities, our overview of operations for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009, our Board is of the opinion that:-

- i. Based on our existing contracts in hand, we have approximately 28 on-going contracts (including nine (9) new contracts secured since 1 June 2008 until the LPD) for our Shipbuilding activities, which will last until year 2011 and hence we expect our Group's operations to remain profitable. These on-going contracts comprise of 18 units of Tugboats, six (6) units of Anchor Handling Tugs and four (4) units of Anchor Handling Tug Supply Vessels.

Moving forward, we expect our Group's revenue from Shipbuilding activities to be sustainable with a slight upward trend, primarily supported by the new business activities as set out in Section 7.10.1 of this Prospectus that we planned to venture into. We have commenced our "build, own and sell ships" activity in 2009 and planned to commence our "build, own and charter ships" activity in 2010.

- ii. The demand for new vessels will increase in tandem with the increase spending on deepwater exploration, production and development in the oil and gas industry given the recent recovery of global crude oil price to approximately USD70 per barrel as at early June 2009.
- iii. The current challenging economic conditions will not have a significant impact on our Group's future financial performance given that all the vessels constructed by us caters for various industries apart from the Oil and Gas Industry which include amongst others, timber industry, coal mining industry, shipping and logistic industry.

12. FINANCIAL INFORMATION (CONT'D)

- iv. Steel plates form a major component of our raw materials and an increase in the price of steel plates will increase our cost of Shipbuilding. We do not expect any fluctuation in the prices of steel plates to significantly affect our Group's profitability as there is a pass-through mechanism for such cost to our customers. Based on our strong financial position, we are able to purchase and store the steel plates as appropriate in order to reduce or mitigate significant increases in our cost of Shipbuilding.
- v. Our liquidity is expected to improve further subsequent to our Listing given that fresh funds are injected into our Company to enable us to carry out our future plans as stated in Section 7.10 of this Prospectus.
- vi. Previously, we were granted a pioneer status by the MITI where portion of our Group's income was exempted from taxation. However, with the expiry of our pioneer status incentive on 31 July 2008, our Group have to incur tax expense based on the prevailing statutory tax rate which may result in the decrease of our net profit margin from its previous level.

In addition to the above and barring any unforeseen circumstances, our Board is not aware of any circumstances which would result in a significant decline in our revenue and gross profit margins.

Further, save as disclosed above, to the best knowledge and belief of our Directors, our operations have not been and are not expected to be affected by any of the following:-

- i. Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and in Sections 4 and 6 of this Prospectus;
- ii. Material commitment for capital expenditure as disclosed in Section 12.4.7 of this Prospectus;
- iii. Unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this section and in Section 4 of this Prospectus;
- iv. Known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/ or profits save for those that have been disclosed in this section, industry overview as set out in Section 7 of this Prospectus and future plans and strategies as set out in Section 7.10 of this Prospectus;
- v. Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 4 of this Prospectus; and
- vi. Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, other than those discussed in this section and in Section 4 of this Prospectus.

12. FINANCIAL INFORMATION (CONT'D)

Information on our Group's business and financial prospects, significant trends in sales, production and costs are set out in this section and Section 4, Section 5, Section 6 and Section 16 of this Prospectus. Discussion on the overview of the Shipbuilding Industry, its prospects and outlook are further elaborated in Section 7 of this Prospectus.

Given the favourable outlook of the Shipbuilding Industry as set out in Section 7.4 of this Prospectus, our Group's competitive strengths and advantages as set out in Section 6.1.3 of this Prospectus and our future plans as set out in Section 7.10 of this Prospectus, our Board is optimistic about the future prospects of our Group.

12.6 Dividend Policy

TAS had, on 2 April 2009 declared a tax-exempt dividend amounted to RM14,200,000 from its PAT generated between 1 June 2008 to 31 March 2009 to its shareholders.

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval. It is our intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, availability of tax credits, general financial conditions and any other factors considered relevant by our Board.

Actual dividends proposed and declared may vary depending on the financial performance and cashflow of our Group, and may be waived if the payment of the dividends would adversely affect the cashflow and operations of our Group.

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13. ACCOUNTANTS' REPORT

Folks DFK & Co (No. AF 0502)
Chartered Accountants



Date : 7 July 2009

The Board of Directors
TAS Offshore Berhad
Lot 111 & 112
Jalan Sg. Ma'aw
Sg. Bidut
96000 Sibul
Sarawak

Dear Sirs,

TAS Offshore Berhad ("TAS Offshore" or "the Company")
Accountants' Report

1. Introduction

This report has been prepared by Folks DFK & Co., an approved company auditor, for the purpose of inclusion in the Prospectus of TAS Offshore to be dated 31 July 2009, in connection with the listing and quotation of the entire issued and paid-up share capital of TAS Offshore on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

2. Abbreviations

Unless the context otherwise requires, the following definitions shall apply throughout this report :-

FRS	Financial Reporting Standards
FY / FP	Financial year / Financial period
FYE / FPE	Financial year ended / Financial period ended
Guidelines	The Securities Commission's Prospectus Guidelines in respect of Public Offerings
MASB	Malaysian Accounting Standards Board
TAS Offshore	TAS Offshore Berhad
TAS	Tuong Aik Shipyard Sendirian Berhad

3. General Information

3.1 Background

TAS Offshore was incorporated in Malaysia under the Companies Act, 1965 as a public limited liability company on 18 March 2008 under the name of TAS Offshore Berhad.

The principal activity of TAS Offshore is that of an investment holding.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

3.2 Restructuring and Listing Scheme

The transactions in conjunction with and as an integral part of the listing and quotation of the entire issued and paid-up share capital of TAS Offshore on the Main Market of Bursa Securities are as follows :-

(a) Acquisition of the Entire Issued and Paid-up Share Capital of Tuong Aik Shipyard Sendirian Berhad ("TAS")

On 26 November 2008, TAS Offshore and the vendors of TAS entered into a Conditional Share Sale Agreement ("CSSA") to acquire the entire issued and paid-up share capital of TAS comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM51,500,000 which is to be satisfied by the issuance of 103,000,000 new ordinary shares of RM0.50 each in TAS Offshore ("TAS Offshore Shares") at par to the respective vendors of TAS ("Acquisition of TAS").

The purchase consideration of RM51,500,000 for the Acquisition of TAS was agreed upon on a willing buyer-willing seller basis after taking into consideration the audited net assets value ("NAV") of TAS of RM43,143,466 as at 31 May 2008 and a net fair value adjustment arising from the revaluation of TAS's land and building amounting to RM8,161,924. The valuation was performed on 19 November 2008 by a firm of professional independent registered valuers, namely VPC Alliance (Sarawak) Sdn Bhd.

The Acquisition of TAS was completed on 3 April 2009. The completion of the Acquisition of TAS resulted in the issued and paid-up share capital of TAS Offshore being increased from RM1,000 comprising 2,000 TAS Offshore Shares to RM51,501,000 comprising 103,002,000 TAS Offshore Shares.

The 103,000,000 new TAS Offshore Shares issued pursuant to the Acquisition of TAS rank pari passu in all respects with the existing ordinary shares of TAS Offshore and carry all rights to receive, in full, all dividends and other distributions declared and paid subsequent to the allotment thereof.

(b) Initial Public Offering ("IPO")***Public Issue***

Upon completion of the Acquisition of TAS, TAS Offshore shall undertake the Public Issue of 77,000,000 new TAS Offshore Shares ("Public Issue Shares"), representing approximately 42.8% of its enlarged issued and paid-up share capital at an issue price of RM0.90 per TAS Offshore Share ("Public Issue Price"). The Public Issue Shares are to be allocated in the following manner :-

(i) Malaysian Public via Ballotting

9,000,000 Public Issue Shares will be reserved for application by the Malaysian Public.

(ii) Selected Investors via Placement

64,500,000 Public Issue Shares will be made available for application by selected investors via placement of which 43,000,000 Public Issue Shares are to be set aside strictly for Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI").

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

3. General Information (Cont'd)**3.2 Restructuring and Listing Scheme (Cont'd)****(b) Initial Public Offering ("IPO") (Cont'd)*****Public Issue (Cont'd)*****(iii) Eligible Directors, Employees and Persons**

3,500,000 Public Issue Shares will be reserved for application by the eligible Directors, employees and persons who have contributed to the success of the Group.

The Public Issue shall increase the issued and paid-up share capital of TAS Offshore from 103,002,000 TAS Offshore Shares to 180,002,000 TAS Offshore Shares.

All new TAS Offshore Shares to be issued pursuant to the Public Issue shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of TAS Offshore, except that they will not be entitled to any dividends, rights, allotment or other distribution, the entitlement of which is prior to the date of allotment of the said TAS Offshore Shares.

Offer for Sale

Datuk Lau Nai Hoh ("the Offeror") will offer for sale 11,000,000 TAS Offshore Shares ("Offer Shares"), representing approximately 6.1% of TAS Offshore's enlarged issued and paid-up share capital at an offer price of RM0.90 per TAS Offshore Share to Bumiputera investors approved by MITI via placement ("Offer for Sale").

(The Public Issue and Offer for Sale shall hereinafter collectively be referred to as the "IPO").

(c) Listing and Quotation on the Main Market of Bursa Securities

Upon completion of the Acquisition of TAS, Public Issue and Offer for Sale, TAS Offshore will seek a listing and quotation of its entire enlarged issued and paid-up share capital of RM90,001,000 comprising 180,002,000 ordinary shares of RM0.50 each on the Main Market of Bursa Securities.

The above Restructuring and Listing Scheme has been approved by the Securities Commission on 11 March 2009.

3.3 Subsidiary

On the completion of the Restructuring and Listing Scheme, the subsidiary of TAS Offshore is as follows :-

Company	Date of incorporation	Issued and paid-up ordinary share capital	Effective equity interest	Principal activities
TAS	27.03.2002	RM1,000,000	100%	Shipbuilding, ship repairs and maintenance services

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

3. General Information (Cont'd)**3.4 Share Capital****(a) TAS Offshore**

The share capital of TAS Offshore prior to the IPO are as follows :-

	Number of shares	RM
Authorised	200,000,000	100,000,000
Issued and paid-up	103,002,000	51,501,000

Authorised capital

TAS Offshore was incorporated with an authorised capital of 200,000 ordinary shares of RM0.50 each. On 3 April 2009, the authorised capital of the Company was increased from RM100,000 comprising 200,000 ordinary shares of RM0.50 each to RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each by the creation of 199,800,000 ordinary shares of RM0.50 each.

Issued and paid-up share capital

Details of the changes in the issued and paid-up share capital of TAS Offshore since its date of incorporation to the date of this report are as follows :-

Date of allotment	Number of ordinary shares	Nominal value RM	Consideration	Cumulative issued and paid-up share capital RM
18.03.2008	2,000	0.50	Cash (Subscribers' shares)	1,000
03.04.2009	103,000,000	0.50	Acquisition of TAS	51,501,000

(b) TAS

As at the date of this report, the share capital of TAS are as follows :-

	Number of shares	RM
Authorised	10,000,000	10,000,000
Issued and paid-up	1,000,000	1,000,000

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

3. General Information (Cont'd)**3.4 Share Capital (Cont'd)****(b) TAS (Cont'd)**

Details of the changes in the issued and paid-up share capital of TAS since its date of incorporation to the date of this report are as follows :-

Date of allotment	Number of ordinary shares	Nominal value RM	Consideration	Cumulative issued and paid-up share capital RM
27.03.2002	20,000	1.00	Cash (Subscribers' shares)	20,000
18.08.2004	280,000	1.00	Cash	300,000
15.12.2004	700,000	1.00	Cash	1,000,000

4. Dividends

No dividend has been paid by TAS Offshore since its date of incorporation.

Dividends paid by TAS since its date of incorporation are as follows :-

Date of payment	Type of dividend	Dividend rate	Net amount RM
15.12.2004	Interim for FYE 31 May 2005	70%, tax exempt	700,000
03.07.2009	Interim for FYE 31 May 2009	1420%, tax exempt	14,200,000

5. Financial Statements and Auditors

We were the auditors of TAS Offshore for the ten (10)-month FPE 31 March 2009. Our audit report on the financial statements of the Company was not subject to any qualification.

The financial statements of TAS for the financial years and period under review were audited by a firm of chartered accountants, namely Philip Tong & Co. in Sibuluan. The auditors' reports on the financial statements of TAS for all the financial years and period under review were not subject to any qualification.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

5. Financial Statements and Auditors (Cont'd)

The auditors' reports on the financial statements of TAS Offshore and TAS for the FYE 2006 to 2008 and for the FPE 31 March 2009 are set out in the following appendices :-

Appendix I	- Auditors' report on the financial statements of TAS Offshore for the two (2)-month FPE 31 May 2008
Appendix II	- Auditors' report on the financial statements of TAS Offshore for the ten (10)-month FPE 31 March 2009
Appendix III	- Auditors' report on the financial statements of TAS for the FYE 31 May 2006
Appendix IV	- Auditors' report on the financial statements of TAS for the FYE 31 May 2007
Appendix V	- Auditors' report on the financial statements of TAS for the FYE 31 May 2008
Appendix VI	- Auditors' report on the financial statements of TAS for the ten (10)-month FPE 31 March 2009

6. Basis of Preparation

The financial information of TAS Offshore and TAS as set out in the following sections are based on their audited financial statements for the relevant financial years and periods covered in this report.

The financial statements comply with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. The financial statements of TAS Offshore and TAS are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies under Note 9.1.

The scope of work conducted in the preparation of this report does not, in itself, constitute an audit in accordance with the approved standards on auditing in Malaysia. Except where otherwise explicitly stated, information contained in this report was not independently verified by us. In preparing this report, we have relied upon information and representations given to us by directors, officers, and employees of the respective companies and sought explanations for apparent discrepancies, if any.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

7. Summarised Financial Statements of TAS Offshore**7.1 Summarised Balance Sheets of TAS Offshore**

The following balance sheets are based on the audited financial statements of TAS Offshore for the FPE 31 May 2008 and 31 March 2009 :-

	Note	As at 31 May 2008 RM	As at 31 March 2009 RM
ASSETS			
Current Assets			
Other receivables	7.5.2	238,615	889,895
Cash in hand		1,000	220
Total Assets		239,615	890,115
EQUITY AND LIABILITIES			
Equity			
Share capital		1,000	1,000
Accumulated losses		(3,000)	(16,615)
Total Equity		(2,000)	(15,615)
Current Liabilities			
Other payables and accruals	7.5.3	241,615	905,730
Total Equity and Liabilities		239,615	890,115

7.2 Summarised Income Statements of TAS Offshore

The following income statements are based on the audited financial statements of TAS Offshore for the FPE 31 May 2008 and 31 March 2009 :-

	FPE 31 May 2008 RM	FPE 31 March 2009 RM
Revenue	-	-
Auditors' remuneration	(1,000)	(3,000)
Other operating expenses	(2,000)	(10,615)
Loss for the period	(3,000)	(13,615)

Note :

The income statement for the financial period ended 31 March 2008 has not been presented as the Company was only incorporated on 18 March 2008.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

7. Summarised Financial Statements of TAS Offshore (Cont'd)**7.3 Summarised Statements of Changes in Equity of TAS Offshore**

The following statements of changes in equity are based on the audited financial statements of TAS Offshore for the FPE 31 May 2008 and 31 March 2009 :-

	Share Capital RM	Accumulated Losses RM	Total RM
Balance at 18 March 2008	1,000	-	1,000
Loss for the period	-	(3,000)	(3,000)
Balance at 31 May 2008	1,000	(3,000)	(2,000)
Loss for the period	-	(13,615)	(13,615)
Balance at 31 March 2009	1,000	(16,615)	(15,615)

7.4 Summarised Cash Flow Statements of TAS Offshore

The following cash flow statements are based on the audited financial statements of TAS Offshore for the FPE 31 May 2008 and 31 March 2009 :-

	FPE 31 May 2008 RM	FPE 31 March 2009 RM
Cash flows used in operating activities		
Loss for the period	(3,000)	(13,615)
Increase in other receivables	(238,615)	(651,280)
Increase in other payables	241,615	664,115
Net cash used in operating activities	-	(780)
Cash flows from financing activity		
Proceeds from issuance of new shares	1,000	-
Net increase/(decrease) in cash and cash equivalents	1,000	(780)
Cash and cash equivalents at beginning of period	-	1,000
Cash and cash equivalents at the end of period	1,000	220

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

7. Summarised Financial Statements of TAS Offshore (Cont'd)**7.5 Notes to the Financial Statements of TAS Offshore****7.5.1 Significant Accounting Policies**

The accounting policies adopted by TAS Offshore are consistent with the accounting policies disclosed in Note 9.1.

7.5.2 Other Receivables

Other receivables as at 31 May 2008 and 31 March 2009 of RM238,615 and RM889,895 respectively comprised cumulative payments made in respect of the Public Issue and Listing exercise. These payments represent costs which are directly attributable to equity transactions and which will be accounted for in equity as a deduction against share premium account arising from the Public Issue.

7.5.3 Other Payables and Accruals

Included under other payables and accruals as at 31 May 2008 and 31 March 2009 is an amount of RM238,615 and RM901,365 respectively owing to TAS.

7.5.4 Significant/Subsequent Events

As set out in Note 3.2(a), on 26 November 2008, the TAS Offshore entered into a Conditional Share Sale Agreement ("CSSA") with the shareholders of TAS to acquire the entire equity interest in TAS, a company in which Directors of TAS Offshore have substantial financial interest, comprising 1,000,000 ordinary shares of RM1.00 each for a total consideration of RM51,500,000 to be satisfied by the issuance of 103,000,000 new ordinary shares of RM0.50 each in TAS Offshore at par. The acquisition has been completed on 3 April 2009 and TAS became the subsidiary of TAS Offshore.

The assets and liabilities arising from the acquisition are as follows :-

	Fair value RM	TAS's carrying value RM
Property, plant and equipment	12,772,175	8,303,916
Prepaid land lease payments	10,096,097	3,849,871
Inventories	20,283,839	20,283,839
Amount due from contract customers	42,869,898	42,869,898
Trade and other receivables	27,731,663	27,731,663
Tax recoverable	250	250
Cash and bank balances	7,055,148	7,055,148
Amount due to contract customers	(11,101,927)	(11,101,927)
Trade and other payables	(27,859,054)	(27,859,054)
Hire purchase payable	(235,829)	(235,829)
Bank borrowings	(23,754,655)	(23,754,655)
Taxation	(2,240,988)	(2,240,988)
Deferred tax liabilities	(2,869,943)	(191,322)
Fair value of net assets acquired	52,746,674	44,710,810
Purchase consideration settled by the issue of shares	51,500,000	
Excess of fair value of net assets over cost of acquisition to be recognised to income	<u>(1,246,674)</u>	

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

8. Summarised Financial Statements of TAS**8.1 Summarised Balance Sheets of TAS**

The following balance sheets are based on the audited financial statements of TAS for the FYE 31 May 2006 to 31 May 2008 and for the FPE 31 March 2009 :-

	Note	As at			
		31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	9.2	4,847,797	5,113,970	6,312,358	8,303,916
Prepaid land lease payments	9.3	3,356,813	3,180,421	3,219,604	3,849,871
Investment	9.4	-	7,680,000	-	-
		<u>8,204,610</u>	<u>15,974,391</u>	<u>9,531,962</u>	<u>12,153,787</u>
Current Assets					
Inventories	9.5	1,471,730	4,737,913	10,760,598	20,283,839
Amount due from contract customers	9.6	18,127,098	15,983,550	41,083,622	42,869,898
Trade and other receivables	9.7	6,988,910	8,307,913	12,371,920	27,731,663
Amount due from a director	9.8	10,026	517,789	-	-
Tax recoverable		-	117,149	21,001	250
Deposits, cash and bank balances	9.9	3,460,946	16,581,042	22,703,290	21,255,148
		<u>30,058,710</u>	<u>46,245,356</u>	<u>86,940,431</u>	<u>112,140,798</u>
Total Assets		<u><u>38,263,320</u></u>	<u><u>62,219,747</u></u>	<u><u>96,472,393</u></u>	<u><u>124,294,585</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital	9.10	1,000,000	1,000,000	1,000,000	1,000,000
Retained profits	9.11	11,373,482	26,102,588	42,143,466	57,910,810
Total Equity		<u>12,373,482</u>	<u>27,102,588</u>	<u>43,143,466</u>	<u>58,910,810</u>
Non-Current Liabilities					
Hire purchase payable	9.12	326,504	129,962	203,487	68,861
Term loans (Secured)	9.13	2,486,318	1,284,881	1,193,152	1,001,099
Deferred tax liabilities	9.14	160,313	157,848	174,131	191,322
		<u>2,973,135</u>	<u>1,572,691</u>	<u>1,570,770</u>	<u>1,261,282</u>
Current Liabilities					
Amount due to contract customers	9.6	3,494,374	114,598	3,688,628	11,101,927
Trade and other payables	9.15	16,993,570	31,073,593	44,896,560	27,859,054
Amount due to a director	9.8	29,941	843	-	-
Hire purchase payable	9.12	234,368	179,773	216,985	166,968
Term loans (Secured)	9.13	1,170,932	1,135,792	306,848	281,252
Bank overdraft (Secured)	9.16	826,915	773,974	1,216,304	2,164,304
Other bank borrowings (Secured) :					
- Bankers' acceptances	9.17	-	-	-	645,000
- Revolving credit	9.17	-	-	-	19,663,000
Taxation		166,603	265,895	1,432,832	2,240,988
		<u>22,916,703</u>	<u>33,544,468</u>	<u>51,758,157</u>	<u>64,122,493</u>
Total Liabilities		<u>25,889,838</u>	<u>35,117,159</u>	<u>53,328,927</u>	<u>65,383,775</u>
Total Equity and Liabilities		<u><u>38,263,320</u></u>	<u><u>62,219,747</u></u>	<u><u>96,472,393</u></u>	<u><u>124,294,585</u></u>

13. ACCOUNTANTS' REPORT (CONT'D)
**TAS Offshore Berhad
Accountants' Report (Cont'd)**
**TAS Offshore Berhad
Accountants' Report (Cont'd)**
8. Summarised Financial Statements of TAS (Cont'd)**8.2 Summarised Income Statements of TAS**

The following income statements are based on the audited financial statements of TAS for the FYE 31 May 2006 to 31 May 2008 and for the FPE 31 March 2009 :-

	Note	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2008 ⁽¹⁾ RM	FPE 31 March 2009 RM
Revenue	9.18	68,808,096	74,238,693	121,346,216	82,275,524	110,055,540
Cost of sales	9.18	(58,827,215)	(58,020,563)	(101,378,762)	(67,867,402)	(87,938,164)
Gross profit		9,980,881	16,218,130	19,967,454	14,408,122	22,117,376
Other operating income		103,198	1,193,463	1,536,032	1,241,173	1,920,317
Administrative expenses		(1,909,066)	(2,029,807)	(3,546,594)	(2,626,695)	(3,421,330)
Operating profit		8,175,013	15,381,786	17,956,892	13,022,600	20,616,363
Finance costs	9.19	(36,172)	(39,682)	(47,358)	(42,018)	(57,067)
Profit before taxation	9.20	8,138,841	15,342,104	17,909,534	12,980,582	20,559,296
Taxation	9.21	(295,903)	(612,998)	(1,868,656)	(1,132,822)	(4,791,952)
Profit for the year/period		<u>7,842,938</u>	<u>14,729,106</u>	<u>16,040,878</u>	<u>11,847,760</u>	<u>15,767,344</u>

(1) The income statement for the period from 1 June 2007 to 31 March 2008 is unaudited and is included for comparison purposes only.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

8. Summarised Financial Statements of TAS (Cont'd)**8.3 Summarised Statements of Changes in Equity of TAS**

The following statements of changes in equity are based on the audited financial statements of TAS for the FYE 31 May 2006 to 31 May 2008 and for the FPE 31 March 2009 :-

	Share Capital RM	Retained Profits RM	Total RM
Balance at 1 June 2005	1,000,000	3,530,544	4,530,544
Total recognised income and expense for the financial year - Profit for the year	-	7,842,938	7,842,938
Balance at 31 May 2006	1,000,000	11,373,482	12,373,482
Total recognised income and expense for the financial year - Profit for the year	-	14,729,106	14,729,106
Balance at 31 May 2007	1,000,000	26,102,588	27,102,588
Total recognised income and expense for the financial year - Profit for the year	-	16,040,878	16,040,878
Balance at 31 May 2008	1,000,000	42,143,466	43,143,466
Total recognised income and expense for the financial period - Profit for the period	-	15,767,344	15,767,344
Balance at 31 March 2009	1,000,000	57,910,810	58,910,810

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

8. Summarised Financial Statements of TAS (Cont'd)**8.4 Summarised Cash Flow Statements of TAS**

The following cash flow statements are based on the audited financial statements of TAS for the FYE 31 May 2006 to 31 May 2008 and for the FPE 31 March 2009 :-

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2009 RM
Cash flows from operating activities				
Profit before taxation	8,138,841	15,342,104	17,909,534	20,559,296
Adjustments for :-				
Depreciation of property, plant and equipment	832,432	905,522	1,219,083	969,334
Amortisation of prepaid land lease payments	176,392	176,392	180,046	44,761
Dividend income from unit trust	-	-	(193,716)	-
Gain on disposal of investment	-	-	(144,917)	-
Gain on disposal of property, plant and equipment	-	-	(22,000)	-
Unrealised (gain)/loss on foreign exchange	(11,012)	142,015	242,984	167,197
Interest income	(32,447)	(116,600)	(204,941)	(52,227)
Interest expense	313,938	264,379	193,496	445,563
Operating profit before working capital changes	9,418,144	16,713,812	19,179,569	22,133,924
Decrease/(Increase) in inventories	148,662	(3,266,183)	(6,022,685)	(9,523,241)
(Increase)/Decrease in amount due from contract customers	(6,605,652)	2,143,548	(25,100,072)	(1,786,276)
(Decrease)/Increase in amount due to contract customers	(3,454,899)	(3,379,776)	3,574,030	7,413,299
Increase in trade and other receivables	(348,125)	(1,299,770)	(3,968,632)	(15,347,732)
Increase/(Decrease) in trade and other payables	3,415,143	14,144,967	13,532,845	(17,032,274)
Cash generated from/(utilised in) operations	2,573,273	25,056,598	1,195,055	(14,142,300)
Income tax paid	(186,406)	(633,320)	(685,435)	(3,966,606)
Income tax refunded	-	-	96,147	20,752
Interest paid	(19,623)	(9,406)	(24,487)	(43,500)
Net cash from/(used in) operating activities	2,367,244	24,413,872	581,280	(18,131,654)
Cash flows from investing activities				
Additional prepaid land lease payments	-	-	(219,229)	(675,028)
Dividend received	-	-	193,716	-
Interest received	32,447	116,600	204,941	52,227
Investment in unit trust	-	(7,680,000)	-	-
Purchase of property, plant and equipment	(1,304,707)	(1,171,695)	(2,087,471)	(2,960,892)
Proceeds from disposal of investment	-	-	7,824,917	-
Proceeds from disposal of property, plant and equipment	-	-	92,000	-
Net cash (used in)/from investing activities	(1,272,260)	(8,735,095)	6,008,874	(3,583,693)

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

8. Summarised Financial Statements of TAS (Cont'd)**8.4 Summarised Cash Flow Statements of TAS (Cont'd)**

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2009 RM
Cash flows from financing activities				
(Increase)/Decrease in amount due from a director	(10,025)	(507,763)	517,789	-
Decrease in amount due to a director	(222,343)	(29,098)	(843)	-
Repayment of hire purchase liabilities	(127,157)	(251,137)	(289,263)	(184,643)
Hire purchase interests paid	(16,549)	(30,276)	(22,871)	(13,567)
Net repayment of term loans	(853,504)	(1,236,577)	(920,673)	(217,649)
Loan interest paid	(277,766)	(224,697)	(146,138)	(43,460)
Increase in other bank borrowings	-	-	-	20,308,000
Interest paid on other bank borrowings	-	-	-	(345,036)
Net cash (used in)/from financing activities	(1,507,344)	(2,279,548)	(861,999)	19,503,645
Net (decrease)/increase in cash and cash equivalents	(412,360)	13,399,229	5,728,155	(2,211,702)
Cash and cash equivalent at beginning of year/period	3,043,522	2,634,031	15,807,068	21,486,986
Foreign exchange difference on opening balance	2,869	(226,192)	(48,237)	(184,440)
Cash and cash equivalent at end of year/period	2,634,031	15,807,068	21,486,986	19,090,844

Components of Cash and Cash Equivalents at End of Year/Period

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Deposits with licensed financial institutions	2,285,000	16,197,267	12,880,000	-
Cash and bank balances	1,175,946	383,775	9,823,290	21,255,148
Bank overdraft	(826,915)	(773,974)	(1,216,304)	(2,164,304)
	2,634,031	15,807,068	21,486,986	19,090,844

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS**9.1 Significant Accounting Policies****9.1.1 Basis of Preparation**

The financial statements of TAS (herein referred to as "the Company") are prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. The financial statements comply with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with the Financial Reporting Standards requires management to exercise their judgement in the process of applying the Company's accounting policies. 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 period. Although these judgement and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

(a) Significant judgement made in applying the Company's accounting policies

In the process of applying the Company's accounting policies, the management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as stated below.

(i) Construction contracts

The Company recognises construction contract revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to-date bear to the estimated total costs for the contract.

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 Company evaluates based on past experience of the management on similar contract work undertaken by the Company and the expertise of specialists.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.1 Significant Accounting Policies (Cont'd)****9.1.1 Basis of Preparation (Cont'd)****(b) Key sources of estimation uncertainty (Cont'd)****(ii) Depreciation of property, plant and equipment**

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

(iii) Impairment of assets

The Company 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.

9.1.2 Adoption of New and Revised Financial Reporting Standards and Issues Committee Interpretations**(a) Financial Reporting Standards and Issues Committee Interpretations That Are Effective**

The Company has adopted the following new and revised Financial Reporting Standards ("FRSs") and the Issues Committee ("IC") Interpretations which have been issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operation and which are mandatory for the stated financial periods :-

		Effective for financial period beginning on or after
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.1 Significant Accounting Policies (Cont'd)****9.1.2 Adoption of New and Revised Financial Reporting Standards and Issues Committee Interpretations (Cont'd)****(a) Financial Reporting Standards and Issues Committee Interpretations That Are Effective (Cont'd)**

The other new and revised FRSs and IC Interpretations issued by the MASB that are effective from the beginning of the stated financial periods but which are not applicable to the Company's operations are as follows :-

		Effective for financial period beginning on or after
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates	Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

The FRS 107, 111, 112, 118 and 137 were revised to remove local guidance and editorial matters to be identical to the International Financial Reporting Standards. The adoption of these standards did not result in any significant changes to the Company's accounting policies and did not have any significant impact on the amounts reported in the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.1 Significant Accounting Policies (Cont'd)****9.1.2 Adoption of New and Revised Financial Reporting Standards and Issues Committee Interpretations (Cont'd)****(b) FRSs and IC Interpretations That Are Not Yet Effective and Have Not Been Early Adopted**

The Company has not early adopted the following new FRSs and IC Interpretations which have been issued by the MASB but are not yet effective :-

		Effective for financial period beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
Amendments to FRS 2, Share-based Payment	Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

FRS 4 : Insurance Contracts

FRS 4 specifies the financial reporting for insurance contracts by any entity that issues such contracts ("insurers"). In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements to understand the amounts, timing and uncertainty of future cash flows from insurance contracts. FRS 4 is not relevant to the Company's operations.

FRS 7 : Financial Instruments - Disclosures

FRS 7 requires disclosures of information relating to the significance of financial instruments on an entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date and how the entity manages those risks. The impact of applying FRS 7 on these financial statements upon its first adoption is not disclosed by virtue of exemption provided under paragraph 44AB of this standard.

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)
9.1 Significant Accounting Policies (Cont'd)
9.1.2 Adoption of New and Revised Financial Reporting Standards and Issues Committee Interpretations (Cont'd)
(b) FRSs and IC Interpretations That Are Not Yet Effective and Have Not Been Early Adopted (Cont'd)
FRS 8 : Operating Segments

FRS 8 requires an entity to report financial and descriptive information about its operating segments on the same basis as those used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. The adoption of this standard will only affect the disclosure of operating segments and will not result in any financial impact to the financial statements of the Company.

FRS 123 : Borrowing Costs

FRS 123 which replaces FRS 123₂₀₀₄ removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The adoption of this standard will not have any significant financial impact on the financial statements of the Company.

FRS 139 : Financial Instruments - Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Hedge accounting is permitted only under strict circumstances. The impact of applying FRS 139 on these financial statements upon first adoption of the standard is not disclosed by virtue of the exemption provided under paragraph 103AB of FRS 139.

Amendments to FRS 2, Share-based Payment : Vesting Conditions and Cancellations

The amendments to FRS 2 clarify that vesting conditions are service conditions and performance conditions only and do not include other features of a share-based payment; also the amendments clarify that cancellations by parties other than the entity are to be treated in the same way as cancellations by the entity. This amendment is not relevant to the Company's operations.

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments to FRS 1 allow an entity, on transition to the FRS framework, to measure the initial cost of investments in subsidiaries, jointly controlled entities or associates either at cost as determined by FRS 127 or deemed cost. Deemed cost is either the fair value or the carrying amount under the previous accounting practice. These amendments are not relevant to the Company.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.1 Significant Accounting Policies (Cont'd)****9.1.2 Adoption of New and Revised Financial Reporting Standards and Issues Committee Interpretations (Cont'd)****(b) FRSs and IC Interpretations That Are Not Yet Effective and Have Not Been Early Adopted (Cont'd)****Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Cont'd)**

The amendments to FRS 127 remove the requirement to distinguish between the pre and post acquisition dividends from a subsidiary, jointly controlled entity or associate. FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its parent. Under the new rules, the new parent measures the cost of its investments in the original parent at the carrying amount of its share of equity items shown in the separate financial statements of the original parent at the reorganisation date. These amendments are not relevant to the TAS's operations.

IC Interpretation 9 : Reassessment of Embedded Derivatives

IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract in which case reassessment is required. The adoption of this interpretation will not have any significant financial impact on the financial statements of the Company.

IC Interpretation 10 : Interim Financial Reporting and Impairment

IC Interpretation 10 does not allow an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost to be reversed at a subsequent balance sheet date. The adoption of this interpretation will not result in any financial impact on the financial statements of the Company.

IC Interpretation 11 : FRS 2 - Group and Treasury Share and Transactions

IC Interpretation 11 clarifies how share-based payment transactions involving its own or another entity's instruments in the same group are to be treated and that cancellations by parties other than the entity are to be treated in the same way as cancellations by the entity. This interpretation is not relevant to the Company's operations.

IC Interpretation 13 : Customer Loyalty Programmes

IC Interpretation 13 explains how entities that grant loyalty award points to their customers should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points. This interpretation is not relevant to the Company's operations.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9.1 Significant Accounting Policies (Cont'd)**9.1.2 Adoption of New and Revised Financial Reporting Standards and Issues Committee Interpretations (Cont'd)****(b) FRSs and IC Interpretations That Are Not Yet Effective and Have Not Been Early Adopted (Cont'd)****IC Interpretation 14 : FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

IC Interpretation 14 addresses how entities should determine the limit placed on the amount of a surplus in a pension plan they can recognise as an asset. Also, it addresses how a minimum funding requirement affects that limit and when a minimum funding requirement creates an onerous obligation that should be recognised as a liability in addition to that otherwise recognised under IAS 19. This interpretation is not relevant to the Company's operations.

9.1.3 Share Capital

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

9.1.4 Property, Plant and Equipment and Depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

	FPE 31 March 2009 Years	Prior to FPE 31 March 2009 Years
Office furniture, fittings and equipment	5 to 10	5 to 10
Slipway and jetty	10	10
Tugboat, plant and machinery	10	10
Buildings and workers' quarters	10 to 50	10
Motor vehicles	5	5

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

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.1 Significant Accounting Policies (Cont'd)****9.1.4 Property, Plant and Equipment and Depreciation (Cont'd)**

During the FPE 31 March 2009, the Directors have revised the estimated useful lives of certain administrative buildings and workers' quarters from 10 years to 50 years to better reflect the expected utilisation of such assets by the Company. The change in estimated useful lives of these buildings and workers' quarters has the effect of decreasing the depreciation charge for the FPE 31 March 2009 by RM266,212 and increasing the net carrying amount of property, plant and equipment by the same amount. Such change in estimated useful lives has no impact on the previous years' financial statements.

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

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

9.1.5 Non-Current Investments

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

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

9.1.6 Impairment of Assets

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

The recoverable amount of an asset or its CGU is the greater of its value in use and its fair value less costs to sell. 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 assessment of the time value of money and the risks specific to the asset.

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

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

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)

9.1 Significant Accounting Policies (Cont'd)

9.1.7 Hire Purchase and Finance Lease Arrangements and Operating Leases

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

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

(a) Assets Acquired under Hire Purchase and Finance Lease Arrangement

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

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

The depreciation policy of property, plant and equipment acquired under hire purchase and finance lease arrangements are consistent with the Company's depreciation policy as set out in Note 9.1.4 above.

(b) Operating Lease

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

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

9.1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method.

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

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)

9.1 Significant Accounting Policies (Cont'd)

9.1.9 Trade and Other Receivables

Receivables are carried at anticipated realisable value.

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection in the period in which they are identified.

9.1.10 Trade and Other Payables

Trade and other payables are stated at cost.

9.1.11 Provisions

Provisions are recognised when the Company 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.

9.1.12 Interest Bearing Loans and Borrowings

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

9.1.13 Borrowing Costs

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

9.1.14 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value reduced by bank overdrafts. The statement of cash flows is prepared using the indirect method.

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.1 Significant Accounting Policies (Cont'd)****9.1.15 Employee Benefits****(a) Short-Term Employee Benefits**

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

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

(b) Defined Contribution Plans

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

9.1.16 Foreign Currencies**(a) Functional and Presentation Currency**

The financial statements are presented in Ringgit Malaysia (RM) which is the currency of primary economic environment in which the Company operates (the functional currency).

(b) Foreign Currency Transactions and Balances

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

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

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in the income statement.

Exchange differences arising on the translation of 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 directly in equity. Exchange differences arising from such non-monetary items are recognised directly to equity.

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)

9.1 Significant Accounting Policies (Cont'd)

9.1.17 Construction Contracts

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

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

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

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

9.1.18 Income Taxes

The tax expense/(income) in the income statement is the aggregate amount of current and deferred tax included in the determination of profit or loss for the financial period.

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

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

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

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

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

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)

9.1 Significant Accounting Policies (Cont'd)

9.1.19 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with transactions will flow to the Company and the amount can be measured reliably.

(a) Construction contracts

Revenue from construction contracts is recognised using the percentage of completion method as described in Note 9.1.17.

(b) Revenue from provision of services

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

(c) Rental income

Rental income is recognised on an accrual basis over the period of tenancy.

(d) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(e) Sales of completed vessels

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

(f) Dividend income

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

9.1.20 Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement.

Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income whereas distributions in respect of financial instruments classified as equity are charged to equity.

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

The particular recognition method adopted for each financial instrument recognised in the balance sheet is disclosed in the individual accounting policies associated with each item.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.2 Property, Plant and Equipment**

	Cost RM	Accumulated Depreciation RM	Net Book Value RM
31 May 2006			
Buildings and workers' quarters	2,378,502	639,940	1,738,562
Tugboat, plant and machinery	508,863	129,002	379,861
Motor vehicles	1,268,639	379,928	888,711
Slipway and jetty	2,705,881	1,013,198	1,692,683
Office equipment, furniture and fittings	193,800	45,820	147,980
	<u>7,055,685</u>	<u>2,207,888</u>	<u>4,847,797</u>
31 May 2007			
Buildings and workers' quarters	2,923,291	932,269	1,991,022
Tugboat, plant and machinery	1,330,381	305,658	1,024,723
Motor vehicles	827,834	501,877	325,957
Slipway and jetty	2,729,445	1,286,143	1,443,302
Office equipment, furniture and fittings	416,429	87,463	328,966
	<u>8,227,380</u>	<u>3,113,410</u>	<u>5,113,970</u>
31 May 2008			
Buildings and workers' quarters	3,588,999	1,291,169	2,297,830
Tugboat, plant and machinery	1,998,601	505,518	1,493,083
Motor vehicles	1,571,307	711,139	860,168
Slipway and jetty	2,796,274	1,565,770	1,230,504
Office equipment, furniture and fittings	584,670	153,897	430,773
	<u>10,539,851</u>	<u>4,227,493</u>	<u>6,312,358</u>
31 March 2009			
Buildings and workers' quarters	3,775,200	1,339,556	2,435,644
Tugboat, plant and machinery	4,550,390	884,713	3,665,677
Motor vehicles	1,675,357	951,689	723,668
Slipway and jetty	2,796,274	1,798,793	997,481
Office equipment, furniture and fittings	703,522	222,076	481,446
	<u>13,500,743</u>	<u>5,196,827</u>	<u>8,303,916</u>

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

	Cost RM	Accumulated depreciation RM	Net book value RM
31 May 2006			
Plant and machinery	302,805	29,817	272,988
Motor vehicles	827,834	336,311	491,523
	<u>1,130,639</u>	<u>366,128</u>	<u>764,511</u>

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.2 Property, Plant and Equipment (Cont'd)**

(a) (Cont'd)

	Cost RM	Accumulated depreciation RM	Net book value RM
31 May 2007			
Plant and machinery	302,805	60,098	242,707
Motor vehicles	827,834	501,877	325,957
	<u>1,130,639</u>	<u>561,975</u>	<u>568,664</u>
31 May 2008			
Plant and machinery	302,805	90,378	212,427
Motor vehicles	832,451	234,720	597,731
	<u>1,135,256</u>	<u>325,098</u>	<u>810,158</u>
31 March 2009			
Plant and machinery	302,805	115,612	187,193
Motor vehicles	832,451	373,462	458,989
	<u>1,135,256</u>	<u>489,074</u>	<u>646,182</u>

(b) The net book value of property, plant and equipment pledged as security in favour of licensed banks for banking facilities are as follows :-

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Buildings	<u>947,932</u>	<u>802,723</u>	<u>1,044,173</u>	<u>1,165,592</u>

(c) The carrying amounts of property, plant and equipment as at 31 May 2006 and 2007 have been restated upon the adoption of FRS 117, Leases.

The adoption of FRS 117 during the financial year ended 31 May 2008 had resulted in a change in accounting policy in relation to the treatment of leasehold land. Under FRS 117, leasehold land held for own use is now treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments and which are amortised on a straight line basis over the remaining lease term. The Company applied FRS 117 in accordance with the transitional provision of the Standard. The change in accounting policy had no impact on the opening retained profits and on the results for the respective financial years presented as there is no change in the rate of amortisation of the leasehold land.

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)

9.2 Property, Plant and Equipment (Cont'd)

(c) (Cont'd)

The effects of adopting FRS 117 on the relevant balance sheets as at 31 May 2006 and 2007 are summarised below :-

	As previously reported RM	Effects on adoption of FRS 117 RM	As restated RM
As at 31 May 2006			
Net carrying amounts of :			
- Property, plant and equipment	8,204,610	(3,356,813)	4,847,797
- Prepaid land lease payments	-	3,356,813	3,356,813
	<u> </u>	<u> </u>	<u> </u>
As at 31 May 2007			
Net carrying amounts of :			
- Property, plant and equipment	8,294,391	(3,180,421)	5,113,970
- Prepaid land lease payments	-	3,180,421	3,180,421
	<u> </u>	<u> </u>	<u> </u>

9.3 Prepaid Land Lease Payments

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Cost				
Short term leasehold land	3,112,462	3,112,462	3,331,691	-
Long term leasehold land	705,723	705,723	705,723	4,712,442
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,818,185	3,818,185	4,037,414	4,712,442
Accumulated amortisation				
Short term leasehold land	459,663	635,279	814,549	-
Long term leasehold land	1,709	2,485	3,261	862,571
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	461,372	637,764	817,810	862,571
Net carrying amount				
Short term leasehold land	2,652,799	2,477,183	2,517,142	-
Long term leasehold land	704,014	703,238	702,462	3,849,871
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,356,813	3,180,421	3,219,604	3,849,871

On 11 May 2009, the Company has obtained approval from the relevant authorities to amalgamate and vary the title condition of the above leasehold land to that of a shipyard with new leasehold period of 60 years. Accordingly, the above leasehold land are amortised on a straight line basis over a period of 60 years commencing from the financial period 31 March 2009. Previously, the leasehold land were amortised over a period ranging from 27 to 912 years. The change in amortisation period has been applied prospectively and has the effect of reducing the amortisation charge for the FPE 31 March 2009 by RM105,322. The change has no effect on the previous years' financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.3 Prepaid Land Lease Payments (Cont'd)**

The net book value of prepaid land lease payments pledged as security in favour of licensed banks for banking facilities are as follows :-

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Short term leasehold land	2,652,799	2,477,183	1,174,386	-
Long term leasehold land	704,014	703,238	-	1,455,992
	<u>3,356,813</u>	<u>3,180,421</u>	<u>1,174,386</u>	<u>1,455,992</u>

9.4 Investment

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Unit trust in Malaysia :-				
At cost	-	7,680,000	-	-
Market value	-	7,729,815	-	-

9.5 Inventories

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
At cost :-				
Raw materials and consumable stores	1,471,730	4,737,913	8,083,403	13,218,198
Work in progress - vessel	-	-	2,677,195	5,562,167
Goods-in-transit	-	-	-	1,503,474
	<u>1,471,730</u>	<u>4,737,913</u>	<u>10,760,598</u>	<u>20,283,839</u>
Stock turnover period (days)	12	42	54	89

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.6 Amount Due From/(To) Contract Customers**

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Contract costs incurred to-date	28,026,994	22,974,925	70,627,428	101,422,434
Attributable profit	2,686,964	4,406,417	12,633,730	25,500,331
	<u>30,713,958</u>	<u>27,381,342</u>	<u>83,261,158</u>	<u>126,922,765</u>
Progress billing	(16,081,234)	(11,512,390)	(45,866,164)	(95,154,794)
	<u>14,632,724</u>	<u>15,868,952</u>	<u>37,394,994</u>	<u>31,767,971</u>
Represented by :-				
Amount due from contract customers	18,127,098	15,983,550	41,083,622	42,869,898
Amount due to contract customers	(3,494,374)	(114,598)	(3,688,628)	(11,101,927)
	<u>14,632,724</u>	<u>15,868,952</u>	<u>37,394,994</u>	<u>31,767,971</u>

9.7 Trade and Other Receivables

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Trade receivables	6,096,880	3,723,937	6,030,757	13,502,901
Other receivables	892,030	4,583,976	6,341,163	14,228,762
	<u>6,988,910</u>	<u>8,307,913</u>	<u>12,371,920</u>	<u>27,731,663</u>

Included under other receivables as at 31 March 2009 is an amount of RM901,365 due from TAS Offshore (31 May 2006 and 2007 : Nil, 31 May 2008 : RM238,615). The amount due is unsecured, interest free and is expected to be settled in cash.

The normal trade credit periods of trade receivables range from 7 to 60 days.

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

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Ringgit Malaysia	1,451,162	1,585,436	1,287,350	644,235
Singapore Dollar	4,645,718	2,138,501	4,689,528	6,136,465
United States Dollar	-	-	53,879	6,722,201
	<u>6,096,880</u>	<u>3,723,937</u>	<u>6,030,757</u>	<u>13,502,901</u>
Trade receivables turnover period (days)	<u>39</u>	<u>19</u>	<u>22</u>	<u>36</u>

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.7 Trade and Other Receivables (Cont'd)**

Details of the ageing of trade receivables as at 31 May 2006 to 31 May 2008 and as at 31 March 2009 based on TAS's accounting records are as follows :-

31 May 2006

Credit period	0 to 30 days RM	31 to 60 days RM	61 to 90 days RM	< 6 months RM	6 - 12 months RM	> 12 months RM	Total RM
Trade receivables	4,401,859	1,800	-	831,874	90,760	770,587	6,096,880
% of total trade receivables	72.20	0.03	-	13.64	1.49	12.64	100.00

31 May 2007

Credit period	0 to 30 days RM	31 to 60 days RM	61 to 90 days RM	< 6 months RM	6 - 12 months RM	> 12 months RM	Total RM
Trade receivables	2,180,354	193,367	215,023	146,223	49,723	939,247	3,723,937
% of total trade receivables	58.55	5.19	5.77	3.93	1.34	25.22	100.00

31 May 2008

Credit period	0 to 30 days RM	31 to 60 days RM	61 to 90 days RM	< 6 months RM	6 - 12 months RM	> 12 months RM	Total RM
Trade receivables	4,978,656	203,498	331,557	154,462	215,208	147,376	6,030,757
% of total trade receivables	82.56	3.37	5.50	2.56	3.57	2.44	100.00

31 March 2009

Credit period	0 to 30 days RM	31 to 60 days RM	61 to 90 days RM	< 6 months RM	6 - 12 months RM	> 12 months RM	Total RM
Trade receivables	4,001,411	4,414,341	1,254,000	3,480,791	248,127	104,231	13,502,901
% of total trade receivables	29.63	32.69	9.29	25.78	1.84	0.77	100.00

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.8 Amount Due From/(To) Directors**

The amounts due from/(to) directors are unsecured, interest free and with flexible terms of repayments.

9.9 Deposits, Cash and Bank Balances

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Fixed deposits with a licensed bank	2,285,000	15,197,267	12,880,000	-
Short term deposit with licensed bank - Repo	-	1,000,000	-	-
Cash and bank balances	1,175,946	383,775	9,823,290	21,255,148
	<u>3,460,946</u>	<u>16,581,042</u>	<u>22,703,290</u>	<u>21,255,148</u>

The interest rates during the financial years and period under review and the average maturity period of deposits as at the end of the relevant financial years and period are as follows :-

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Interest rate (%)	2.5 - 4.5	2.3 - 5.1	1.9 - 5.1	-
Average maturity period (Days)	7	7	7	-

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

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Ringgit Malaysia	807,211	4,543,374	1,535,709	94,025
United States Dollar	12,579	1,866,170	15,693,072	12,213,872
Singapore Dollar	2,641,156	10,171,498	5,474,509	8,947,251
	<u>3,460,946</u>	<u>16,581,042</u>	<u>22,703,290</u>	<u>21,255,148</u>

9.10 Share Capital

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Authorised :- 10,000,000 ordinary shares of RM1.00 each	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid :- 1,000,000 ordinary shares of RM1.00 each	1,000,000	1,000,000	1,000,000	1,000,000

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)

9.11 Retained Profits

Subject to the agreement of the Inland Revenue Board, TAS has sufficient Section 108 tax credit to distribute up to RM3,849,600 of its retained profits as at 31 March 2009 as non-exempt dividends. In addition, the Company has tax-exempt income of approximately RM36,561,200 which is distributable by way of tax-exempt dividend. Overall, the Company has sufficient Section 108 tax credit and tax-exempt income to frank RM40,410,800 of its distributable retained profits as at 31 March 2009 as dividend without incurring any tax liabilities.

The Finance Act 2007 introduced a single-tier company income tax system with effect from the year of assessment 2008. As such, the Section 108 tax credit above will be available to the Company until such time the credit is fully utilised or upon the expiry of the six years transitional period on 31 December 2013, whichever is earlier.

9.12 Hire Purchase Payable

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Outstanding hire purchase instalments payable :				
- Within 1 year	262,926	193,436	232,252	173,886
- Between 2 to 5 years	346,767	134,853	209,596	69,752
	<u>609,693</u>	<u>328,289</u>	<u>441,848</u>	<u>243,638</u>
Future finance charges on hire purchase	(48,821)	(18,554)	(21,376)	(7,809)
Outstanding hire purchase principal	<u>560,872</u>	<u>309,735</u>	<u>420,472</u>	<u>235,829</u>
Payable within 1 year (included under current liabilities)	234,368	179,773	216,985	166,968
Payable between 2 to 5 years (included under non-current liabilities)	326,504	129,962	203,487	68,861
	<u>560,872</u>	<u>309,735</u>	<u>420,472</u>	<u>235,829</u>

The hire purchase are subject to interests being charged at the following rates :-

	Ranging from
31 May 2006	5.21% to 7.50% p.a
31 May 2007	5.21% to 7.50% p.a
31 May 2008	4.40% to 7.50% p.a
31 March 2009	4.40% to 7.50% p.a

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.13 Term Loans (Secured)**

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
RM2,000,000 term loan repayable by 120 monthly instalments commencing October 2002	1,419,623	1,240,519	-	-
RM500,000 term loan repayable by 84 monthly instalments commencing August 2003	327,913	252,310	-	-
RM500,000 term loan repayable by 36 monthly instalments commencing January 2005	311,332	107,059	-	-
RM2,000,000 term loan repayable by 36 monthly instalments commencing November 2005	1,598,382	820,785	-	-
RM1,500,000 term loan repayable by 60 monthly instalments commencing Jun 2008	-	-	1,500,000	1,282,351
	<u>3,657,250</u>	<u>2,420,673</u>	<u>1,500,000</u>	<u>1,282,351</u>
Less : Repayment due within twelve months (included under current liabilities)	<u>(1,170,932)</u>	<u>(1,135,792)</u>	<u>(306,848)</u>	<u>(281,252)</u>
	<u>2,486,318</u>	<u>1,284,881</u>	<u>1,193,152</u>	<u>1,001,099</u>

The term loans of the Company are secured by a fixed charge over certain parcels of leasehold land and buildings of the Company and are guaranteed jointly and severally by the Directors.

The term loans are subject to interests being charged at the following rates :-

31 May 2006	Ranging from 5.00% to 8.75% p.a
31 May 2007	5.00% to 8.75% p.a
31 May 2008	3.00% to 8.75% p.a
31 March 2009	3.00% to 5.75% p.a

9.14 Deferred Tax Liabilities

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
At beginning of year/period	198,812	160,313	157,848	174,131
Recognised in income statement	(38,499)	3,371	22,869	23,888
Effects of change in tax rates	-	(5,836)	(6,586)	(6,697)
At end of year/period	<u>160,313</u>	<u>157,848</u>	<u>174,131</u>	<u>191,322</u>

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.14 Deferred Tax Liabilities (Cont'd)**

The components of deferred tax assets and deferred tax liabilities as at 31 May 2006 to 31 May 2008 and as at 31 March 2009 are as follows :-

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Deferred tax liabilities				
Property, plant and equipment	160,313	196,192	237,307	233,122
Deferred tax assets				
Other deductible temporary differences	-	(38,344)	(63,176)	(41,800)
	<u>160,313</u>	<u>157,848</u>	<u>174,131</u>	<u>191,322</u>

9.15 Trade and Other Payables

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Trade payables	16,609,313	16,320,546	31,046,991	24,766,442
Other payables	384,257	14,753,047	13,849,569	3,092,612
	<u>16,993,570</u>	<u>31,073,593</u>	<u>44,896,560</u>	<u>27,859,054</u>

The normal trade credit periods of trade payables range from 7 to 90 days.

The currency exposure profile of trade payables is as follows :-

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Ringgit Malaysia	13,209,905	11,319,038	14,750,683	14,623,601
United States Dollar	393,856	326,055	10,907,313	4,197,473
Singapore Dollar	3,005,552	4,671,493	5,117,781	5,806,945
Euro	-	-	271,214	134,854
Australian Dollar	-	3,960	-	3,569
	<u>16,609,313</u>	<u>16,320,546</u>	<u>31,046,991</u>	<u>24,766,442</u>
Trade payables turnover period (days)	<u>130</u>	<u>144</u>	<u>157</u>	<u>109</u>

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.15 Trade and Other Payables (Cont'd)**

Details of the ageing of trade payables as at 31 May 2006 to 31 May 2008 and as at 31 March 2009 based on TAS's accounting records are as follows :-

31 May 2006

Credit period	0-30 days RM	31-60 days RM	61-90 days RM	< 6 months RM	6 - 12 months RM	> 365 days RM	Total RM
Trade payables	6,142,634	3,692,707	1,918,194	2,179,027	2,291,551	385,200	16,609,313
% of total trade payables	36.98	22.23	11.55	13.12	13.80	2.32	100.00

31 May 2007

Credit period	0-30 days RM	31-60 days RM	61-90 days RM	< 6 months RM	6 - 12 months RM	> 365 days RM	Total RM
Trade payables	8,665,097	2,708,960	604,619	1,916,391	1,393,643	1,031,836	16,320,546
% of total trade payables	53.09	16.60	3.71	11.74	8.54	6.32	100.00

31 May 2008

Credit period	0-30 days RM	31-60 days RM	61-90 days RM	< 6 months RM	6 - 12 months RM	> 365 days RM	Total RM
Trade payables	23,660,980	2,146,439	1,631,495	2,135,513	1,472,564	-	31,046,991
% of total trade payables	76.21	6.91	5.26	6.88	4.74	-	100.00

31 March 2009

Credit period	0-30 days RM	31-60 days RM	61-90 days RM	< 6 months RM	6 - 12 months RM	> 365 days RM	Total RM
Trade payables	14,765,856	3,730,664	2,234,632	3,081,911	953,379	-	24,766,442
% of total trade payables	59.62	15.06	9.02	12.45	3.85	-	100.00

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.16 Bank Overdraft (Secured)**

The bank overdraft is secured by a fixed charge over certain parcels of leasehold land and building of the Company.

The bank overdraft is subject to interests being charged at the following rates :-

	Ranging from
31 May 2006	8.75% p.a.
31 May 2007	8.75% p.a.
31 May 2008	7.75% to 8.75% p.a.
31 March 2009	6.50% to 6.75% p.a.

9.17 Other Bank Borrowings (Secured)

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Bankers' acceptances	-	-	-	645,000
Revolving credit	-	-	-	19,663,000
	-	-	-	20,308,000

The bankers' acceptances and revolving credit are secured by a fixed charge over certain parcels of leasehold land and building of the Company and are guaranteed jointly and severally by the Directors.

The bankers' acceptances and revolving credit are subject to interests being charged at the following rates :-

	Ranging from
31 May 2006	N/A
31 May 2007	N/A
31 May 2008	N/A
31 March 2009	4.15% to 5.55% p.a.

9.18 Revenue and Cost of Sales

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2008 ⁽¹⁾ RM	FPE 31 March 2009 RM
Revenue					
Shipbuilding contract income	67,820,788	73,150,418	119,819,453	81,030,070	108,992,954
Vessel repairs and service income	987,308	1,088,275	1,526,763	1,245,454	1,062,586
	<u>68,808,096</u>	<u>74,238,693</u>	<u>121,346,216</u>	<u>82,275,524</u>	<u>110,055,540</u>
Cost of sales					
Cost of construction contracts	57,974,321	57,325,302	100,551,444	67,214,985	87,354,411
Cost of services rendered	852,894	695,261	827,318	652,417	583,753
	<u>58,827,215</u>	<u>58,020,563</u>	<u>101,378,762</u>	<u>67,867,402</u>	<u>87,938,164</u>

⁽¹⁾ Unaudited and are included for comparison purposes only.

13. ACCOUNTANTS' REPORT (CONT'D)
TAS Offshore Berhad
Accountants' Report (Cont'd)
9. Notes to the Financial Statements of TAS (Cont'd)**9.19 Finance Costs**

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2008 ⁽¹⁾ RM	FPE 31 March 2009 RM
Hire purchase interest	16,549	30,276	22,871	19,144	13,567
Term loan interest	277,766	224,697	146,138	127,810	43,460
Bank overdraft interest	19,623	9,406	24,487	22,874	43,500
Other bank borrowings	-	-	-	-	345,036
	313,938	264,379	193,496	169,828	445,563
Less : Included in cost of sales	(277,766)	(224,697)	(146,138)	(127,810)	(388,496)
	<u>36,172</u>	<u>39,682</u>	<u>47,358</u>	<u>42,018</u>	<u>57,067</u>

⁽¹⁾ Unaudited and are included for comparison purposes only.

9.20 Profit Before Taxation

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2008 ⁽¹⁾ RM	FPE 31 March 2009 RM
Profit before taxation is stated after charging :-					
Auditors' remuneration :					
- current year/period	8,000	15,000	25,000	25,000	25,000
- under provided in prior years	-	3,000	-	-	-
- other services	-	2,000	2,000	2,000	-
Depreciation of property, plant and equipment	832,432	905,522	1,219,083	971,992	969,334
Amortisation of prepaid lease payments	176,392	176,392	180,046	146,993	44,761
Executive Directors' other emoluments	853,261	744,701	1,122,174	958,350	1,569,418
Unrealised loss on foreign exchange	-	142,015	242,984	-	167,197
Hiring charges	231,260	171,060	-	-	-
Rental of premises	840	-	-	-	-
Land rental	38,741	72,580	129,730	126,730	111,300
and crediting :-					
Dividend income from unit trust	-	-	193,716	186,725	-
Debt waived	-	-	14,400	14,400	-
Gain on disposal of plant and equipment	-	-	22,000	22,000	-
Gain on disposal of investment	-	-	144,917	135,198	-
Gain on foreign exchange :					
- realised	59,739	1,067,863	949,058	685,259	1,868,090
- unrealised	11,012	-	-	-	-
Interest income	32,447	116,600	204,941	190,591	52,227
Rental income	-	9,000	7,000	7,000	-

⁽¹⁾ Unaudited and are included for comparison purposes only.

13. ACCOUNTANTS' REPORT (CONT'D)
TAS Offshore Berhad
Accountants' Report (Cont'd)
9. Notes to the Financial Statements of TAS (Cont'd)**9.21 Taxation**

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2008 ⁽¹⁾ RM	FPE 31 March 2009 RM
Tax expense for the year/period :-					
Current Malaysian income tax	324,285	625,895	1,852,833	1,060,954	4,774,738
Deferred tax (income)/expense resulting from the origination and reversal of temporary differences	(3,487)	274	2,907	58,952	23,888
Effects of change in tax rates	-	(5,836)	(6,586)	(6,586)	(6,697)
	320,798	620,333	1,849,154	1,113,320	4,791,929
Under/(Over) provided in prior years/periods :-					
- current taxation	10,117	(10,432)	(460)	(460)	23
- deferred taxation	(35,012)	3,097	19,962	19,962	-
	295,903	612,998	1,868,656	1,132,822	4,791,952

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

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2008 ⁽¹⁾ RM	FPE 31 March 2009 RM
Profit before taxation	8,138,841	15,342,104	17,909,534	12,980,582	20,559,296
Statutory tax rate	28%	27%	26%	26%	25%
Tax expense at the statutory tax rate	2,278,875	4,142,368	4,656,479	3,374,951	5,139,824
Tax effect in respect of :-					
Effect of different tax rate applicable to small and medium sized company	(40,000)	(35,000)	(30,000)	(30,000)	(25,000)
Expenses not deductible for taxation purposes	94,721	99,864	97,932	37,597	146,666
Tax exempt profit	(2,012,798)	(3,581,063)	(2,868,671)	(2,262,642)	(462,864)
Effects of change in tax rates	-	(5,836)	(6,586)	(6,586)	(6,697)
Effective tax expense	320,798	620,333	1,849,154	1,113,320	4,791,929
Taxation under/(over) provided in prior years/periods :					
- current taxation	10,117	(10,432)	(460)	(460)	23
- deferred taxation	(35,012)	3,097	19,962	19,962	-
Current tax expense	295,903	612,998	1,868,656	1,132,822	4,791,952

⁽¹⁾ Unaudited and are included for comparison purposes only.

The Company was granted a pioneer status under the Promotion of Investments Act, 1986 which exempt 85% of its statutory income from shipbuilding and repairing activities for a period of 5 years from 1 August 2003 to 31 July 2008.

13. ACCOUNTANTS' REPORT (CONT'D)
TAS Offshore Berhad
Accountants' Report (Cont'd)
9. Notes to the Financial Statements of TAS (Cont'd)**9.22 Employee Benefits Expense**

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2008 ⁽¹⁾ RM	FPE 31 March 2009 RM
(a) Staff cost comprised :-					
Salaries, wages and bonuses	2,959,357	2,793,950	3,683,554	3,179,662	3,575,321
Amount contributed under defined contribution plan - Employees Provident Fund	159,937	197,476	364,406	313,065	371,768
SOCSSO contribution	26,128	30,858	36,214	30,224	32,664
	<u>3,145,422</u>	<u>3,022,284</u>	<u>4,084,174</u>	<u>3,522,951</u>	<u>3,979,753</u>

Included in staff cost of the Company are executive directors and senior management remuneration as follows :-

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2008 ⁽¹⁾ RM	FPE 31 March 2009 RM
Executive directors :					
- Salaries, allowance and commission	443,260	499,985	634,830	486,510	716,150
- Bonuses	486,045	196,535	370,500	370,500	694,500
- Contribution to Employees Provident Fund	43,956	48,181	116,844	101,340	158,768
	<u>973,261</u>	<u>744,701</u>	<u>1,122,174</u>	<u>958,350</u>	<u>1,569,418</u>
- Estimated value of benefits- in-kind	35,050	35,050	35,050	35,050	41,350
	<u>1,008,311</u>	<u>779,751</u>	<u>1,157,224</u>	<u>993,400</u>	<u>1,610,768</u>
Senior management personnel :					
- Salaries, allowance and commission	-	-	94,500	67,500	135,000
- Bonuses	-	-	2,200	2,200	13,000
- Contribution to Employees Provident Fund	-	-	11,604	8,342	17,760
	<u>-</u>	<u>-</u>	<u>108,304</u>	<u>78,042</u>	<u>165,760</u>
Total	<u>1,008,311</u>	<u>779,751</u>	<u>1,265,528</u>	<u>1,071,442</u>	<u>1,776,528</u>
(b) Number of employees	<u>162</u>	<u>179</u>	<u>147</u>	<u>185</u>	<u>205</u>

⁽¹⁾ Unaudited and are included for comparison purposes only.

13. ACCOUNTANTS' REPORT (CONT'D)
TAS Offshore Berhad
Accountants' Report (Cont'd)
9. Notes to the Financial Statements of TAS (Cont'd)**9.23 Segment Reporting**

The Company's operations comprise mainly of shipbuilding and ship repairing activities which collectively are considered as one business segment. Accordingly, segment reporting by business segment has not been disclosed. The revenue from external customers by location of customers is set out below :-

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2008 ⁽¹⁾ RM	FPE 31 March 2009 RM
Malaysia	1,844,154	3,556,407	13,178,197	11,076,363	1,357,342
Singapore	35,345,232	55,255,516	39,450,310	30,058,356	51,778,148
United Arab Emirates	12,527,652	10,002,516	40,468,097	25,110,784	20,979,545
Bahrain	-	-	18,899,241	12,516,575	30,815,191
Indonesia	19,091,058	5,424,254	9,350,371	3,513,446	5,125,314
	<u>68,808,096</u>	<u>74,238,693</u>	<u>121,346,216</u>	<u>82,275,524</u>	<u>110,055,540</u>

⁽¹⁾ Unaudited and are included for comparison purposes only.

All assets are located in Malaysia.

The segment reporting for FYE 31 May 2006 to 2008 and for the FPE 31 March 2008 and 31 March 2009 were prepared for the purpose of inclusion in this report only.

9.24 Capital Commitments

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Authorised but not contracted for :-				
Premium payable on conversion of land title	-	-	600,000	-

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.25 Financial Instruments****(a) Financial Risk Management Objectives and Policies**

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

(i) Foreign Currency Risk

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

Foreign currency forward contracts outstanding as at balance sheet date were as follows :-

	RM	Average contract rate RM	Settlement period within 1 year RM
As at 31 May 2006			
Trade receivable - SGD2,009,140	4,590,885	2.285	4,591,072
Anticipated sales - SGD3,890,860	8,890,615	2.285	8,890,978
	<u>13,481,500</u>		<u>13,482,050</u>
As at 31 May 2007			
Trade receivable - SGD876,821	1,946,542	2.295	2,012,303
Anticipated sales - SGD623,179	1,383,457	2.295	1,430,197
	<u>3,329,999</u>		<u>3,442,500</u>

As at 31 May 2008 - Nil

As at 31 March 2009 - Nil

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)

9.25 Financial Instruments (Cont'd)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(ii) Interest Rate Risk

The Company has interest rate risk in respect of its borrowings and deposits.

The Company's bank borrowings are subject to interest based on floating rates while hire purchase financing and interest bearing deposits are based on fixed rates.

The Company's primary interest rate risk relates to interest-bearing liabilities such as bank borrowings and hire purchase payables. Majority of the Company's financial liabilities are short term in nature and for working capital purposes. As such, exposure to interest rate risk is minimal.

(iii) Credit Risk

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

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

Cash and cash equivalents are only placed with licensed banks.

The Company's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

(iv) Market Risk

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

The Company's main market risk exposure are currency and interest rate fluctuations and which are discussed under the respective risk headings.

The Company holds a small amount of quoted debts and equity investments and therefore the exposure to changes in market prices is considered as insignificant.

(v) Price Risk

The Company's earnings are affected by changes in the prices of its input materials and manufactured products.

(vi) Liquidity and Cash Flow Risks

The Company 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 Company maintains sufficient level of cash to meet its working capital requirements.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.24 Financial Instruments (Cont'd)****(b) Maturity Profile and Effective Interest Rate**

	Maturity Profile			Total RM	Effective Interest rate %
	Less than 1 year RM	More than 1 year and less than 5 years RM	More than 5 years RM		
31 May 2006					
Financial Assets					
Deposits with financial institutions	2,285,000	-	-	2,285,000	2.50 to 4.50
Financial Liabilities					
Hire purchase payable	234,368	326,504	-	560,872	5.21 to 7.50
Term loans	1,170,932	2,141,178	345,140	3,657,250	5.00 to 8.75
Bank overdraft	826,915	-	-	826,915	8.75
Other bank borrowings	-	-	-	-	N/A
31 May 2007					
Financial Assets					
Deposits with financial institutions	16,197,267	-	-	16,197,267	2.30 to 5.10
Financial Liabilities					
Hire purchase payable	179,773	129,962	-	309,735	5.21 to 7.50
Term loans	1,135,792	1,216,702	68,179	2,420,673	5.00 to 8.75
Bank overdraft	773,974	-	-	773,974	8.75
Other bank borrowings	-	-	-	-	N/A
31 May 2008					
Financial Assets					
Deposits with financial institutions	12,880,000	-	-	12,880,000	1.90 to 5.10
Financial Liabilities					
Hire purchase payable	216,985	203,487	-	420,472	4.40 to 7.50
Term loans	306,848	1,193,152	-	1,500,000	3.00 to 8.75
Bank overdraft	1,216,304	-	-	1,216,304	7.75 to 8.75
Other bank borrowings	-	-	-	-	N/A
31 March 2009					
Financial Assets					
Deposits with financial institutions	-	-	-	-	N/A
Financial Liabilities					
Hire purchase payable	166,968	68,861	-	235,829	4.40 to 7.50
Term loans	281,252	1,001,099	-	1,282,351	3.00 to 5.75
Bank overdraft	2,164,304	-	-	2,164,304	6.50 to 6.75
Other bank borrowings	20,308,000	-	-	20,308,000	4.15 to 5.55

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.25 Financial Instruments (Cont'd)****(c) Fair Values**

The carrying amounts of the hire purchase payables and term loans approximated their fair values.

The fair value of quoted investment approximated its market value which is disclosed in Note 9.4.

The carrying amounts of other current financial assets and liabilities of the Company at the balance sheet date approximated their fair values due to the relatively short term nature of these financial instruments.

9.26 Related Party Transactions

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

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

	FYE 31 May 2006 RM	FYE 31 May 2007 RM	FYE 31 May 2008 RM	FPE 31 March 2009 RM
Income earned				
Ship building income	1,350,000	-	-	-
Ship repair income	-	62,340	2,033	-
Rental income	-	9,000	7,000	-
Expenditure incurred				
Rental expenses	37,000	48,000	80,000	-
Hiring of equipment	231,260	171,060	-	-
Purchase of marine paints	672,608	529,426	557,024	75,158
Others				
Advances to TAS Offshore, a company in which certain Directors of the Company have substantial financial interests, for the purpose of payments in connection with share issue and listing exercise	-	-	238,615	662,750

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9.26 Related Party Transactions (Cont'd)

(b) The significant outstanding balances of the Company with its related parties included in the financial statements are as follows :-

(i) Amount due from companies in which certain Directors have substantial financial interests included in :-

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Trade receivables	-	71,390	23,000	-
Other receivables	66,295	698,894	238,615	901,365

(ii) Amount due from Directors

	10,026	517,789	-	-
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(iii) Amount due to companies in which certain Directors have substantial financial interests included in :-

	As at			
	31 May 2006 RM	31 May 2007 RM	31 May 2008 RM	31 March 2009 RM
Trade payables	1,413,400	1,803,304	70,950	-

The amounts receivable and payable to the related parties are unsecured, interest free and are expected to be settled in cash.

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

(c) Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company includes the executive/non-executive Directors and the General Manager of the Company and their remuneration for the financial years and period under review are disclosed under Note 9.22(a).

9.27 Significant/Subsequent Events

(a) On 2 April 2009, the Directors of the Company have declared a tax-exempt interim dividend in respect of the FYE 31 May 2009 of RM14.20 per ordinary share of RM1.00 each amounting to RM14,200,000 to the ordinary shareholders whose names appear in the Register of Members at the close of business on 2 April 2009 and which will be payable on 3 July 2009.

13. ACCOUNTANTS' REPORT (CONT'D)

TAS Offshore Berhad
Accountants' Report (Cont'd)

9. Notes to the Financial Statements of TAS (Cont'd)**9.27 Significant/Subsequent Events (Cont'd)**

(b) As set out in Note 3.2(a), on 26 November 2008, the shareholders of the Company entered into a Conditional Share Sale Agreement ("CSSA") with TAS Offshore, a company in which Directors of the Company have substantial financial interests, to dispose of their entire equity interest in the Company comprising 1,000,000 ordinary shares of RM1.00 each for a total consideration of RM51,500,000 to be satisfied by the issuance of 103,000,000 new ordinary shares of RM0.50 each in TAS Offshore at par. The disposal has been completed on 3 April 2009 and consequently, TAS Offshore became the immediate and ultimate holding company of the Company.

9.28 Restatement of Audited Financial Statements

The following figures have been reclassified to conform with the presentation for the FYE 31 May 2008 and FPE 31 March 2009 :-

	As previously reported RM	Reclassification RM	As restated RM
31 May 2006			
Balance sheet			
Amount due from contract customers	14,632,724	3,494,374	18,127,098
Amount due to contract customers	-	(3,494,374)	(3,494,374)
Trade payables	(15,166,197)	(1,443,116)	(16,609,313)
Other payables	(1,827,373)	1,443,116	(384,257)
Cash flow statement			
Cash flows from operating activities :			
- Interest income	-	(32,447)	(32,447)
- Unrealised gain on foreign exchange	(8,143)	(2,869)	(11,012)
Cash flows from investing activities :			
- Interest received	-	32,447	32,447
31 May 2007			
Cash flow statement			
Cash flows from operating activities :			
- Interest income	-	(116,600)	(116,600)
- Unrealised loss on foreign exchange	(84,177)	226,192	142,015
Cash flows from investing activities :			
- Interest received	-	116,600	116,600

10. Subsequent Events

Save for the listing scheme as set out in Notes 3.2(b) and 3.2(c) and subsequent events disclosed under Notes 7.5.4 and 9.27 of this report, there were no other significant events which have occurred subsequent to the last balance sheet date of TAS Offshore and TAS until the date of this report which require adjustments to or disclosure in this report.

13. ACCOUNTANTS' REPORT (CONT'D)
TAS Offshore Berhad
Accountants' Report (Cont'd)
11. Historical Financial Performance

The following financial information are based on the audited financial statements of TAS for the FYE 31 May 2006 to 31 May 2008 and for the FPE 31 March 2009.

		As at			
		31 May 2006	31 May 2007	31 May 2008	31 March 2009
Financial Position					
Paid-up capital	(RM)	1,000,000	1,000,000	1,000,000	1,000,000
Number of ordinary shares in issue	(No.)	1,000,000	1,000,000	1,000,000	1,000,000
Shareholders' funds	(RM)	12,373,482	27,102,588	43,143,466	58,910,810
Total borrowings	(RM)	5,045,037	3,504,382	3,136,776	23,990,484
Net Assets Value ("NAV")	(RM)	12,373,482	27,102,588	43,143,466	58,910,810
Net Tangible Assets ("NTA") ⁽¹⁾	(RM)	9,016,669	23,922,167	39,923,862	55,060,939
NAV per share	(RM)	12.37	27.10	43.14	58.91
NTA per share	(RM)	9.02	23.92	39.92	55.06
Current ratio	(Times)	1.31	1.38	1.68	1.75
Gearing	(Times)	0.41	0.13	0.07	0.41

⁽¹⁾ For the purpose of calculating NTA, the prepaid land lease payments have been excluded as such payments are treated as intangible assets.

		FYE 31 May 2006	FYE 31 May 2007	FYE 31 May 2008	FPE 31 March 2008 ⁽²⁾	FPE 31 March 2009
Financial Results						
Turnover	(RM)	68,808,096	74,238,693	121,346,216	82,275,524	110,055,540
Gross profit	(RM)	9,980,881	16,218,130	19,967,454	14,408,122	22,117,376
Earnings before interest, depreciation, taxation and amortisation ("EBIDTA")	(RM)	9,429,156	16,571,797	19,297,218	14,078,804	21,966,727
Interest income	(RM)	32,447	116,600	204,941	190,591	52,227
Interest expense	(RM)	313,938	264,379	193,496	169,828	445,563
Depreciation and amortisation	(RM)	1,008,824	1,081,914	1,399,129	1,118,985	1,014,095
Profit before tax ("PBT")	(RM)	8,138,841	15,342,104	17,909,534	12,980,582	20,559,296
Profit for the year/period	(RM)	7,842,938	14,729,106	16,040,878	11,847,760	15,767,344
Earnings per share - Basic	(RM)	7.84	14.73	16.04	11.85	15.77
Gross dividend rate	(%)	-	-	-	-	1420%
Effective tax rate	(%)	3.64	4.00	10.43	8.73	23.31
Gross profit margin	(%)	14.51	21.85	16.45	17.51	20.10
PBT profit margin	(%)	11.83	20.67	14.76	15.78	18.68
Interest coverage ratio	(Times)	26.92	59.03	93.56	77.43	47.14
After tax return on shareholders' funds	(%)	63.39	54.35	37.18	30.42	26.76

⁽²⁾ The financial results for the period from 1 June 2007 to 31 March 2008 are unaudited and are included for comparison purposes only.

13. ACCOUNTANTS' REPORT (CONT'D)



TAS Offshore Berhad
Accountants' Report (Cont'd)

12. Audited Financial Statements

No audited financial statements have been prepared in respect of any period subsequent to 31 March 2009.

Yours faithfully,

A handwritten signature in black ink, appearing to be "J. M.", written over a horizontal line.

FOLKS DFK & CO.
No. : AF 0502
Chartered Accountants

A handwritten signature in black ink, appearing to be "OOI CHEE KUN", written over a horizontal line.

OOI CHEE KUN
No. : 996/03/10 (J/PH)
Partner

13. ACCOUNTANTS' REPORT (CONT'D)

Folks DFK & Co (No. AF 0502)
Chartered Accountants



Independent Auditors' Report to the Members of
TAS Offshore Berhad
(810179 - T)
(Incorporated in Malaysia)

APPENDIX I
(Page 1 of 2)

Report on the Financial Statements

We have audited the financial statements of TAS Offshore Berhad, which comprise the balance sheet as at 31 May 2008, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 18.

Directors' Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 May 2008 and of its financial performance and cash flows for the period then ended.

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13. ACCOUNTANTS' REPORT (CONT'D)

Folks DFK & Co (No. AF 0502)
Chartered Accountants



APPENDIX I
(Page 2 of 2)

Independent Auditors' Report to the Members of
TAS Offshore Berhad
(810179 - T)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A stylized, cursive signature in black ink, likely representing the firm's name.

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

A stylized, cursive signature in black ink, likely representing the partner's name.

OOI CHEE KUN
NO: 996/03/10 (J/PH)
PARTNER

Kuala Lumpur
Date: 29 AUG 2008

13. ACCOUNTANTS' REPORT (CONT'D)

Folks DFK & Co (No. AF 0502)
Chartered Accountants



APPENDIX II
(Page 1 of 2)

**Independent Auditors' Report to the Members of
TAS Offshore Berhad (810179 – T)
(Incorporated in Malaysia)**

Report on the Financial Statements

We have audited the financial statements of TAS Offshore Berhad, which comprise the balance sheet as at 31 March 2009, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 29.

Directors' Responsibility for the Financial Statements

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

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 whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2009 and of its financial performance and cash flows for the period then ended.

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13. ACCOUNTANTS' REPORT (CONT'D)



APPENDIX II
(Page 2 of 2)

TAS Offshore Berhad (810179 – T)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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

Kuala Lumpur

Date : 29 May 2009

OOI CHEE KUN
NO: 996/03/10 (J/PH)
PARTNER

13. ACCOUNTANTS' REPORT (CONT'D)

APPENDIX III

PHILIP TONG & Co.
Chartered Accountants

*Auditors' Report to the members of
Tuong Aik Shipyard Sendirian Berhad (575152-H)*

We have audited the financial statements of the Company as set out on pages 7 to 27. The preparation of the financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

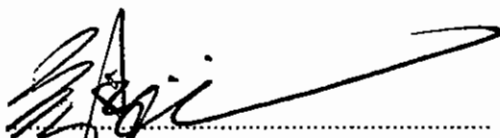
We have conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 May, 2006 and of the results and cash flows of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.



PHILIP TONG & CO.,
(AF : 0401),
Chartered Accountants

Sibu, Sarawak.

Date: 4 6 2006



TONG HIETUNG @ TONG HING YUNG
Approval Number - 989/04/08(J/PH)
Chartered Accountant

13. ACCOUNTANTS' REPORT (CONT'D)

APPENDIX IV

PHILIP TONG & Co.

Chartered Accountants

Auditors' Report to the members of

Tuong Aik Shipyard Sendirian Berhad (575152-H)

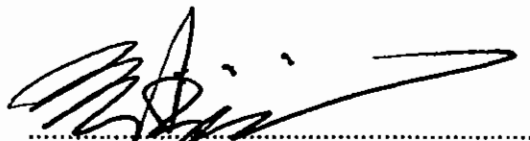
We have audited the financial statements of the Company as set out on pages 7 to 34. The preparation of the financial statements are the responsibility of the Company's Directors.


It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 May, 2007 and of the results and cash flows of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.


.....
PHILIP TONG & CO.,
(AF : 0401),
Chartered Accountants


.....
TONG HIE TUNG @ TONG HING YUNG
Approval Number - 989/04/08(J/PH)
Chartered Accountant

Sibu, Sarawak.

Date: 27 AUG 2007

- 6 -

13. ACCOUNTANTS' REPORT (CONT'D)

APPENDIX V

PHILIP TONG & Co.

Chartered Accountants

**Auditors' Report to the members of
Tuong Aik Shipyard Sendirian Berhad (575152-H)
(Incorporated in Malaysia)**

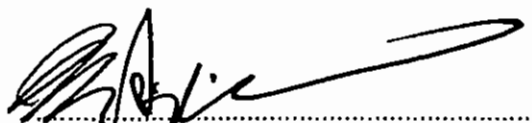
We have audited the financial statements of the Company as set out on pages 7 to 38. The preparation of the financial statements are the responsibility of the Company's Directors.

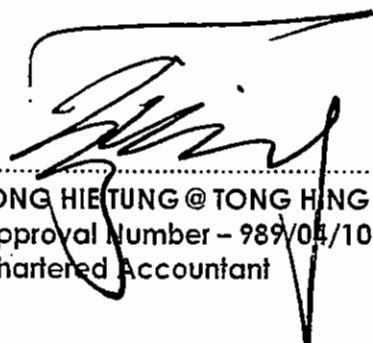
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit, also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 May, 2008 and of the results and cash flows of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.


PHILIP TONG & CO.,
(AF : 0401),
Chartered Accountants


TONG HIETUNG @ TONG HING YUNG
Approval Number - 989/04/10(J/PH)
Chartered Accountant

Sibu, Sarawak.

Date: 28 JUN 2008

13. ACCOUNTANTS' REPORT (CONT'D)

APPENDIX VI

(Page 1 of 2)

PHILIP TONG & Co.

Chartered Accountants

**Independent Auditors' Report to the members of
Tuong Aik Shipyard Sendirian Berhad (575152-H)**
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Tuong Aik Shipyard Sendirian Berhad, which comprise the balance sheet as at 31 March 2009 and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 9 to 44.

Directors' Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2009 and of its financial performance and cash flows for the period then ended.

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13. ACCOUNTANTS' REPORT (CONT'D)

APPENDIX VI

(Page 2 of 2)

PHILIP TONG & CO.

Chartered Accountants

Independent Auditors' Report to the members of

Tuong Aik Shipyard Sendirian Berhad (Company No: 575152-H) (Cont'd)

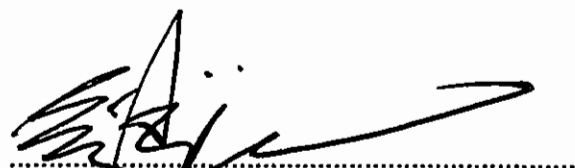
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

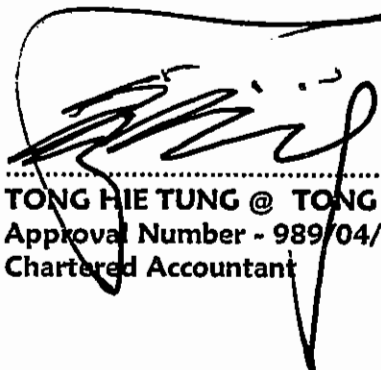
In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with provisions of the Act.

Other Matters

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



PHILIP TONG & CO.,
(AF : 0401),
Chartered Accountants.



TONG HIE TUNG @ TONG HING YUNG
Approval Number - 989/04/10(J/PH)
Chartered Accountant

Sibu, Sarawak.

Date: 29 MAY 2009

14. DIRECTORS' REPORT



TAS OFFSHORE BERHAD. 810179-T

27 JUL 2009

Registered Office
Lot 111-112,
Sungai Ma'aw Road
Sg. Bidut,
96000 Sibu
Sarawak

The Shareholders of TAS Offshore Berhad

TAS Offshore Berhad ("TAS Offshore" or "Company")

Dear Sir/Madam

On behalf of the Board of Directors of TAS Offshore, I wish to report that, after making due enquiries in relation to the Company and its subsidiary ("Group") during the period between 31 March 2009, being the date to which the last audited financial statements of TAS Offshore have been made up, and the date thereof, being a date not earlier than 14 days before the date of this Prospectus:-

- (a) In the opinion of the Directors, the business of our Group has been satisfactorily maintained;
- (b) In the opinion of the Directors, no circumstances have arisen since the last audited financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) No contingent liabilities have arisen by reason of any guarantees or indemnities given by our Group;
- (e) Since the last audited financial statements of our Group, the Directors are not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest or principal sums in relation to any borrowings; and
- (f) Save as disclosed in this Prospectus, there have been no material changes to the published reserves or any unusual factors affecting the profits of our Group since the last audited financial statements of our Group.

Yours faithfully
For and on behalf of the Board of Directors of
TAS OFFSHORE BERHAD

A handwritten signature in black ink, appearing to be "Lau Nai Hoh", written over a horizontal line.

DATUK LAU NAI HOH
Managing Director

15. **PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE**

Folks DFK & Co (No. AF 0502)
Chartered Accountants



Date : 7 July 2009

The Board of Directors
TAS Offshore Berhad
Lot 111 & 112
Jalan Sg. Ma'aw
Sg. Bidut
96000 Sibul
Sarawak

Dear Sirs,

TAS Offshore Berhad ("TAS Offshore" or "the Company")
Proforma Consolidated Financial Information

We report on the accompanying proforma consolidated financial information of TAS Offshore and its subsidiary ("TAS Offshore Group" or "the Group"), which has been prepared by the Directors of TAS Offshore, and which we have stamped for identification purposes.

The proforma consolidated financial information which consists of the proforma consolidated income statements for the three (3) financial years ended 31 May 2006 to 2008 and for the ten (10)-month financial period ended 31 March 2009, the proforma consolidated balance sheets as at 31 March 2009 and the proforma consolidated cash flow statement for the financial period ended 31 March 2009 of TAS Offshore Group, have been prepared for illustrative purposes only, for inclusion in the Prospectus of TAS Offshore ("the Prospectus") to be dated 31 July 2009 in connection with the listing and quotation of the entire issued and paid-up share capital of TAS Offshore on the Main Market of Bursa Malaysia Securities Berhad and are based on certain assumptions and after making certain adjustments to show what :-

- (a) the financial results of TAS Offshore Group for the financial years ended 31 May 2006 to 2008 and for the financial period ended 31 March 2009 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the earliest financial year being presented;
- (b) the financial position of TAS Offshore Group as at 31 March 2009 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the proceeds of the proposed public issue and proposed utilisation of funds; and
- (c) the cash flows of TAS Offshore Group for the financial period ended 31 March 2009 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the financial period ended 31 March 2009.

It is the responsibility of the Directors of TAS Offshore to prepare the proforma consolidated financial information in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines"). Our responsibility is to form an opinion on the proforma consolidated financial information as required by the Guidelines and to report our opinion to you based on our work.

Our work, which involved no independent examination of any of the underlying financial statements, consisted primarily of comparing the audited financial information presented to the audited financial statements of TAS Offshore and its subsidiary for the financial years ended 31 May 2006 to 2008 and for the financial period ended 31 March 2009, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of the Company.

15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)



The proforma consolidated financial information, because of its nature, may not give a true picture of the Group's actual financial results, position and cash flows.

In our opinion :-

- (a) the proforma consolidated financial information has been properly prepared on the bases stated in the notes thereto and such bases are consistent with the accounting policies adopted by TAS Offshore and its subsidiary;
- (b) the financial statements used in the preparation of the proforma consolidated financial information have been properly prepared in accordance with Financial Reporting Standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such financial information.

Yours faithfully,

A handwritten signature in black ink, appearing to be "Folks", written over a horizontal line.

FOLKS DFK & CO.
No. : AF 0502
Chartered Accountants

A handwritten signature in black ink, appearing to be "OOI CHEE KUN", written over a horizontal line.

OOI CHEE KUN
No. : 996/03/10 (J/PH)
Partner

15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)

TAS Offshore Berhad
 Proforma Consolidated Financial Information

1. Introduction

The proforma consolidated financial information, which consists of the proforma consolidated income statements for the three (3) financial years ended ("FYE") 31 May 2006 to 2008 and for the ten (10)-month financial period ended ("FPE") 31 March 2009, the proforma consolidated balance sheets as at 31 March 2009 and the proforma consolidated cash flow statement for the FPE 31 March 2009 of TAS Offshore Group and for which the Directors of TAS Offshore are solely responsible, have been prepared for illustrative purposes only, for the purpose of inclusion in the Prospectus of TAS Offshore to be dated 31 July 2009 in connection with the Restructuring and Listing Scheme as described in Note 2 below and may not, because of its nature, give a true picture of the Group's actual financial results, position and cash flows. Further, such financial information does not purport to predict the future financial position and results of the Group.

2. Restructuring and Listing Scheme

The transactions in conjunction with and as an integral part of the listing and quotation of the entire issued and paid-up share capital of TAS Offshore on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") are as follows :-

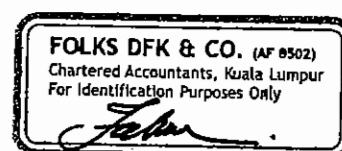
(a) Acquisition of the Entire Issued and Paid-up Share Capital of Tuong Aik Shipyard Sendirian Berhad ("TAS")

On 26 November 2008, TAS Offshore and the vendors of TAS entered into a Conditional Share Sale Agreement ("CSSA") to acquire the entire issued and paid-up share capital of TAS comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM51,500,000 which is to be satisfied by the issuance of 103,000,000 new ordinary shares of RM0.50 each in TAS Offshore ("TAS Offshore Shares") at par to the respective vendors of TAS ("Acquisition of TAS").

The purchase consideration of RM51,500,000 for the Acquisition of TAS was agreed upon on a willing buyer-willing seller basis after taking into consideration the audited net assets value ("NAV") of TAS of RM43,143,466 as at 31 May 2008 and a net fair value adjustment arising from the revaluation of TAS's land and building amounting to RM8,161,924. The valuation was performed on 19 November 2008 by a firm of professional independent registered valuers, namely VPC Alliance (Sarawak) Sdn Bhd.

The Acquisition of TAS was completed on 3 April 2009. The completion of the Acquisition of TAS resulted in the issued and paid-up share capital of TAS Offshore being increased from RM1,000 comprising 2,000 TAS Offshore Shares to RM51,501,000 comprising 103,002,000 TAS Offshore Shares.

The 103,000,000 new TAS Offshore Shares issued pursuant to the Acquisition of TAS rank pari passu in all respects with the existing ordinary shares of TAS Offshore and carry all rights to receive, in full, all dividends and other distributions declared and paid subsequent to the allotment thereof.



15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)

TAS Offshore Berhad
 Proforma Consolidated Financial Information (Cont'd)

2. Restructuring and Listing Scheme (Cont'd)**(b) Initial Public Offering ("IPO")****Public Issue**

Upon completion of the Acquisition of TAS, TAS Offshore shall undertake the Public Issue of 77,000,000 new TAS Offshore Shares ("Public Issue Shares"), representing approximately 42.8% of its enlarged issued and paid-up share capital at an issue price of RM0.90 per TAS Offshore Share ("Public Issue Price"). The Public Issue Shares are to be allocated in the following manner :-

(i) Malaysian Public via Ballotting

9,000,000 Public Issue Shares will be reserved for application by the Malaysian Public.

(ii) Selected Investors via Placement

64,500,000 Public Issue Shares will be made available for application by selected investors via placement of which 43,000,000 Public Issue Shares are to be set aside strictly for Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI").

(iii) Eligible Directors, Employees and Persons

3,500,000 Public Issue Shares will be reserved for application by the eligible Directors, employees and persons who have contributed to the success of the Group.

The Public Issue shall increase the issued and paid-up share capital of TAS Offshore from 103,002,000 TAS Offshore Shares to 180,002,000 TAS Offshore Shares.

All new TAS Offshore Shares to be issued pursuant to the Public Issue shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of TAS Offshore, except that they will not be entitled to any dividends, rights, allotment or other distribution, the entitlement of which is prior to the date of allotment of the said TAS Offshore Shares.

Offer for Sale

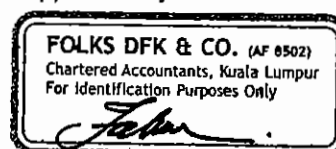
Datuk Lau Nai Hoh ("the Offeror") will offer for sale 11,000,000 TAS Offshore Shares ("Offer Shares"), representing approximately 6.1% of TAS Offshore's enlarged issued and paid-up share capital at an offer price of RM0.90 per TAS Offshore Share to Bumiputera investors approved by MITI via placement ("Offer for Sale").

(The Public Issue and Offer for Sale shall hereinafter collectively be referred to as the "IPO").

(c) Listing and Quotation on the Main Market of Bursa Securities

Upon completion of the Acquisition of TAS, Public Issue and Offer for Sale, TAS Offshore will seek a listing and quotation of its entire enlarged issued and paid-up share capital of RM90,001,000 comprising 180,002,000 ordinary shares of RM0.50 each on the Main Market of Bursa Securities.

The above Restructuring and Listing Scheme has been approved by the Securities Commission on 11 March 2009.



15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)

TAS Offshore Berhad
 Proforma Consolidated Financial Information (Cont'd)

3. Proforma Consolidated Income Statements of TAS Offshore Group for the Financial Years Ended 31 May 2006 to 2008 and for the Financial Period Ended 31 March 2009

3.1 Proforma Consolidated Income Statements

	FYE 2006 RM	FYE 2007 RM	FYE 2008 RM	FPE 2008 ⁽⁴⁾ RM	FPE 2009 RM
Revenue	68,808,096	74,238,693	121,346,216	82,275,524	110,055,540
Cost of sales	(58,827,215)	(58,020,563)	(101,378,762)	(67,867,402)	(87,938,164)
Gross profit	9,980,881	16,218,130	19,967,454	14,408,122	22,117,376
Other operating income	103,198	1,193,463	1,536,032	1,241,173	1,920,317
Administrative expenses	(1,909,066)	(2,029,807)	(3,549,594)	(2,626,695)	(3,434,945)
Operating profit	8,175,013	15,381,786	17,953,892	13,022,600	20,602,748
Finance costs	(36,172)	(39,682)	(47,358)	(42,018)	(57,067)
Profit before tax	8,138,841	15,342,104	17,906,534	12,980,582	20,545,681
Taxation	(295,903)	(612,998)	(1,868,656)	(1,132,822)	(4,791,952)
Profit for the year/period	<u>7,842,938</u>	<u>14,729,106</u>	<u>16,037,878</u>	<u>11,847,760</u>	<u>15,753,729</u>
Earnings before interest, depreciation, taxation and amortisation ("EBIDTA")	9,429,156	16,571,797	19,294,218	14,078,804	21,953,112
Interest income	32,447	116,600	204,941	190,591	52,227
Interest expense	313,938	264,379	193,496	169,828	445,563
Depreciation and amortisation	1,008,824	1,081,914	1,399,129	1,118,985	1,014,095
Gross profit margin	14.51%	21.85%	16.45%	17.51%	20.10%
Profit after tax margin	11.40%	19.84%	13.22%	14.40%	14.31%
Effective tax rate	3.64%	4.00%	10.44%	8.73%	23.32%
Number of ordinary shares in TAS Offshore had the TAS Offshore Group been in existence ⁽¹⁾	103,002,000	103,002,000	103,002,000	103,002,000	103,002,000
Earnings per share (sen) :					
- Basic	7.61	14.30	15.57	11.50	15.29
- Diluted ⁽²⁾	-	-	-	-	-

⁽¹⁾ Based on the issued and paid-up share capital of 103,002,000 TAS Offshore Shares immediately prior to the Public Issue.

⁽²⁾ Diluted earnings per share is not provided as there were no potential ordinary shares to be issued throughout the financial years and period under review.

⁽³⁾ There were no exceptional or extraordinary items in all the financial years and period presented.

⁽⁴⁾ The income statement for the period from 1 June 2007 to 31 March 2008 is unaudited and is included for comparison purposes only.



15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)



TAS Offshore Berhad
Proforma Consolidated Financial Information (Cont'd)

3. Proforma Consolidated Income Statements of TAS Offshore Group for the Financial Years Ended 31 May 2006 to 2008 and for the Financial Period Ended 31 March 2009 (Cont'd)

3.2 Basis of Preparation

The proforma consolidated income statements of TAS Offshore Group for the FYE 31 May 2006 to 2008 and for the FPE 31 March 2009, for which the Directors of TAS Offshore are solely responsible, have been prepared for illustrative purposes to present results of TAS Offshore Group had the transaction described in Note 2(a) been implemented and completed since the beginning of the earliest financial year being presented.

The proforma consolidated income statements have been prepared using the accounting policies and bases consistent with those adopted by TAS Offshore and TAS in the preparation of their audited financial statements and are based on the following :-

- (a) audited financial statements of TAS Offshore for the financial period from 18 March 2008 (date of incorporation) to 31 May 2008 and for the financial period from 1 June 2008 to 31 March 2009; and
- (b) audited financial statements of TAS for the FYE 31 May 2006 to 2008 and for the financial period from 1 June 2008 to 31 March 2009.

The above-mentioned audited financial statements have been prepared in accordance with Financial Reporting Standards in Malaysia.

In addition, the proforma consolidated income statements of TAS Offshore Group have been prepared using the following assumptions :-

- (a) TAS Offshore Group had been in existence since 1 June 2005.
- (b) The earnings per share is computed based on the profit for the year over 103,002,000 TAS Offshore Shares in issue immediately before the Public Issue.

There were no minority interests for all the financial years presented.



15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)



TAS Offshore Berhad
Proforma Consolidated Financial Information (Cont'd)

4. Proforma Consolidated Balance Sheets of TAS Offshore Group as at 31 March 2009

4.1 Proforma Consolidated Balance Sheets

	Note	Audited	Proforma I	Proforma II	Proforma III
		31.03.2009	RM	RM	RM
Assets					
Non-Current Assets					
Property, plant and equipment	4.4.4(b)	-	12,772,175	12,772,175	22,772,175
Prepaid land lease payments		-	10,096,097	10,096,097	10,096,097
		-	22,868,272	22,868,272	32,868,272
Current Assets					
Inventories		-	20,283,839	20,283,839	20,283,839
Amount due from contract customers		-	42,869,898	42,869,898	42,869,898
Trade receivables		-	13,502,901	13,502,901	13,502,901
Other receivables	4.4.4(c)	889,895	14,217,292	14,217,292	13,327,397
Tax recoverable		-	250	250	250
Cash and bank balances	4.4.4(d)	220	7,055,368	76,355,368	64,245,263
		890,115	97,929,548	167,229,548	154,229,548
Total Assets		890,115	120,797,820	190,097,820	187,097,820
Equity and Liabilities					
Equity					
Share capital	4.4.4(e)	1,000	51,501,000	90,001,000	90,001,000
Share premium	4.4.4(e)	-	-	30,800,000	27,800,000
(Accumulated losses)/Retained profits	4.4.4(e)	(16,615)	1,230,059	1,230,059	1,230,059
Total Equity		(15,615)	52,731,059	122,031,059	119,031,059
Non-Current Liabilities					
Hire purchase payable		-	68,861	68,861	68,861
Term loans (Secured)		-	1,001,099	1,001,099	1,001,099
Deferred tax liabilities		-	2,869,943	2,869,943	2,869,943
		-	3,939,903	3,939,903	3,939,903
Current Liabilities					
Amount due to contract customers		-	11,101,927	11,101,927	11,101,927
Trade payables		-	24,766,442	24,766,442	24,766,442
Other payables		905,730	3,096,977	3,096,977	3,096,977
Hire purchase payable		-	166,968	166,968	166,968
Term loans (Secured)		-	281,252	281,252	281,252
Bank overdraft (Secured)		-	2,164,304	2,164,304	2,164,304
Other bank borrowings (Secured) :					
- Bankers' acceptances		-	645,000	645,000	645,000
- Revolving credit		-	19,663,000	19,663,000	19,663,000
Taxation		-	2,240,988	2,240,988	2,240,988
		905,730	64,126,858	64,126,858	64,126,858
Total Liabilities		905,730	68,066,761	68,066,761	68,066,761
Total Equity and Liabilities		890,115	120,797,820	190,097,820	187,097,820

15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)

TAS Offshore Berhad
Proforma Consolidated Financial Information (Cont'd)

4. Proforma Consolidated Balance Sheets of TAS Offshore Group as at 31 March 2009 (Cont'd)**4.1 Proforma Consolidated Balance Sheets (Cont'd)**

	Audited 31.03.2009	Proforma I	Proforma II	Proforma III
Number of ordinary shares in issue (No.)	2,000	103,002,000	180,002,000	180,002,000
(Net liabilities) ("NL")/Net assets ("NA") (RM)	(15,615)	52,731,059	122,031,059	119,031,059
(Net tangible liabilities) ("NTL")/ Net tangible assets ("NTA") ⁽¹⁾ (RM)	(15,615)	42,634,962	111,934,962	108,934,962
(NL)/NA per ordinary share (RM)	(7.81)	0.51	0.68	0.66
(NTL)/NTA per ordinary share (RM)	(7.81)	0.41	0.62	0.61
Total borrowings (RM)	-	23,990,484	23,990,484	23,990,484
Gearing ratio (Times)	-	0.45	0.20	0.20

⁽¹⁾ For the purpose of calculating NTA, the prepaid land lease payments have been excluded as such payments are treated as intangible assets.

4.2 Basis of Preparation

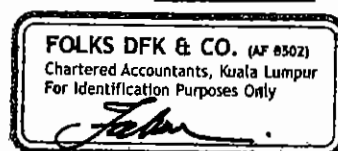
The proforma consolidated balance sheets of TAS Offshore Group for the FPE 31 March 2009, for which the Directors of TAS Offshore are solely responsible, have been prepared for illustrative purposes to show the effects of the transactions described in Notes 2(a) and 2(b) on the audited balance sheet of TAS Offshore had they been implemented and completed on that date and are based on the audited financial statements of TAS Offshore and TAS for the FPE 31 March 2009 adjusted for a payment of a tax-exempt interim dividend for the FYE 31 May 2009 amounting to RM14,200,000 as shown in Note 4.3 below. The interim dividend was declared prior to the acquisition of TAS by TAS Offshore.

The proforma consolidated balance sheets have been prepared based on the accounting policies and bases consistent with those adopted by TAS Offshore and TAS in the preparation of their audited financial statements for the FPE 31 March 2009 which have been prepared in accordance with Financial Reporting Standards in Malaysia.

All inter-company balances are eliminated on consolidation.

4.3 Adjustments Made to the Audited Balance Sheet of TAS as at 31 March 2009

	As at 31 March 2009 RM
Retained profits	
As per audited financial statements of TAS for FPE 31 March 2009	57,910,810
Less : Tax-exempt interim dividend for the FYE 31 May 2009 paid on 3 July 2009	(14,200,000)
As adjusted	<u>43,710,810</u>
Cash and bank balances	
As per audited financial statements of TAS for FPE 31 March 2009	21,255,148
Less : Tax-exempt interim dividend for the FYE 31 May 2009 paid on 3 July 2009	(14,200,000)
As adjusted	<u>7,055,148</u>



15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)

TAS Offshore Berhad
 Proforma Consolidated Financial Information (Cont'd)

4. Proforma Consolidated Balance Sheets of TAS Offshore Group as at 31 March 2009 (Cont'd)

4.4 Proforma Adjustments

4.4.1 Proforma I

Proforma I incorporates the effects of the acquisition by TAS Offshore of the entire issued and paid-up share capital of TAS comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM51,500,000 which is to be satisfied by the issuance of 103,000,000 new TAS Offshore Shares at par to the respective vendors of TAS and the acquisition is deemed to be completed on 31 March 2009.

The Acquisition of TAS is accounted for by applying the principles under the purchase method and the consolidated financial position under Proforma I effectively represents the financial position of TAS Offshore Group had the Group been in existence as at 31 March 2009, before the IPO.

4.4.2 Proforma II

Proforma II incorporates the effects of Proforma I and the following transactions :-

- (a) A public issue of 77,000,000 new ordinary shares of RM0.50 each ("IPO Shares") at an issue price of RM0.90 per IPO Share giving rise to a share premium of RM30,800,000.
- (b) Offer for sale of 11,000,000 TAS Offshore Shares ("OFS Shares") by an offeror of TAS Offshore, at an offer price of RM0.90 per TAS Offshore Share to Bumiputera investors approved by MITI via placement. The offer for sale has no financial impact on the TAS Offshore Group.

Thereafter, the entire issued and paid-up share capital of TAS Offshore of RM90,001,000 comprising 180,002,000 ordinary shares of RM0.50 each shall be listed on the Main Market of Bursa Securities ("the Listing").

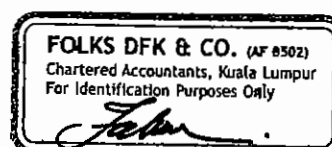
The Public Issue shall give rise to a total proceeds of RM69,300,000.

4.4.3 Proforma III

Proforma III incorporates the effects of Proforma I and II and the following utilisation of proceeds from the Public Issue :-

	RM
Expansion of existing operations	10,000,000
Working capital	56,300,000
Listing expenses	3,000,000
	69,300,000

The listing expenses, estimated to be RM3,000,000, are to be charged against the share premium of TAS Offshore.



15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)



TAS Offshore Berhad
Proforma Consolidated Financial Information (Cont'd)

4. Proforma Consolidated Balance Sheets of TAS Offshore Group as at 31 March 2009 (Cont'd)

4.4 Proforma Adjustments (Cont'd)

4.4.4 Summary of Effects

The effects of the transactions mentioned in Notes 4.4.1, 4.4.2 and 4.4.3 above on the balance sheet of TAS Offshore Group are as follows :-

(a) Excess of fair value of net assets acquired over cost of acquisition

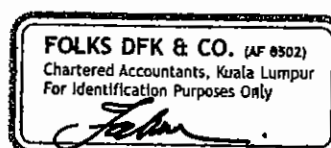
The excess of fair value of net assets acquired over the purchase consideration arising from the Acquisition of TAS is derived as follows :-

	Fair value RM	TAS's carrying value RM
Property, plant and equipment	12,772,175	8,303,916
Prepaid land lease payments	10,096,097	3,849,871
Inventories	20,283,839	20,283,839
Amount due from contract customers	42,869,898	42,869,898
Trade and other receivables	27,731,663	27,731,663
Tax recoverable	250	250
Cash and bank balances ⁽¹⁾	7,055,148	7,055,148
Amount due to contract customers	(11,101,927)	(11,101,927)
Trade and other payables	(27,859,054)	(27,859,054)
Hire purchase payable	(235,829)	(235,829)
Bank borrowings	(23,754,655)	(23,754,655)
Taxation	(2,240,988)	(2,240,988)
Deferred tax liabilities	(2,869,943)	(191,322)
Fair value of net assets acquired	<u>52,746,674</u>	<u>44,710,810</u>
Purchase consideration settled by the issue of shares	<u>51,500,000</u>	
Excess of fair value of net assets over cost of acquisition recognised to income (Note 4.4.4(e))	<u><u>(1,246,674)</u></u>	

(1) Cash and bank balances as at 31 March 2009 have been adjusted for the payment of a tax-exempt interim dividend amounting to RM14,200,000 as disclosed in Note 4.3 to this proforma financial information.

(b) Property, plant and equipment

	RM
Balance after Proforma II	12,772,175
Add : Capital expenditure incurred for the purpose of expanding existing operations	<u>10,000,000</u>
Proforma III	<u><u>22,772,175</u></u>



15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)



TAS Offshore Berhad
Proforma Consolidated Financial Information (Cont'd)

4. Proforma Consolidated Balance Sheets of TAS Offshore Group as at
31 March 2009 (Cont'd)

4.4 Proforma Adjustments (Cont'd)

4.4.4 Summary of Effects (Cont'd)

(c) Other receivables

	RM
Balance after Proforma II	14,217,292
Less : Share issue and listing expenses debited against share premium account	<u>(889,895)</u>
Proforma III	<u>13,327,397</u>

(d) Cash and bank balances

	RM
Balance after Proforma I	7,055,368
Add : Proceeds from the Public Issue	<u>69,300,000</u>
Proforma II	76,355,368
Less :	
- Capital expenditure for expansion of existing operations	(10,000,000)
- Payment of listing expenses ⁽¹⁾	<u>(2,110,105)</u>
Proforma III	<u>64,245,263</u>

⁽¹⁾ Payment of listing expenses	
Estimated listing expenses	3,000,000
Less : Expenses paid up to 31 March 2009 included under other receivables	<u>(889,895)</u>
Balance of listing expenses to be paid after the IPO	<u>2,110,105</u>

(e) Share capital, share premium and (accumulated losses)/retained profits

	Share capital RM	Share premium RM	(Accumulated losses)/ Retained profits RM	Total RM
As at 31 March 2009	1,000	-	(16,615)	(15,615)
Acquisition of TAS	51,500,000	-	1,246,674	52,746,674
Proforma I	51,501,000	-	1,230,059	52,731,059
Public Issue and Listing	38,500,000	30,800,000	-	69,300,000
Proforma II	90,001,000	30,800,000	1,230,059	122,031,059
Share issue and listing expenses debited against share premium account	-	(3,000,000)	-	(3,000,000)
Proforma III	<u>90,001,000</u>	<u>27,800,000</u>	<u>1,230,059</u>	<u>119,031,059</u>

15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)

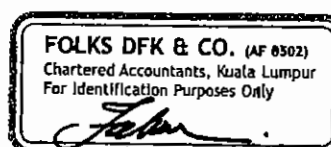


TAS Offshore Berhad
Proforma Consolidated Financial Information (Cont'd)

5. Proforma Consolidated Cash Flow Statement of TAS Offshore Group for the Financial Period Ended 31 March 2009

5.1 Proforma Consolidated Cash Flow Statement

	TAS Offshore Group RM
Cash flows from operating activities	
Profit before taxation	20,545,681
Adjustments for :-	
Depreciation of property, plant and equipment	969,334
Amortisation of prepaid land lease payments	44,761
Unrealised loss on foreign exchange	167,197
Interest income	(52,227)
Interest expense	445,563
Operating profit before working capital changes	22,120,309
Increase in inventories	(9,523,241)
Increase in amount due from customers on contract	(1,786,276)
Increase in amount due to customers on contract	7,413,299
Increase in trade and other receivables	(15,347,732)
Decrease in trade and other payables	(17,019,439)
Cash utilised in operations	(14,143,080)
Tax paid	(3,966,606)
Tax refunded	20,752
Interest paid	(43,500)
Net cash used in operating activities	(18,132,434)
Cash flows from investing activities	
Additional prepaid land lease payments	(675,028)
Interest received	52,227
Purchase of property, plant and equipment	(2,960,892)
Net cash used in investing activities	(3,583,693)
Cash flows from financing activities	
Repayment of hire purchase liabilities	(184,643)
Hire purchase interest paid	(13,567)
Net repayment of term loans	(217,649)
Loan interest paid	(43,460)
Increase in other bank borrowings	20,308,000
Interest paid on other bank borrowings	(345,036)
Dividend paid	(14,200,000)
Net cash from financing activities	5,303,645



15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF TAS OFFSHORE (CONT'D)



TAS Offshore Berhad
 Proforma Consolidated Financial Information (Cont'd)

5. Proforma Consolidated Cash Flow Statement of TAS Offshore Group for the Financial Period Ended 31 March 2009 (Cont'd)

5.1 Proforma Consolidated Cash Flow Statement (Cont'd)

	TAS Offshore Group RM
Net decrease in cash and cash equivalents	(16,412,482)
Cash and cash equivalents at beginning of period	21,487,986
Foreign exchange difference on opening balance	(184,440)
Cash and cash equivalents at end of period	<u>4,891,064</u>

RM

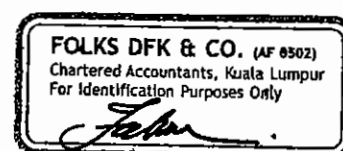
Cash and cash equivalents at end of period comprised :-

Cash and bank balances	7,055,368
Bank overdraft	(2,164,304)
	<u>4,891,064</u>

5.2 Basis of Preparation

The proforma consolidated cash flow statement of TAS Offshore Group for the FPE 31 March 2009, for which the Directors of TAS Offshore are solely responsible, has been prepared for illustrative purposes to show the effect of the transaction described in Note 2(a) on the audited cash flow statement of TAS Offshore had it been implemented and completed since the beginning of the FPE 31 March 2009 and that TAS Offshore Group had been in existence throughout the financial period under review. The proforma consolidated cash flow statement has been prepared based on the audited financial statements of TAS Offshore and TAS for the FPE 31 March 2009 adjusted for a payment of a tax-exempt dividend as disclosed in Note 4.3 to this proforma financial information.

The proforma consolidated cash flow statement has been prepared based on the accounting policies and bases consistent with those adopted by TAS Offshore and TAS in the preparation of their audited financial statements for the FPE 31 March 2009 which have been prepared in accordance with Financial Reporting Standards in Malaysia and after elimination of all inter-company transactions and balances.



16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

07 JUL 2009

The Board of Directors
TAS Offshore Berhad
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Independent Assessment of the Shipbuilding Industry

The following is a summary of the **Independent Assessment of the Shipbuilding Industry** in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the Prospectus of **TAS Offshore Berhad** (herein together with its subsidiary will be referred to as "TAS Offshore Group" or the "Group") in relation to its listing on the Main Market of Bursa Malaysia Securities Berhad.

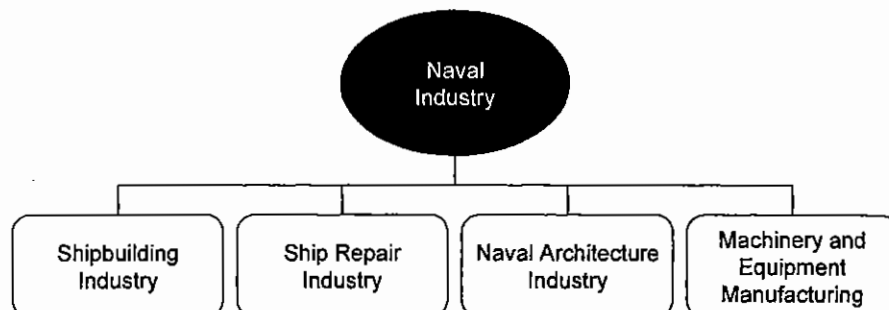
TAS Offshore Group's primary business activity is shipbuilding. The Group is also engaged in providing ship repair services. For the financial year ended 31 May 2008, the total revenue of TAS Offshore Group was RM121.3 million. For the 10-month financial period ended 31 March 2009, the Group's total revenue was RM110.1 million.

1. OVERVIEW OF THE SHIPBUILDING INDUSTRY IN MALAYSIA

- The Shipbuilding Industry plays a key role in supporting the growth and development of the Malaysian economy. The Shipbuilding Industry currently constructs a wide range of vessels that are used to perform a number of important tasks, including providing supporting services to the offshore Oil and Gas Industry and transportation and logistics services to support other industries.

1.1 Overview of the Naval Industry

- In general, the overall Naval Industry can be broadly categorised as follows:



- The Shipbuilding Industry comprises operators that are engaged in ship construction.

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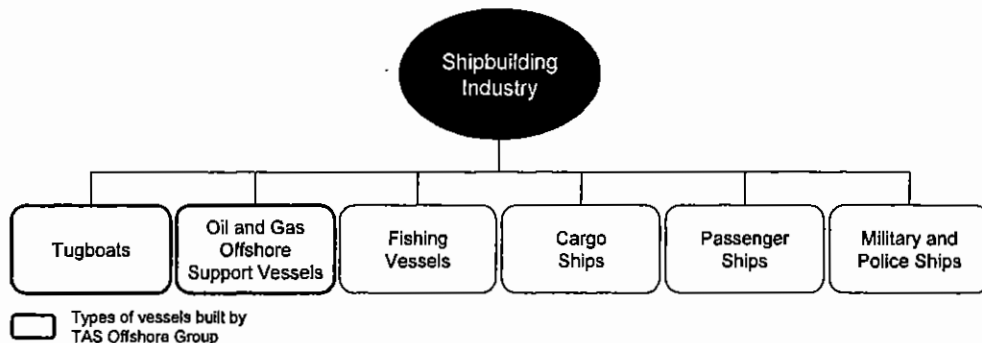
- The Ship Repair Industry comprises operators that are engaged in providing ship repair services. It is common for operators who are in shipbuilding to also provide ship repairing services.
- The Naval Architecture Industry comprises naval architects and naval engineers who are engaged in producing designs for the Shipbuilding Industry.
- Manufacturers of machinery and equipment support the Shipbuilding Industry and the Ship Repair Industry by manufacturing the machinery and equipment that are installed on vessels.
- TAS Offshore Group is currently involved in the following sectors of the overall Naval Industry:
 - Shipbuilding Industry;
 - Ship Repair Industry.

1.2 Overview of the Shipbuilding Industry

- The Shipbuilding Industry has developed specialised skills and technological capabilities in engineering design, metallurgy, corrosion control, machining, welding and fabrication.
- In 2008, there were approximately 70 companies operating in the Shipbuilding Industry in Malaysia. However many of the companies were small operations, building mostly smaller wooden and aluminium hulled boats and watercraft.
- The demand for ships in Malaysia is generally based on a number of factors, including the replacement of old ships, demand for new ships on a jobbing basis; demand for ships to support the Oil and Gas Industry, and to meet the requirements of the military and police.

(Source: Malaysian Industrial Development Authority)

- There is also considerable demand from overseas customers for ships built by Malaysian shipbuilders.
- In general, the Shipbuilding Industry in Malaysia can be broadly categorised by the types of ships built as follows:



16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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- TAS Offshore Group is currently engaged in constructing the following types of ships:
 - Tugboats
 - Anchor handling tugs;
 - Anchor handling tug supply vessels.
- A **tugboat** is primarily designed to manoeuvre or tow other vessels. Tugboats are currently used to perform many functions, including towing, pushing or manoeuvring barges; disabled vessels; vessels in harbours, the open ocean, in rivers and canals; and offshore structures such as drilling rigs and offshore platforms for the Oil and Gas Industry.
- **Oil and Gas Industry support vessels** comprise a wide range of vessels that are designed to provide various supporting services to the Oil and Gas Industry. Some examples of Oil and Gas Industry support vessels include anchor handling tugs, anchor handling tug supply vessels, utility/support vessels, offshore construction vessels, crew boats, and accommodation boats.
- **Fishing vessels** refer to ships and boats that are primarily designed to carry out commercial fishing activities.
- **Cargo ships** are primarily designed to transport cargo, goods and materials from one port to another.
- **Passenger ships** are primarily designed to transport passengers.
- **Military and police ships** are primarily designed for military and security purposes.

2. GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES**2.1 Government Laws and Regulations****Manufacturing License**

- Apart from the normal manufacturing licence, there are no material government laws, regulations and policies that may impede on operators' performance and growth within a free enterprise environment. Tuong Aik Shipyard obtained a manufacturing licence on 9 August 2003 from the Ministry of International Trade and Industry of Malaysia with respect to "Shipbuilding & ship repairing" and "Leisure crafts & offshore steel structures".

Registration as Bonafide Shipbuilder & Repairer

- Tuong Aik Shipyard was registered as a "Bonafide Shipbuilder & Repairer" by the Ministry of Finance on 9 February 2004. The registration is effective from 20 January 2004. As a registered "Bonafide Shipbuilder & Repairer", Tuong Aik Shipyard has the right to obtain import duty and sales tax exemption on raw materials/components.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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2.2 Government Incentives

- In general, the Malaysian Government provides incentives for companies listed as promoted activities or products under the Promotion of Investments Act 1986 including:
 - Pioneer Status;
 - Investment Tax Allowance
 - Reinvestment Allowance
 - Tax Exemption on the Value of Increased Exports.

Pioneer Status and Investment Tax Allowance

- Eligibility for incentives under Pioneer Status and Investment Tax Allowance will be determined according to the priorities termed as “promoted activities” or “promoted products”.
- Among the promoted activities and products that are relevant to TAS Offshore Group’s primary business activities include:
 - Shipbuilding
 - Ship repair.

These activities are additional promoted activities and products for promoted areas, i.e. Sabah, Sarawak, Kelantan, Terengganu, Pahang, Perlis, and the district of Mersing in Johor.

(Source: Malaysian Industrial Development Authority)

- On 6 September 2004, Tuong Aik Shipyard was granted Pioneer Status for the activities “Shipbuilding & Ship Repairing” and “Leisure Crafts & Offshore Steel Structures” under Subsection (3) Section 7 Promotion of Investment Act 1986 (Amendment) for “Industry in the East Coast Corridor, Sabah and Sarawak”. The Pioneer Status was valid for the period 1 August 2003 to 31 July 2008.

Reinvestment Allowance

- A manufacturing company that has been in operation for at least 12 (this condition has been revised to at least 36 months, effective from year of assessment 2009) months and incurs qualifying capital expenditure to expand, modernise or automate its existing business or diversify its existing business into any related products within the same industry can apply for Reinvestment Allowance.

Tax Exemption on the Value of Increased Exports

- To encourage the export of Malaysian goods, a locally-owned manufacturing company with Malaysian equity of at least 60% is eligible for a tax exemption on the statutory income equivalent to 30% of the value of increased exports, provided the company achieves a significant increase in exports.

(Source: Malaysian Industrial Development Authority).

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2.3 Trademarks

- Under the Trade Marks Act 1976 and Trade Marks Regulations 1997, all trademarks have to be registered before a trademark can be adopted in relation to any goods or services (*Source: Trade Marks Act 1976 and Regulations, and Patents Act 1983 and Regulations*). Only the owner of the trademark can register the trademark. The owner of a trademark may be an individual, partnership or company.
- The Registrar of Trade Marks, Intellectual Property Corporation of Malaysia (*Perbadanan Harta Intelek Malaysia*) is the authority for the registration of trademarks in Malaysia. Trademark registrations are valid for a period of ten years and may be renewed from time to time.
- TAS Offshore Group had on 17 July 2008 submitted an application to register the "TAS Offshore" logo in Malaysia. The trademark application is currently being processed for registration.

2.4 Environmental Regulations

- Tuong Aik Shipyard received a letter from the Department of Environment (State of Sarawak) dated 17 April 2008 informing the company that the Department of Environment (State of Sarawak) did not have any objection to the company's application to regulate the company's existing factory at Lots 22, 100, 111, 122, 1217, 1218, 2202 and 20175 Jalan Sungai Maaw, Sungai Bidut, Sibul, Sarawak as a "shipyard".
- During the normal course of the Group's ship construction and ship repair activities, TAS Offshore Group mainly generates bulk waste in the form of steel scrap from the cutting of steel plates, steel bars and other steel products. Steel scrap is normally recycled by the Group. As such, TAS Offshore Group does not generate any significant waste that will have a negative impact on the environment.

3. SUPPLY

- TAS Offshore Group is primarily engaged in shipbuilding. The Group is also engaged in providing ship repairing services as a secondary business activity.

3.1 Local Production

- Between 2002 and 2006, the value of gross output for the building and repairing of ships increased at an average annual rate of 5.5%. In 2006, the value of gross output for the building and repairing of ships increased by 20.8% to RM3.4 billion (based on 165 establishments).
- Between 2002 and 2005, the sales value of the manufacture of tugs and pusher craft increased at an average annual rate of 46.8%. In 2005 (the most recent year for which data is available), the sales value for the manufacture of tugs and pusher craft increased by 141.2% to reach RM247.7 million (based on 20 establishments).

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- Between 2002 and 2005, the sales value of the manufacture of multi-purpose vessels increased at an average annual rate of 53.5%. In 2005 (the most recent year for which data is available), the sales value for the manufacture of multi-purpose vessels declined by 7.8% to RM141.8 million (based on 6 establishments).
- Between 2002 and 2005, the sales value of the manufacture of fishing vessels, factory ships and other vessels increased at an average annual rate of 39.2%. In 2005 (the most recent year for which data is available), the sales value for the manufacture of fishing vessels, factory ships and other vessels totalled RM15.5 million (based on 17 establishments).

(Source: Department of Statistics).

3.2 Import

- Between 2004 and 2008, the import value of ships, boats and floating structures declined at an average annual rate of 5.0%. In 2008, the import value of ships, boats and floating structures declined by 57.6% to RM2.4 billion
- Between 2004 and 2008, the import value of tugs and pusher craft increased at an average annual rate of 136.4%. In 2008, the import value of tugs and pusher craft increased by 8.0% to reach RM15.4 million.
- In 2008, India was the largest source of imports for tugs and pusher craft, accounting for 98.1% of imports by value. The remaining 1.9% of imports of tugs and pusher craft by value was made up of imports from the United States.

(Source: Department of Statistics)

4. SUPPLY DEPENDENCIES

- The main raw materials used in the Shipbuilding Industry include:
 - Steel, including plates and bars;
 - Marine engines.
- Between 2005 and 2008, the sales value of the manufacture of basic iron and steel products grew at an average annual rate of 15.3%. In 2008, the sales value of manufacture of basic iron and steel products increased by 22.9% to reach RM28.4 billion.
- Between 2004 and 2008, the import value of iron and steel grew at an average annual rate of 15.3%. In 2008, the import value of iron and steel increased by 17.4% to reach RM24.2 billion.
- Between 2004 and 2008, the import value of flat-rolled products of iron or non-alloy steel, not clad, plated or coated increased at an average annual rate of 17.0%. In 2008, the import value of flat-rolled products of iron or non-alloy steel, not clad, plated or coated increased by 41.9% to reach RM5.9 billion.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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- Between 2004 and 2008, the import value of iron and steel bars, rods, angles, shapes and sections increased at an average annual rate of 19.4%. In 2008, the import value of iron and steel bars, rods, angles, shapes and sections increased by 24.6% to reach RM3.3 billion.
- Between 2003 and 2007, the import value of marine propulsion engines increased by an average annual rate of 17.3%. In 2007, the import value of marine propulsion engines increased by 55.1% to reach RM386.0 million.
- In 2007, the United States was the largest source of imports for marine propulsion engines, accounting for 37.3% of imports by value. Japan and the United Kingdom were the second and third largest sources of imports in 2007, accounting for 26.9% and 16.3% of imports by value respectively. Other sources of imports of marine propulsion engines include Germany, China, Norway, Hong Kong and Sweden.

(Source: Department of Statistics)

5. DEMAND - EXPORTS

- Between 2004 and 2008, the export value of ships, boats and floating structures declined at an average annual rate of 8.6%. In 2008, the export value of ships, boats and floating structures increased by 12.9% to reach RM1.1 billion *(Source: Department of Statistics)*.
- Tugboats currently exported by TAS Offshore Group are primarily of tugs and pusher craft of more than 26 gross tonnage, but not more than 4,000 gross tonnage.
- Between 2004 and 2008, the export value of tugs and pusher craft increased at an average annual rate of 11.2%. In 2008, the export value of tugs and pusher craft declined by 83.5% to RM28.8 million.
- In 2008, the United Arab Emirates and Indonesia were the major export destinations for tugs and pusher craft, representing 67.9% and 17.9% of total exports under this category respectively. The other export markets for tugs and pusher craft in 2008 were Ireland and Saudi Arabia.

(Source: Department of Statistics)

6. DEMAND DEPENDENCIES

- Demand for ships is dependent on the user industries, which for TAS Offshore Group, are focused on the following:
 - Oil and Gas Industry
 - Shipping Industry.

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6.1 Oil and Gas Industry

- A major proportion of the ships currently constructed by TAS Offshore Group are intended for use in the Oil and Gas Industry. During the financial year ended 31 May 2008 and 10-month financial period ended 31 March 2009, 53.3% and 48.6% of the Group's total revenue respectively were from the construction of anchor handling tugs and anchor handling tug supply vessels, which are primarily used to provide supporting services to the offshore Oil and Gas Industry. The anchor handling tugs and anchor handling tug supply vessels constructed by the Group are primarily sold to customers in the United Arab Emirates and the Middle East.

Malaysia

- The level of Investment made by PETRONAS and Petroleum Sharing Contract (PSC) Operators in the exploration and production of oil and gas in Malaysia increased at an average annual rate of 18.5% between the financial years ended 31 March 2004 and 2008. For the financial year ended 31 March 2008, investment in exploration and production increased by 12.0% to reach RM21.5 billion.
- For the financial year ended 31 March 2008, the average daily production of crude oil and condensates increased by 4.6% to 692,000 Barrels of Oil Equivalent (BOE). The average daily production of crude oil and condensates declined at an average annual rate of 2.0% between the financial years ended 31 March 2004 and 2008.
- For the financial year ended 31 March 2008, the average daily production of natural gas in Malaysia increased by 3.3% to reach 982,000 BOE per day. Between the financial years ended 31 March 2004 to 2008, the average daily production of natural gas in Malaysia declined at an average annual rate of 0.5%.
- Malaysia's exploration and production sector remained vibrant despite the increasingly challenging and costlier environment characterised by maturing hydrocarbon acreages and tightness in the supply of materials, equipment and experienced human capital.

(Source: PETRONAS).

Middle East

- According to Organization of Petroleum Exporting Countries (OPEC), the Middle East grouping comprises Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, the United Arab Emirates, and Yemen.
- Between 2003 and 2007, the production of crude oil in the Middle East increased at an average annual rate of 2.5%. In 2007, crude oil production in the Middle East declined by an estimated 1.7% to 22.5 million barrels per day.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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- Between 2003 and 2007, the marketable production of natural gas in the Middle East increased at an average annual rate of 7.7%. In 2007, the marketable production of natural gas in the Middle East increased by an estimated 4.5% to reach 352.8 billion Standard Cubic Metres.

*(Source: OPEC)***United Arab Emirates**

- Between 2003 and 2007, the production of crude oil in the United Arab Emirates increased at an average annual rate of 3.0%. In 2007, crude oil production in the United Arab Emirates declined by an estimated 1.5% to 2.5 million barrels per day.
- Between 2003 and 2007, the marketable production of natural gas in the United Arab Emirates increased at an average annual rate of 2.9%. In 2007, the marketable production of natural gas in the United Arab Emirates increased by an estimated 3.1% to reach 50.3 billion Standard Cubic Metres.
- Between 2003 and 2007, the number of active rigs in the United Arab Emirates declined at an average annual rate of 3.3%. In 2007, the number of active rigs in the United Arab Emirates declined by an estimated 6.7% to a total of 14 rigs.

*(Source: OPEC)***6.2 Shipping Industry**

- The following section will provide an analysis of the total number of ships and tugboats that are registered in Malaysia as an indication of the level of demand in Malaysia.
- As tugboats are used to tow and assist ships to navigate and dock, demand for tugboats is, to a certain extent, dependent on the level of port activities. The following section will also provide an indication of the level of port activities at ports in Malaysia by analyzing the number of ships calling at Malaysian ports.
- As Singapore and Indonesia are major export markets for tugboats exported by TAS Offshore Group, demand for tugboats will also be dependent upon the level of port activity in these two countries. The analysis of port activities would include vessel arrivals in Singapore ports (measured in gross tonnage) and the number of ship calls at all seaports in Indonesia.

Total Number of Ships and Tugboats Registered in Malaysia

- The total number of ships registered in Malaysia increased at an average annual rate of 4.2% between 2004 and 2008. In 2008, the total number of ships registered in Malaysia increased by 3.8% to 4,452 ships.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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- Between 2004 and 2008, the total number of tugboats registered in Malaysia increased at an average annual rate of 5.1%. In 2008, the total number of tugboats registered in Malaysia increased by 4.3% to 926 tugboats.

(Source: Marine Department).

Total Number of Ships Calling at Ports in Malaysia, Singapore and Indonesia

- Between 2004 and 2008, ships calling at Malaysian ports measured in terms of gross tonnage increased at an average annual rate of 4.0%. In 2008, ships calling at Malaysian ports measured in terms of gross tonnage declined by 4.1% to 533.3 million. *(Source: Ministry of Transportation).*
- Between 2004 and 2008, vessel arrivals at Singapore ports measured in terms of gross tonnage increased at an average annual rate of 11.7%. In 2008, vessel arrivals at Singapore ports measured in terms of gross tonnage increased by 11.1% to reach 1.6 billion *(Source: Maritime and Port Authority, Singapore).*
- Between 2001 and 2005, the number of ship calls at sea ports in Indonesia increased at an average annual rate of 2.7%. In 2005, the number of ship calls at sea ports in Indonesia increased by 42.3% to 755,781 *(Source: Port Administrator Office, Indonesia).*

7. INDUSTRY OUTLOOK**7.1 Outlook of the Shipbuilding Industry**

- In view of the current global financial crisis that has impacted on the local economy, coupled with the recent fall in crude oil prices, the outlook of the Shipbuilding Industry focusing on the Oil and Gas Industry in Malaysia may be challenging for the short to medium term.
- Worsening global economic conditions resulted in slower growth of the Malaysian economy during the fourth quarter of 2008. Real GDP growth slowed to 0.1% during the fourth quarter of 2008 as compared to real GDP growth of 4.7% during the third quarter of 2008. The Malaysian economy recorded a real GDP growth of 4.6% for the year 2008 as a whole, compared to real GDP growth of 6.3% in 2007.
- During the first quarter of 2009, GDP growth in Malaysia shrank by 6.2%. According to Bank Negara Malaysia, the Malaysian economy will start to see improvement in the second half of 2009, especially in the fourth quarter.
- The global price crude oil peaked at approximately US\$150 per barrel in July 2008. The global price of crude oil was approximately US\$70 per barrel as at early June 2009.
- The short-term effect of a decline in crude oil prices and the global financial crisis is expected to be less severe than the expected long-term effect. There is expected to be some negative effect on the short-term outlook for the Shipbuilding Industry in Malaysia, however shipbuilders are expected to continue working on existing

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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contracts. A prolonged decline in the global price of crude oil is expected to have a somewhat more negative effect on the long-term outlook for the Shipbuilding Industry in Malaysia as oil and gas industry operators adjust to the lower prices by reducing their long-term capital investment plans and exploration activities. The long-term outlook of the Shipbuilding Industry in Malaysia is also expected to be negatively affected if the global financial crisis is prolonged.

- The outlook for Shipbuilding Industry is expected to improve with the recovery of the Malaysian economy and global economy. Increasing international trade and economic activity in general are expected to increase ship charter rates fuel demand for new ships, including ships to replace older ships that were not replaced during the economic slowdown.
- A recovery in the global price of crude oil is also expected to improve the outlook of the Shipbuilding Industry, as new offshore support vessels are ordered to carry out offshore Oil and Gas Industry activity.

8. RELIANCE ON AND VULNERABILITY TO IMPORTS

- The Shipbuilding Industry in Malaysia is reliant on imports for the supply of certain grades of steel used in shipbuilding that are not produced in Malaysia. The Shipbuilding Industry is not vulnerable to imports of steel, as steel is a widely produced and traded commodity.
- The Shipbuilding Industry in Malaysia is, however reliant on imports for the supply of marine engines, as there are currently no producers of marine engines operating in Malaysia. As marine engines are available from a range of manufacturers located in a number of countries worldwide, any disruption to operations is therefore minimised.

9. COMPETITIVE NATURE**9.1 Nature of Competition in the Industry**

- Operators in the Shipbuilding Industry in Malaysia face **normal** competitive conditions.

9.2 Factors of Competition

- As with most free enterprise environments, competition amongst shipbuilders is based on a number of factors, including:
 - Capability to construct ships in accordance with the technical requirements of the relevant classification societies;
 - Financial strength to compete and grow the business;
 - Established track record;
 - Quality management system certification.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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- **Capability to construct ships in accordance with the technical requirements of the relevant classification societies:** The ships constructed by Tuong Aik Shipyard are built in accordance with stringent international maritime standards. The capability to construct ships in accordance with the technical requirements of the relevant classification societies is an important competitive factor, as shipbuilders that lack this capability will not be able to secure orders and contracts for ships.
- **Financial Strength to compete and grow the business:** For the financial year ended 31 May 2008, TAS Offshore Group's profit before tax amounted to RM17.9 million. For the 10-month financial period ended 31 March 2009, the Group's profit before tax was RM20.5 million. TAS Offshore Group's high profitability will help it in competing against other shipbuilders, as it provides the Group with the financial strength to secure supplies of key raw materials, parts and components to ensure that there is no disruption to the Group's operations stemming from a shortage of these materials. The Group's financial strength will also support its on-going operations and future expansion plans.
- **Established Track Record:** TAS Offshore Group has been engaged in shipbuilding (through Tuong Aik (Sarawak) Sdn Bhd) since the late 1990's. The Group has successfully completed over 150 ships of various types for its overseas and local customers. This long and established track record provides it with a competitive advantage over new entrants and companies who have only been in operations for a short period of time.
- **Quality management system certification:** In addition to the Group's ability to construct ships in accordance with technical requirements of the relevant classification societies, the quality of the ship is also important to ensure customer loyalty as well as to serve as product references to attract new customers. As such, operators with demonstrable quality management system in place would have an advantage. As part of its emphasis on quality, Tuong Aik Shipyard received ISO 9001:2000 certification on 23 August 2007 issued by Bureau Veritas Certification Malaysia.

10. COMPETITIVE INTENSITY AND OPERATORS IN THE INDUSTRY

- The overall competition among shipbuilders is **moderate to high**.
- This is substantiated by the following:
 - There were approximately 70 companies involved in the Shipbuilding Industry in Malaysia in 2008. Many of these companies are small operations, building mostly smaller wooden and aluminium hulled boats and watercraft (*Source: Malaysian Industrial Development Authority*). The moderate number of steel vessel builders would mitigate somewhat the competitive pressure on existing shipbuilders.
 - Capital and set-up cost to establish an entry-level shipbuilding yard is approximately RM22.8 million. The relatively high capital and set-up cost required will limit the number of new entrants, and thus somewhat reduce

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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competitive pressure from too many new entrants into the Shipbuilding Industry.

Experience, track record, technical skills and relevant accreditations are prerequisites for any new entrant to commence business in the industry. In addition, these prerequisites would favour more experienced shipbuilder. As such, these prerequisites would moderate somewhat the competitive intensity among more experienced and established shipbuilders who have a longer track record.

11. OPERATORS IN THE INDUSTRY

- There were approximately 70 companies operating in the Shipbuilding Industry in Malaysia in 2008 (*Source: Malaysian Industrial Development Authority*).

12. BARRIERS TO ENTRY

- The barriers to entry for the Shipbuilding Industry are **moderate to high**.

12.1 Capital and Set-up Costs

- Capital and set-up costs create a **moderate to high** barrier to entry for new entrants wishing to enter the Shipbuilding Industry.
- The capital and set-up cost to establish an entry-level shipbuilding yard is estimated at RM22.8 million. It is estimated that this entry-level shipbuilding yard will be able to generate revenue of approximately RM40 million per year (*Source: TAS Offshore Group*).
- Smaller-sized shipbuilders may face difficulty in competing against larger shipbuilders that enjoy competitive advantages derived from economies of scale. A smaller shipbuilder may also face restrictions in terms of capacity, and may not be able to handle orders to construct larger (and typically more lucrative) ships.
- In addition, due to the lead-time for the delivery of engines, some operators would require to place orders in advance of any confirm orders. This normally requires a deposit of 20% to 30% of the total cost of the engine. As such, the requirement for deposit, especially for multiple engines in anticipation of orders, would require significant amount of capital.
- Thus, the combination of set-up cost plus the requirement for placing deposits would create barriers to entry into the Shipbuilding Industry for new entrant.

12.2 Meeting the Technical Requirements of the Relevant Classification Societies

- Within the Shipbuilding Industry, all new ship construction is governed by stringent international maritime standards established by classification societies. Classification societies are non-governmental organisations that promote the safety and protection of the environment of ships and offshore structures.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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- A classification society will only issue the class certificate and other statutory certificates for a new vessel or ship after they are satisfied that the vessel or ship meets with their technical rules and standards. These documents certify that the vessel or ship conforms to the specifications, standards and requirements set out in the various international conventions that govern the shipping industry. These certificates are critical, as ship owners will generally not accept vessels or ships that have not received these certificates.
- A new entrant without any track record will have to provide assurance to its clients that it is able to meet the technical and other requirements of the relevant classification societies.

12.3 Obtaining Classification Society Welding Certification

- A new entrant wishing to enter the Shipbuilding Industry is required to obtain certification from a recognised classification society to certify that the welding carried out by the new entrant meets with internationally recognised standards. The new entrant will not be able to secure shipbuilding orders without the welding certification. As such, this creates a barrier to entry for new entrants wishing to enter the Shipbuilding Industry.

12.4 Technical Skills

- Generally, the need for technical skills creates some barriers to entry into the Shipbuilding Industry. Some of the key personnel required includes the following:
 - Professional engineers and technical personnel with an engineering background, and experience in marine engineering, mechanical engineering and electrical engineering.
 - A large pool of semi-skilled and general labour, usually recruited from vocational schools. At this level, skilled workers would have undergone extensive training and have experience in welding and metalwork.
- Having access to a pool of professional engineers, technical personnel and skilled labour that has the necessary qualifications and experience would create some barrier to entry for new entrants.

12.5 Track Record

- The need to demonstrate a proven track record in the Shipbuilding Industry creates a barrier to entry for new entrants. An operator with a proven track record will have a significant advantage in securing new orders compared to new entrants. The requirement to demonstrate a proven track record is important in the Shipbuilding Industry as vessels or ships are costly assets. As a result, ship owners require assurance that the vessels or ships they purchase are efficient, reliable and durable.

12.6 Quality Assurance

- Quality assurance creates a barrier to entry for new entrants to the Shipbuilding Industry. As such, shipbuilders that have obtained the relevant ISO certification are in a stronger position to assure their customers that their quality management systems meet with internationally recognised standards.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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13. AREAS OF GROWTH AND OPPORTUNITIES**13.1 Import Substitution**

- There are opportunities for operators in the Shipbuilding Industry in Malaysia to grow through import substitution. In 2008, the overall import value for ships, boats and floating structures amounted to RM2.4 billion (*Source: Department of Statistics*). This represents a large amount of demand for ships and vessels that are currently met by overseas shipbuilders that can be tapped by local operators.
- Operators that have succeeded in penetrating the export market are ideally placed to succeed in import substitution as these operators have a proven ability and track record in constructing ships or vessels that meet with international requirements and specifications.

13.2 Supporting Vessels for the Oil and Gas Industry

- The continuing growth in the Oil and Gas Industry presents opportunities for operators in the Shipbuilding Industry. With the sustained high market price for crude oil, hydrocarbon producers are increasingly seeking to increase production through marginal fields and developing new fields and going into deeper waters. All these activities would stimulate demand for supporting vessels such as anchor handling tugs, anchor handling tug supply vessels, crew boats, offshore supply vessels and offshore construction vessels.

14. THREATS AND RISK ANALYSIS**14.1 Downturn in the Local and Global Economy**

- Any prolonged and/or widespread downturn in the global economy is likely to have a negative effect on the Malaysian economy in general. A slowdown in the local and global economy resulting in a decrease in the level of international trade is likely to reduce demand for ship or vessel construction.
- Thus, a slowdown in the global economy may have some impact on the Shipbuilding Industry through a reduction in new ship or vessel construction.

Mitigating Factor

- The Malaysian Government's pro-active policies in mitigating the negative impact of global economic downturns through stimulus packages to boost domestic spending and demand have previously been successful in countering a slowdown in the local economy.

14.2 Decline in Shipping Charter Rates

- Any prolonged and/or steep decline in ship charter rates is likely to reduce demand for ship or vessel construction, which may have an impact on operators in the Shipbuilding Industry.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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- The Baltic Exchange Dry Index (BDI) is an index that provides an assessment of the price of moving dry bulk by sea, and is regarded as a general benchmark for global charter rates for commercial ships. Since peaking at around 11,600 points during the first quarter of 2008, the BDI has fallen to approximately 3,000 points, or by approximately 75%, as at early June 2009.

Mitigating Factors

- Oil and Gas Industry support vessels such as anchor handling tugs and anchor handling tug supply vessels are designed to perform specialised tasks that often cannot be performed by other types of vessels. As a result, the impact on the charter rates for these vessels may be less than the overall global charter rate trend for commercial ships in general.
- Operators with the capability to build a wide range of vessels that can be used in a wide range of industries are in a better position to shift their production to focus on building the types of ships for which there is demand.

14.3 Foreign Exchange Risks

- Fluctuations in foreign exchange rates will have an impact on the prices of imported materials used such as steel and stainless steel. This may impact on the profitability of operators within the Shipbuilding Industry.

Mitigating Factors

- The exchange rate of the Ringgit now operates on a managed float following the removal of the exchange rate peg to the US Dollar on 21 July 2005. Bank Negara Malaysia will now monitor the value of the Ringgit relative to a trade-weighted index of Malaysia's major trading partners. Promoting stability of the exchange rate remains a primary policy objective (*Source: Bank Negara Malaysia*).
- Bank Negara Malaysia's primary policy objective of promoting the stability of the exchange rate will provide some mitigation against foreign currency risk.
- An operator that earns revenue denominated in a foreign currency may mitigate against foreign exchange risk by using its foreign currency earnings to pay for purchases denominated in the same foreign currency. This could provide some natural hedging against foreign exchange fluctuations.

14.4 Availability of Main Raw Materials

- The main raw materials used to construct ships or vessels, including steel plates, bars and other steel products are primarily imported. Therefore any disruptions in the supply of these commodities may impact on the Shipbuilding Industry.

Mitigating Factors

- Producers that are in a strong financial position may be able to purchase and maintain stocks of key raw materials.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**VITAL FACTOR CONSULTING**

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- As these types of raw materials are internationally traded commodities, they should be available from a number of sources overseas.

14.5 Dependency on Imports

- The Shipbuilding Industry in Malaysia is reliant on imports for the supply of certain grades of steel plates, bars and other steel products that are not manufactured in Malaysia.
- The Shipbuilding Industry in Malaysia is also reliant on imports for the supply of marine engines, as there are currently no manufacturers of marine engines operating in Malaysia.
- Any interruptions in the supply of imported steel products and marine engines may disrupt the Shipbuilding Industry in Malaysia.

Mitigating Factors

- The Shipbuilding Industry is not dependent on any individual country for the supply of steel, as steel is a widely produced and traded commodity.
- Similarly, the Shipbuilding Industry is not dependent on marine engine manufacturers located in any individual country, as marine engines are available from a range of manufacturers located in a number of countries worldwide.

14.6 Fluctuations in Prices of Steel

- Steel is a major component for the construction of ships. The price of steel was experiencing upward trend over recent years and lately has been declining.
- A high steel price may result in more expensive steel vessels, making them less affordable resulting in reducing demand. A fluctuating steel price would make accurate pricing difficult. Operators may be uncompetitive if their prices are too high or may obtain a low profit margin if their prices are too low.

Mitigating Factors

- Steel is a widely traded commodity. As such, any increase in the price of steel will affect all shipbuilders equally. Hence, no one shipbuilder will have a sustainable advantage over other operators.
- With some exceptions of small and pleasure crafts, there are no practical substitutes for steel. As such, the demand for steel vessels would be mainly driven by economic activities of the user industries, for example, oil and gas, logistics, transportation and shipping industries, and not so much as the price of steel.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



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14.7 Dependency on the Oil and Gas Industry

- A significant proportion of ships built are for the Oil and Gas Industry. Any slowdown in the Oil and Gas Industry may have an impact on shipbuilders who focus on the Oil and Gas Industry.
- In particular the price of crude oil has dropped significantly from its peak in July 2008. This may reduce activities within the Oil and Gas Industry and thus reduce demand for offshore support vessels like anchor handling tugs and anchor handling tug supply vessels.

Mitigating Factors

- If there is a drop in demand for vessels from the Oil and Gas Industry, shipbuilders normally are able to build other types of vessels, for example, tugboats and barges, ferries, landing crafts and workboats, which are used by other industries.

14.8 Long Lead-Time for Marine Engines

- Currently there is a long lead-time for the delivery of marine engines. It is common for the lead-time to be one to two years from orders being given to taking physical delivery of the engines.
- The long lead-time gives rise to the risk of delays in completing the construction of vessels, which may incur holding costs. In addition, there is a risk that operators may not be able to secure orders from customers who require delivery of vessels within a short timeframe.

Mitigating Factors

- In mitigation, operators commonly time their delivery of vessels to customers by taking into consideration the delivery of engines.
- Operators may also purchase popular engines and hold them in stock to cater for short lead-time orders.

15. SUBSTITUTE PRODUCTS

- In general, there are currently no practicable substitutes for marine vessels. Within the different types of vessels, there are also no practical substitutes as each type of vessel is designed to perform a specific function.
- There are no practicable substitutes for offshore anchor handling vessels, as these types of vessels are required to provide anchor handling support for offshore Oil and Gas Industry platforms.

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



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- Similarly, there are no practicable substitutes to tugboats, as there are currently no other types of vessel in service that combine all of the following characteristics of tugboats:
 - Highly manoeuvrability which enables tugboats to navigate confined waterways such as ports and rivers;
 - High power to weight ratio;
 - Relatively small in size;
 - Good sea-going characteristics.

16. MARKET SIZE AND SHARE

16.1 Market Size

- In 2008, the market size of the overall Shipbuilding Industry in Malaysia based on local production was estimated at **RM3.8billion** (*Source: Department of Statistics and Vital Factor Consulting Sdn Bhd*).

16.2 Market Share Based on Production

- In 2008, TAS Offshore Group's market share of the overall Shipbuilding Industry in Malaysia based on local production was estimated at 3%.

16.3 Market Ranking

- In 2008, TAS Offshore Group ranked 7th among companies in the Shipbuilding Industry in Malaysia (*Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd, based on the latest available financial information*)

16. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



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Vital Factor Consulting Sdn Bhd has prepared this report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Wooi Tan', written in a cursive style.

Wooi Tan
Managing Director

17. VALUATION CERTIFICATE

VPC Alliance (Sarawak) Sdn. Bhd. (101995-X)

Property Consultants, Valuers & Estate Agents

(formerly known as Jordan Lee, Jaafar & Chew Sdn Bhd)

Lots 216 & 217 (2nd Floor),
Jalan Haji Taha, P. O. Box 3019,
93758 Kuching, Sarawak

Tel : 082-419200 (6 lines)
Fax : 082-429315
Email : vpckch@gmail.com
Website : www.vpc.com.my
Board Registration No: V(1)0009/5

07 JUL 2009



Ref : V/1783/08/BCJ@L073-08/gn

The Managing Director
TUONG AIK SHIPYARD SDN BHD
Lot 111-112, Sungai Ma'aw Road
Sg. Bidut, P O Box 920
96008 Sibul, Sarawak

Y Bhg. Datuk

**VALUATION CERTIFICATE -
VALUATION OF TUONG AIK SHIPYARD ON
LOTS 22, 100, 111, 112 BLOCK 1 SIBU TOWN DISTRICT, SIBU GRANT NO.1217,
1218, SIBU OCCUPATION TICKET NO. 2202 AND 20175**

This valuation certificate is prepared for inclusion in the submission to the SC in relation to the IPO of Tuong Aik Shipyard Sdn Bhd to be dated

In accordance with your instructions, we have assessed the Market Value of the properties vide our Valuation Report under the reference as set out below. Further details of the aforesaid valuation are set out in our Valuation Report.

Our valuation is prepared in compliance with the Guidelines on Asset Valuations for submission to the Securities Commission issued by Suruhanjaya Sekuriti Malaysia and the Manual of Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The term Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Directors
Chew Kwong Cheong B Sc(Hons), MS(M)
James Wong BA(Hons), MS(M)
Tan Beng Sui ANSV, FISM
Kelvin Tan MS(M), MRICS
Datuk Kenneth Yen FRICS, MS(M)
Caroline Sebangkit B Sc, MRCS
Francis Loh FRICS
Tan Lee Kang B Sc, Land Admin
Zainita Zainuddin B Sc Urban Land Adm

Malaysia Offices
Kuching
Kuala Lumpur
Johor Bharu
Penang
Alor Setar
Petaling Jaya
Kota Kinabalu
Sandakan

Affiliated Offices
Bangkok
Jakarta
Surabaya
Singapore
Seoul

17. VALUATION CERTIFICATE (CONT'D)

In our opinion, the aggregate Market Value of the subject property, free from all legal encumbrances is as follows:-

Reference No. Property Details (Title Details, Land Area, Location & Category) Registered Owner	Description/ Existing Use	Gross Floor Area (M ²)	Planning Approval/ Occupation Permit	Tenure	Methods of Valuation	Date of Valuation	Market Value (RM)
Reference: V/1783/08/BCJ/gn Title: Lots 22, 100, 111, 112 Block 1 Sibu Town District, Sibu Grant No.1217, 1218, Sibu Occupation Ticket No. 2202 & 20175 Land Area : 49,531 sq. m. (12.20 acres) Address : Lot 111 - 112, Sungai Ma'aw Road, Sg. Bidut, 96008 Sibu. Location: Along Jalan Sungai Ma'aw, Sibu. Category of Land Use: Industrial title condition for Lot 22 Block 1 Sibu Town District and the remaining 7 lots are agriculture title condition.	Ship building and repair, comprising the approved structures/buildings as follows:- Buildings 3-storey office Cum Utility - Ground Floor - First Floor - Second Floor say 3-Storey Walk-Up Flat 1 - Ground Floor - First Floor - Second Floor say 3-Storey Walk-Up Flat 2 - Ground Floor - First Floor - Second Floor say Single-Storey Utility Hangar 1 Single-Storey Utility Hangar 2 Single-Storey Guard House / SESCO Substation / Equipment Room Single-Storey Toilet Block say say say say	861,852 393,312 393,312 1,648,476 1,648 675,744 669,984 669,984 2,015,712 2,016 335,280 335,280 335,280 1,005,840 1,006 1,887,480 1,887 673,440 673 123,750 124 60,420 60	A planning approval for variation of title condition to industrial and subsequent amalgamation has been granted by Land and Survey Department, Sibu vide letter reference 33/TP/3-SMC/160/2004 dated 5/5/2008. Occupation Permit reference SRDC/PW/B/02/08 was issued on 30/6/2008. A letter on land premium payable at RM671,828 for variation of title condition to shipyard and subsequent amalgamation had been conveyed by Land and Survey Department, Sibu vide letter reference 8/HQ/AVTC/52/2008(3D) dated 11/5/2009.	Remaining terms range from 3 years to 906 years. Based on the AVTC* and extension of lease approval letter reference 33/TP/3-SMC/160/2004 dated 5/5/2008, the new amalgamated title will carry a 60 year lease. A letter reference 8/HQ/AVTC/52/2008 (3D) dated 11/5/09 confirming the tenure of 60 years had been conveyed to Tuong Aik Shipyard Sdn. Bhd.	Cost Method.	19/11/2008	RM17 million

* AVTC - Application for Variation of Title Condition

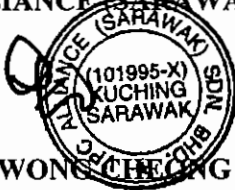
17. VALUATION CERTIFICATE (CONT'D)

VPC
MALAYSIA

We certify that the above property, in its existing condition and free from all legal encumbrances, with the benefit of planning approval for the variation of title condition and extension of lease, has an aggregate Market Value of **RM17,000,000/- (Ringgit : Seventeen million only)**.

Yours faithfully

VPC ALLIANCE (SARAWAK) SDN BHD



CHEW KWONG CHEONG
B.Surv.(Prop.Man.)(Hons.)MIS(M)
Registered Valuer (V-141)

18. OTHER GENERAL INFORMATION

18.1 Share Capital

- i. No shares will be allotted on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.
- ii. We only have one (1) class of shares, namely ordinary shares of RM0.50 each, all of which rank equally with one another.
- iii. Save as disclosed in Sections 2.8, 3.3, 3.6, 5.2, 5.4 and 5.5 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiary have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years immediately preceding the date of this Prospectus.
- iv. Save for the Issue Shares reserved for our eligible Directors and employees as disclosed in Section 3.6.1(i) of this Prospectus, none of our Group's Director or employee has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares, stocks or debentures of our Company or our subsidiary.
- v. Save for the Issue Shares reserved for our eligible Directors and employees as disclosed in Section 3.6.1(i) of this Prospectus, there is currently no other scheme for or involving our Directors and employee in our Company's share capital or our subsidiary's share capital.
- vi. Save for our Promoters and substantial shareholder as disclosed in Section 8.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.
- vii. Neither our Company nor our subsidiary has any capital that is under any option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- viii. Neither our Company nor our subsidiary has any outstanding convertible debt securities as at the date of this Prospectus.

18.2 Articles of Association

The following provisions are reproduced from our Company's Articles of Association ("Articles"). The words, terms and expressions appearing in the following provision shall bear the same meanings used in the Articles unless they are otherwise defined here or the context otherwise requires:-

i. **Transfer of securities**

Article 30

The transfer of any listed securities or class of listed securities of the Company, which have been deposited with the Depositor shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to sub-section 107C(2) of the Act and any exemption that may be made from compliance with sub-section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

18. OTHER GENERAL INFORMATION (CONT'D)

Article 31

Subject to these Articles, the Rules, the Central Depositories Act, the Listing Requirements and Rules of the Exchange, any Capital Member may transfer all or any of his shares by instrument in writing in the form prescribed and approved by the Exchange, the Act, and/or the Central Depositories Act as the case may be. The transferor shall remain the holder of the shares transferred until the transfer is registered as duly affected in accordance with the law and the name of the transferee is entered in the Register and/or the Record of Depositors (where applicable) in respect thereof. The instrument of transfer must be left for registration at the registered office of the Company together with such fee not exceeding RM1.00 as the Directors from time to time may require.

Article 32

The directors may decline to register any transfer of shares not being fully paid shares to a person of whom they do not approve and may also decline to register any transfer of shares on which the company has a lien and the Depository may in its absolute discretion refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules.

Article 33

The transfers books and the Record of Depositors and debentures holders may be closed for such period as the Directors think fit PROVIDED THAT it shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a Books Closing Date and the reason therefor shall be made within such period prescribed by the Exchange. The transfer books and Record of Depositors may be closed for the purpose of determining persons entitled to dividends, interest, or new securities or rights to a priority of application for issued of securities. The Company shall request the Depository in accordance with the Rules to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the occurrence of the related event.

Article 34

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

ii. Remuneration of Directors

Article 96

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:-

- (a) *fees payable to non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;*

18. OTHER GENERAL INFORMATION (CONT'D)

- (b) *salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;*
- (c) *fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee;*
- (d) *any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

Article 97

The remuneration of a Director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be payable by way of salary or by any or all of those modes, or otherwise as may be thought expedient but shall not include (where such remuneration is paid by way of salary) a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee or appointees shall receive a pension, gratuity or other benefits on their retirement.

Article 98

- (a) *The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors.*
- (b) *If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board of Directors provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such remuneration may be either in addition to or in substitution for his share in the remuneration from time to time provided for the Directors.*

18. OTHER GENERAL INFORMATION (CONT'D)

iii. Voting and borrowing powers of Directors, including voting powers in relation to proposals, arrangements or contracts in which they are interested

Article 102

- (a) *The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property or assets of the Company (both present and future) including its uncalled capital or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.*
- (b) *The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.*

Article 115

Subject to these Articles, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where at the meeting only two (2) Directors form the quorum or are competent to vote on the question at issue, shall not have a second or casting vote.

Article 116

The remaining Directors may continue to act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to these Articles as the necessary quorum of Directors, the remaining Director or Directors, may except in an emergency act for the purpose of increasing the number of Directors to that minimum number or to summon only a general meeting of the Company but for no other purpose.

Article 117

Every Director shall comply with the provisions of Sections 131 and 135 of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director.

18. OTHER GENERAL INFORMATION (CONT'D)

Article 118

Subject to Article 115 above, a Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract PROVIDED ALWAYS that the nature of the interest of the Director in any such contract be declared at a meeting of the Directors. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted.

Article 119

Subject to the Act, the Listing Requirements and these Articles, a Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or whereat any decision is taken upon any contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

Article 120

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or*
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.*

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18. OTHER GENERAL INFORMATION (CONT'D)Article 121

Subject to the Act, the Listing Requirements and these Articles, a director may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The directors may exercise the voting power conferred by the shares of other interest in any such other corporation held or owned by the Company, or exercisable by them as directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

iv. Changes in capital and variation of class rights

The provisions of our Articles dealing with changes in capital and variations of class rights which are stringent as those provided in the Act are set out below:-

Article 11

Subject to the Listing Requirements if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may subject to Section 55 and 65 of the Act and whether or not the Company is being liquidated, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

Article 12

Subject to the Act and the Listing Requirements the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith.

18. OTHER GENERAL INFORMATION (CONT'D)

Article 52

- (a) *The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.*
- (b) *Subject to any direction to the contrary that may be given by the Company in general meeting, any original shares for the time being unissued and not allotted and any new shares from time to time to be created or other Convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.*

Article 53

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 54

The Company may by ordinary resolution:-

- (a) *increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;*
- (b) *consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;*
- (c) *sub-divide its existing share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares and;*

18. OTHER GENERAL INFORMATION (CONT'D)

- (d) *cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.*

Article 55

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

Article 56

- (a) *The Company shall have the power, subject to and in accordance with the provisions of the Act and/or any rules, regulations, guidelines, requirements and/or orders thereunder issued by the Exchange and any other relevant authorities for the time being in force to purchase and thereafter to deal with its own shares.*
- (b) *Subject to the provisions of the Act and any regulations made thereunder and to any rights previously conferred on the holders of any class of shares and to any requirements imposed by the Exchange in respect of securities admitted to listing, and any rules or guidelines of any relevant authorities, the Company may purchase any of its own shares of any class, including any redeemable shares. Neither the Company nor the Directors shall be required to select the shares to be purchased rateably or in any particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with rights as to dividends or capital conferred by any class of the shares.*

v. **Transmission of securities from foreign register**

Article 36

Where:-

- (a) *the securities of the Company are listed on another stock exchange; and*
- (b) *the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such securities;*

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia provided that there shall be no change in the ownership of such securities.

18.3 **Promoters, Directors and Substantial Shareholder**

- i. The names, description and addresses of our Directors are set out in Section 1 of this Prospectus.

18. OTHER GENERAL INFORMATION (CONT'D)

- ii. Our Directors are not required to hold any qualification share in our Company unless otherwise so fixed by the Company in general meeting.
- iii. Save as disclosed in Sections 3.6, 8.2.4 and 11 of this Prospectus, no amount or benefits have been paid or intended to be paid or given to our Promoters, substantial shareholder and Directors within two (2) years preceding the date of this Prospectus.
- iv. Save as disclosed in Sections 10 and 18.5 of this Prospectus, none of our Directors or substantial shareholder has any interest in any contracts or arrangements subsisting which is significant in relation to the business of our Group taken as a whole as at the date of this Prospectus.
- v. Save as disclosed in this Prospectus, none of our Directors is aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

18.4 Material Litigation

As at the LPD, neither our Company nor our subsidiary are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and our Board are not aware of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect our Group's financial position or business.

18.5 Material Contracts

Save as disclosed below, as at the date of this Prospectus, neither our Company nor our subsidiary has entered into any materials contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Prospectus:-

- i. A share sale agreement dated 26 November 2008 entered into between Datuk Lau Nai Hoh, Datin Hii Kiong Thai, Lau Choo Chin, Ng Cheng Lee and us for the acquisition by our Company of 1,000,000 TAS Shares, representing 100% of the issued and paid-up share capital of TAS for a total consideration of RM51,500,000 satisfied via the issuance of 103,000,000 of new TAS Offshore Shares;
- ii. A placement agreement dated 30 June 2009 entered into between our Company, the Offeror and our Placement Agent for the placement of 75,500,000 IPO Shares under the IPO, details of which are set out in Section 3.10.3 of this Prospectus;
- iii. An underwriting agreement dated 30 June 2009 entered into between our Company and our Sole Underwriter for the underwriting of 52,000,000 IPO Shares under the IPO, details of which are set out in Sections 3.10.1 and 3.11 of this Prospectus.

18.6 Public Take-Overs

None of the following has occurred since our incorporation on 18 March 2008 and up to the LPD:-

- i. Public take-over offers by third parties in respect of our Company's Shares; and

18. OTHER GENERAL INFORMATION (CONT'D)

- ii. Public take-over offers by our Company in respect of other companies' shares.

18.7 General

- i. The nature of our business and the names of all corporations which are by virtue of Section 6 of the Act deemed to be related to us are set out in Section 6 of this Prospectus.
- ii. The manner in which copies of this Prospectus together with the Application Forms may be obtained and the details of the procedures for Application is set out in Section 19 of this Prospectus.
- iii. The times of the opening and closing for the Application List of the Public Issue are set out in Section 19.
- iv. The amount payable in full on application is RM0.90 per IPO Share.
- v. We have not established any place of business outside Malaysia.
- vi. Apart from the listing on the Main Market of Bursa Securities, we are not listed and we do not intend to seek listing on any other stock exchange as at the date of this Prospectus.

18.8 Expenses and Commission

- i. Save as disclosed in Section 3.10 of this Prospectus, there have been no commission, discounts, brokerage or other special terms granted or paid by our Group within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any of our Shares or debentures for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any Shares or debentures of our Group and no Director or proposed Director or Promoters is entitled to receive any such payment.
- ii. Expenses incidental to our listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities amounting to approximately RM3,000,000 will be borne by us.

18.9 Consents

- i. The written consents of our Adviser, Underwriter and Placement Agent, Legal Advisor, Auditors and Reporting Accountants, Principal Bankers, Registrar and Issuing House and Company Secretary to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus, and have not subsequently been withdrawn;
- ii. The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, the Accountants' Report and letters relating to the Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn;
- iii. The written consent of our Registered Valuer to the inclusion in this Prospectus of their names and the Valuation Certificate in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn; and

18. OTHER GENERAL INFORMATION (CONT'D)

- iv. The written consent of our Independent Business and Market Research Consultants to the inclusion in this Prospectus of their names and the Executive Summary of the Independent Market Research Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

18.10 Documents Available for Inspection

Copies of the following documents may be inspected at our registered office of our Company during normal business hours (except public holidays) for a period of 12 months from the date of this Prospectus:-

- i. The Memorandum and Articles of Association of our Company;
- ii. The Accountants' Report as included in Section 13 of this Prospectus;
- iii. The Directors' Report as included in Section 14 of this Prospectus;
- iv. The material contracts referred to in Section 18.5 of this Prospectus;
- v. The Reporting Accountants' letter on the proforma consolidated financial information of TAS Offshore as at 31 March 2009 as included in Section 15 of this Prospectus;
- vi. The Independent Market Research Report prepared by Vital Factor Consulting Sdn Bhd and its summary thereof as included in Section 16 of this Prospectus;
- vii. The Valuation Report and Valuation Certification referred to in Section 17 of this Prospectus;
- viii. The letters of consents referred to in Section 18.9 of this Prospectus;
- ix. The audited financial statements of TAS Offshore for the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009; and
- x. The audited financial statements of TAS for the past three (3) FYE 31 May 2006, FYE 31 May 2007 and FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009.

18.11 Responsibility Statements

- i. This Prospectus has been seen and approved by our Directors, Promoters and Offeror and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries that, to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.
- ii. OSK, being our Adviser, Sole Underwriter and Sole Placement Agent, acknowledges that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to the IPO.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE

19.1 Opening and Closing of Application

Applications will be accepted from 10.00 a.m. on 31 July 2009 and will close at 5.00 p.m. on 17 August 2009 or for such further period or periods as our Directors, Offeror, Promoters and our Sole Underwriter in their absolute discretion may decide. Late applications will not be accepted.

If the closing date of the application period is extended, the dates of the balloting, allotment and Listing would be extended accordingly. Any extension of the closing date for application will be advertised in a widely-circulated English as well as Bahasa Malaysia newspaper in Malaysia.

Copies of the Application Forms together with this Prospectus may be obtained, subject to availability, from MIH, OSK and ADAs which are registered members of Bursa Securities.

19.2 Methods of Application

Applications for the IPO Shares may be made using either of the following ways:-

- i. Application Form; or
- ii. Electronic Share Application; or
- iii. Internet Share Application.

19.3 Procedures for Application

Applications must be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association.

FULL INSTRUCTIONS FOR THE APPLICATION OF THE IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

19.3.1 Application by our eligible Directors and employees and persons who have contributed to our Group's success

Applications for 3,500,000 Issue Shares made available for application by our eligible Directors and employees and persons who have contributed to the success of our Group must be made on the **Pink Application Form** provided only and **NOT** by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.90 per Issue Share.

The eligible Directors and employees of our Group and persons who have contributed to our Group's success are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. The eligible Directors and employees of our Group and persons who have contributed to our Group's success who have been successfully allocated Issue Shares may also, at the discretion of our Directors and the Offeror, be allocated Issue Shares under the public offer to the Malaysian Public.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

19.3.2 Application by the Malaysian Public

Applications for 9,000,000 Issue Shares made available for application by the Malaysian Public must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.90 per Issue Share.

19.3.3 Application by identified Investors by way of placement

Applications for 21,500,000 Issue Shares made available for application by the identified investors must be made on the **Application Form** provided only and **NOT** by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.90 per Issue Share.

Investors under the placement are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. If you have been successfully allocated Issue Shares under the placement may also, at the discretion of our Directors and the Offeror, be allocated Issue Shares under the public offer to the Malaysian Public.

19.3.4 Application by Bumiputera investors approved by the MITI by way of placement

Applications for 43,000,000 Issue Shares made available for application by the Bumiputera investors approved by the MITI must be made on the **Application Form** provided only and **NOT** by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.90 per Issue Share.

Bumiputera Investors approved by the MITI are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. Bumiputera investor approved by the MITI who has been successfully allocated Issue Shares under the placement may also, at the discretion of our Directors and the Offeror, be allocated Issue Shares under the public offer to the Malaysian Public.

19.3.5 Application by Bumiputera investors approved by the MITI by way of placement for the Offer Shares

Applications for 11,000,000 Offer Shares made available for application by the Bumiputera investors approved by the MITI must be made on the **Application Form** provided only and **NOT** by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.90 per Offer Share.

Bumiputera Investors approved by the MITI are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. Bumiputera investor approved by the MITI who has been successfully allocated Offer Shares under the placement may also, at the discretion of our Directors and the Offeror, be allocated Issue Shares under the public offer to the Malaysian Public.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

A summary of the method of applications are set out below:-

Class of Applicants	Application Method
i. Our eligible Directors and employees, and persons who have contributed to our Group's success	Pink Application Forms only
ii. Malaysian Public <ul style="list-style-type: none"> • Corporations or institutions • Individuals 	White Application Forms only White Applications Forms or Electronic Share Application or Internet Share Application
iii. Investors identified by way of placements and/ or Bumiputera investors approved by the MITI	Application Forms only

You can submit only one (1) application for the IPO Shares. For example, if you submit an application using an Application Form, you may not submit an application by way of Electronic Share Application or Internet Share Application and vice versa. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or by way of Internet Share Application.

You **must have a CDS account** before you can submit your application by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the IPO Shares in this exercise.

19.4 Applications using Application Forms

19.4.1 Types of Application Forms

The following relevant Application Forms issued with the notes and instructions enclosed with this Prospectus are deemed to form an integral part hereof:-

- i. **White** Application Forms for application by Malaysian Public;
- ii. Application Forms for application by identified investors and Bumiputera investors approved by the MITI by way of placement; and
- iii. **Pink** Application Forms for applications by the eligible Directors and employees of our Group and persons who have contributed to our Group's success.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability from the following parties:-

- i. OSK;
- ii. Participating organisations of Bursa Securities;
- iii. Members of the Association of Banks in Malaysia;
- iv. Members of the Malaysian Investment Banking Association; and

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

v. MIH.

The submission of an Application Form does not necessarily mean that your application will be successful.

You may submit only one (1) Application Form and your application must be for 100 Shares or multiples thereof. **Multiple applications will not be accepted.** We wish to caution you that if you submit multiple applications in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten (10) years under Section 182 of the CMSA.

Your application for the IPO Shares must be made on the respective Application Form accompanying this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and on this Prospectus. Our Directors and Offeror may at their absolute discretion not accept applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.

If you are an individual other than a member of the armed forces or police, your name and national registration identity card ("NRIC") number must be exactly the same as stated in:-

- i.
 - a) your NRIC;
 - b) any valid temporary identity document as issued by the National Registration Department from time to time; or
 - c) Your "Resit Pengenalan Sementara (JPN KP 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; and
- ii. the Record of Bursa Depository.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly the same as that stated in your authority card and your address must be the address of your respective camp, base or station.

If you are a corporate or institution, the name and the certificate of incorporation number must be exactly the same as that stated in the corporation's or institution's certificate of incorporation and the address must be the registered address.

We together with MIH will not issue any acknowledgement of the receipt of your Application Forms or application monies.

19.4.2 Terms and conditions for application using Application Forms

Your applications by way of Application Forms shall be made on, and subject to, the following terms and conditions:-

- i. If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- ii. If you are a corporation or institution incorporated in Malaysia, you must have a CDS account and be subject to the following:-
- a) If you have a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - b) There is a majority of Malaysian citizens on the board of Directors or trustee.

If you are a corporation or institution incorporated outside Malaysia, you must have a CDS account and provide a correspondence address in Malaysia.

- iii. If you are a superannuation, provident or pension fund, you must be established or operating in Malaysia and have a CDS account.
- iv. Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations or institutions referred to in Section 19.4.2(ii) and (iii) above or the trustees thereof.
- v. Application for the IPO Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Our Directors and the Offeror may at their absolute discretion not accept applications which do not **strictly** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.
- vi. Your completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:-
- a) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
 - b) CHEQUES issued by participating licensed financial institutions in Malaysia and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
 - c) MONEY ORDER or POSTAL ORDER (for Applicants from Sabah and Sarawak only); or
 - d) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
 - e) ATM STATEMENT obtained from any of the following financial institutions:-
 - Affin Bank Berhad;

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- Alliance Bank Malaysia Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- EON Bank Berhad;
- Hong Leong Bank Berhad;
- Malayan Banking Berhad;
- Public Bank Berhad; or
- RHB Bank Berhad.

and must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NUMBER 469**" and crossed "**A/C PAYEE ONLY**" (excluding ATM statements) and endorsed on the reverse side with your name and address.

We will not accept applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker's drafts, cashier's orders, cheques issued by participating licensed financial institutions, money orders, postal orders, GGO or ATM statement. Details of the remittances must be completed in the appropriate boxes provided in the Application Forms.

- vii. You must state your CDS Account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to MIH and/ or our Company. If you do not presently have a CDS Account, you may open one by contacting any of the ADAs listed in Section 19.11 of this Prospectus.
- viii. Your name and address must be written on the reverse side of the banker's draft, cashier's order, cheques issued by participating licensed financial institutions, money orders, postal orders, GGO or ATM statement.
- ix. Our Directors and the Offeror reserves the right to require you, if your application is successful, to appear in person at the registered office of MIH within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors and the Offeror shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- x. MIH, on the authority of our Directors and the Offeror reserves the right to reject your applications if it does not conform to these instructions or if it is illegible or if it is accompanied by remittances improperly drawn.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- x. MIH, on the authority of our Directors and the Offeror reserves the right not to accept your application or to accept it in whole or in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting the IPO Shares to a reasonable number of applicants with a view to establish an adequate market for our Shares.
- xii. Where your application is not accepted or accepted in part only, the full amount or the balance of your application monies, as the case may be, will be returned without interest and shall be despatched to you within ten (10) market days from the date of the final ballot of the Application Lists by ordinary post or registered post at your address registered with Bursa Depository or where your application is not accepted because you have not provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalannya Sementara (JPN KP 09)" or any valid temporary identity document as issued by the National registration Department from time to time or the Authority Card in the case of armed forces or police personnel, at your own risk.
- xiii. You shall ensure that your personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- xiv. MIH, on authority of our Directors and the Offeror reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest and shall be despatched to you within ten (10) Market Days from the date of the final ballot of the Application Lists by ordinary post or registered post at your address registered with Bursa Depository, at your own risk.
- xv. Your completed Application Form together with the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ordinary post** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
P.O.Box 13269
50804 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Adbullah, 50100 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 17 August 2009, or such other later dates or dates as our Directors, the Offeror and and our Sole Underwriter in their absolute discretion may decide.

- xvi. Please direct all your enquiries in respect of the White Application Form to MIH.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

19.5 Applications using Electronic Share Application

19.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- i. You must have an account with a Participating Financial Institution (as detailed in Section 19.5.2 below) and an ATM card issued by that Participating Financial Institution to access the account.
- ii. You must have a CDS Account.
- iii. You are to apply for the IPO Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set forth in Section 19.5.3 below.

You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:-

- Your Personal Identification Number ("PIN");
- MIH Share Issue Account Number 469;
- Your CDS Account number;
- Number of IPO Shares applied for and/ or the RM amount to be debited from the account; and
- You are to confirm several mandatory statements.

19.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

- Affin Bank Berhad;
- AmBank (M) Berhad;
- Bank Muamalat Malaysia Berhad;
- CIMB Bank Berhad;
- EON Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- OCBC Bank (Malaysia) Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

19.5.3 Terms and Conditions for Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in Section 19.5.1 above. The Steps set out the actions that you must take at the ATM to complete an Electronic Share Application. You are advised to read and understand the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall refer to you, if you apply for the IPO Shares through an ATM of any of the Participating Financial Institutions.

You must be an individual with a CDS account to make an Electronic Share Application

You must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record that you have completed a transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by us or MIH. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of the offer for the application for our IPO Shares on 17 August 2009 at 5.00 p.m. ("Closing Date and Time"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the IPO Shares to MIH as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

You will be allowed to make an Electronic Share Application for the IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one (1) application. If you have a bank account with a Participating Financial Institution and have been issued an ATM card, you will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only one (1) application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions as set out below:-

- i. Your Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- ii. You are required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
 - You have attained 18 years of age as at the closing date of the share application;
 - You are a Malaysian citizen residing in Malaysia;
 - You have read the relevant Prospectus and understood and agreed with the terms and conditions of this application;
 - This is the only application that you are submitting; and
 - You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act 1989 and Section 45 of the Securities Industry (Central Depositories) Act 1991, to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to MIH or any other relevant regulatory bodies.

- iii. You confirm that you are not applying for the IPO Shares as a nominee of any other persons and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for the IPO Shares, whether at the ATMs of any Participating Financial Institutions, on the prescribed Application Forms or via Internet Share Application.
- iv. You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. We will reject any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is made.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- v. You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or buttons on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- vi. MIH on the authority of our Directors and the Offeror reserves the right to reject or accept any Electronic Share Application in whole or in part only on a non-discriminatory basis without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- vii. If your Electronic Share Application is unsuccessful or successful in part only, MIH shall inform the relevant Participating Financial Institution of the unsuccessful or partially successful applications within two (2) Market Days after the balloting date. Where your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share of revenue or benefit arising therefrom) into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. You may check your accounts on the fifth (5th) Market Day from the balloting day.
- viii. If your Electronic Share Application is successful in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, are subsequently rejected, your application monies without interest will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by MIH by way of cheques issued by MIH and despatched by ordinary post or registered post or ordinary post. The cheque will be issued to you within ten (10) Market Days from the day of the final ballot. Should you encounter any problems in your applications, you may refer to the Participating Financial Institutions.
- ix. You request and authorises us:-
 - a) to credit the IPO Shares allotted or allocated to you into your CDS account; and

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- b) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

- x. You, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of MIH or the Participating Financial Institutions or Bursa Depository, and you irrevocably agree that if:-
 - a) we or MIH do/ does not receive your Electronic Share Application; or
 - b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or MIH;

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against us, MIH, the Participating Financial Institutions or Bursa Depository for the IPO Shares applied for or for any compensation, loss or damage.

- xi. All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and we, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.

- xii. You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to your registered address last maintained with Bursa Depository.

- xiii. By making and completing an Electronic Share Application, you agree that:-
 - a) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - b) we, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/ their control;

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- c) notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase the IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the IPO Shares;
 - d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/ or other documents required for the issue or transfer of the IPO Shares allotted or allocated to you; and
 - e) you agree that in the event of legal disputes arising from the use of the Electronic Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- xiv. Our Directors and the Offeror reserves the right to require you, if your application is successful, to appear in person at the registered office of MIH within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors and the Offeror shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- xv. MIH on the authority of our Directors and the Offeror reserves the right to reject your applications, if it does not conform to these instructions.
- xvi. A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

19.6 Applications using Internet Share Application

19.6.1 Steps for Internet Share Application

The exact steps for Internet Share Application for the IPO Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the IPO Shares using Internet Share Application. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- i. Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for the IPO Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- ii. Login to the Internet financial services facility by entering your user identification and PIN/ password.
- iii. Navigate to the section of the website on applications in respect of initial public offerings.
- iv. Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- v. Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- vi. At the next screen, complete the online application form.
- vii. Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- viii. By confirming such information, you will undertake that the following mandatory statements are true and correct:-
 - a) You have attained 18 years of age as at the closing date of the share application;
 - b) You are a Malaysian citizen residing in Malaysia;
 - c) You have, prior to making the Internet Share Application, received and/ or had access to a printed/ electronic copy of this Prospectus, the contents of which you have read and understood;
 - d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO Shares;
 - e) The Internet Share Application is the only application that you are submitting for the IPO Shares;
 - f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- g) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - h) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name as beneficial owner and subject to the risks referred to in this Prospectus; and
 - i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services.
- ix. Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application of the IPO.
 - x. As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the application of the IPO is being made.
 - xi. Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
 - xii. You are advised to print out the Confirmation Screen for reference and retention.

19.6.2 Terms and Conditions for Internet Share Application

Your application for the IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

You are advised not to apply for the IPO Shares through any website other than the internet financial services website of the Internet Participating Financial Institutions.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- RHB Bank Berhad at www.rhbbank.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS BEFORE MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR THE INTERNET SHARE APPLICATIONS IN RESPECT OF THE IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out below:-

- i. In order to make an Internet Share Application, you must:-
 - a) be an individual with a CDS account;
 - b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and PIN/ password for the relevant Internet financial services facilities; and
 - c) be a Malaysian citizen and have a Malaysian address.

You are advised to note that a User ID and PIN/ password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- ii. An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Memorandum and Articles of Association.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- iii. You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:-
- a) You have attained 18 years of age as at the date of the application for the IPO Shares;
 - b) You are a Malaysian citizen residing in Malaysia;
 - c) You have, prior to making the Internet Share Application, received and/ or have had access to a printed/ electronic copy of this Prospectus, the contents of which you have read and understood;
 - d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO Shares;
 - e) The Internet Share Application is the only application that you are submitting for the IPO Shares;
 - f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/ or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - h) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- i) You authorise the Internet Participating Financial Institution to disclose transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- iv. Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details your Internet Share Application, including the number of IPO Shares applied for which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 19.6.2. (iii) above.

- v. You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- vi. You irrevocably agree and undertake to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of the Internet Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept our decision as final.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- a) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
 - b) Your agreement to be bound by our Memorandum and Articles of Association.
- vii. You are fully aware that multiple or suspected multiple Internet Share Applications for the IPO Shares will be rejected. MIH on the authority of our Directors and the Offeror reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our shares.
- viii. If your Internet Share Application is unsuccessful or successful in part only, MIH shall inform the relevant Internet Participating Financial Institution of the unsuccessful or partially successful Internet Share Application within two (2) Market Days after the balloting date. Where your Internet Share Application is unsuccessful, the relevant Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

If your Internet Share Application is successful in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve and is subsequently rejected, your application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by MIH by way of cheques issued and despatched by ordinary post or registered post. The cheques will be issued to you within ten (10) Market Days from the day of the final ballot.

For applications that are held in reserve and are subsequently unsuccessful (or partly successful), the Internet Participating Financial Institutions will arrange for a refund of the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions through which your the application was made in respect of the mode or procedure of enquiring on the status of the Internet Share Application in order to determine the status or exact number of IPO Shares allotted or allocated, if any, before trading of our Shares on Bursa Securities.

- ix. Internet Share Applications will be closed at 5.00 p.m. on 17 August 2009 or such other date(s) as our Directors, the Offeror and our Sole Underwriter may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- x. You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of MIH or the Internet Participating Financial Institutions and the Authorised Financial Institutions. If in any such event, we, MIH and/ or the Internet Participating Financial Institutions and/ or the Authorised Financial Institutions do not receive your Internet Share Application and/ or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall not claim whatsoever against us, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- xi. All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, MIH, the relevant Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allotment or allocation will be sent to your registered address last maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- xii. By making and completing an Internet Share Application, you are deemed to have agreed that:-
- a) In consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Internet Share Application facility established by the Internet Participating Financial Institution acting as agents of us, your Internet Share Application is irrevocable;
 - b) You have irrevocably requested and authorised us to register the IPO Shares allotted or allocated to you for deposit into your CDS account;
 - c) Neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 19.6.2(x) herein or to any cause beyond their control;
 - d) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by MIH, us and/ or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/ or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - e) The acceptance of your offer to subscribe for the IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - f) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
 - g) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, our Sole Underwriter and Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which you may have been relied on in making the Internet Share Application;
 - h) Our acceptance of your Internet Share Application and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- xiii. The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- a) RHB Bank Berhad (www.rhbbank.com.my) – RM2.50;
 - b) Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
 - c) CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or RM5.00 for payment via Malayan Banking Berhad; and
 - d) CIMB Bank Berhad (www.cimbclicks.com.my) - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs.

19.7 Over/ under-subscription

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by our Directors and the Offeror and on a fair and equitable basis. We will give due consideration to the desirability of distributing our Shares to a reasonable number of applicants with a view of broadening our shareholding base and establishing an adequate market for our Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each, upon admission to the Official List. We expect to achieve this at the point of Listing. We may not be allowed to proceed with our Listing if the above requirement is not met pursuant to the IPO. In the event thereof, your monies paid in respect of your applications will be returned without interest if the said permission for listing and quotation is not granted. Our Directors and the Offeror will determine how the applications will be selected.

In the event of an under-subscription of Issue Shares by our Group's eligible Directors, employees and persons who have contributed to our Group's success, such Issue Shares will be made available for application by way of placement, failing which will be made available for application by the Malaysian Public.

In the event of an under-subscription of Issue Shares allocated to Bumiputera investors approved by the MITI, such Issue Shares will initially be made available for application by the Malaysian Bumiputera public. Thereafter, any unsubscribed Issue Shares will then be offered to the Malaysian Public.

In the event of an under-subscription of the Issue Shares by the Malaysian Public, such Issue Shares not taken up will then be offered to the identified investors by way of placement, if there is demand. Thereafter, any unsubscribed Issue Shares will be made available for subscription by our Sole Underwriter.

19.8 Applications and Acceptances

MIH on the authority of our Directors and the Offeror reserves the right not to accept your application, if it does not strictly comply with the instructions or to accept your application in part only without assigning any reason therefor.

The submission of an Application Form does not necessarily mean that the application will be successful.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the IPO Shares.

Your applications must be for at least 100 Shares or multiples thereof.

IF YOUR APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF YOUR APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST TO YOU WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT YOUR ADDRESS LAST MAINTAINED WITH THE BURSA DEPOSITORY AT YOUR OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

MIH ON THE AUTHORITY OF OUR DIRECTORS AND THE OFFEROR RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND PARTIALLY SUCCESSFUL BUMIPUTERA APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS AND PARTIALLY SUCCESSFUL BUMIPUTERA APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST OR REGISTERED POST AT YOUR ADDRESS LAST MAINTAINED WITH THE BURSA DEPOSITORY AT YOUR OWN RISK.

19.9 CDS Accounts

Pursuant to Section 29 of the Central Depositories Act, all dealings in our Shares will be by book entries through CDS accounts. We will not issue any share certificates to you.

19.9.1 Application by way of Applications Forms

Only if you have a CDS account can you make an application by way of an Application Form. If you apply using an Application Form, you should state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to MIH or us, and any relevant regulatory bodies, as the case may be. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the IPO Shares.

19.9.2 Application by way of Electronic Share Applications

Only if you have a CDS account can you make an application by way of an Electronic Share Application. If you apply using an Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

19.9.3 Application by way of Internet Share Applications

Only if you have a CDS account can you make an application by way of an Internet Share Application. In certain cases, you can only make an Internet Share Application if you have a CDS account opened with the Internet Participating Financial Institution. Subsequently, your CDS account number would automatically appear in the electronic online application form.

If you fail to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, your application may be rejected. If you are successful in your application but fail to state your CDS account number, MIH on the authority of our Directors and the Offeror reserves the right to reject your application. MIH on the authority of our Directors and the Offeror also reserves the right to reject any incomplete and inaccurate application. We may also reject your application if your particulars provided in the Application Forms, or your records with the Participating Financial Institutions in the case of Electronic Share Application or Internet Participating Financial Institutions in the case of Internet Share Application, differ from those in Bursa Depository's records such as your identity card number, name and nationality.

19.10 Notice of Allotment

If your application is successful or partially successful, we will credit our Shares allotted to you to your CDS account. We will despatch a notice of allotment to you at your address last maintained with the Bursa Depository at your own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment will be despatched to you at your address last maintained with the Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application as we will not be issuing any share certificate to you.

You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of the Bursa Depository, failing which we shall send the notification letter on your allotment to your address last maintained with Bursa Depository.

You may also check the status of your application by logging on to MIH website at www.mih.com.my or by calling your respective ADAs at the telephone number as stated in Section 19.10 of this Prospectus or MIH Enquiry Services at 03-2693 2075 (10 lines), between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**19.11 List of ADAs**

The list of ADAs and their respective Broker Codes are as follows:-

Name	Address and telephone number	Broker Code
<u>KUALA LUMPUR</u>		
A.A. ANTHONY SECURITIES SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	3rd Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	No. 8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur Tel No : 03-21667922	076-001
ALLIANCE INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Plaza Crystaville Jalan 23/70A Desa Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62033366	076-010
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001
MAYBANK INVESTMENT BANK BERHAD	Level 8, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
BIMB SECURITIES SDN BHD	1st & 2nd Floor Podium Block, AMDB Building No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No : 03-40433533	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	3rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781888	052-001
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor & Level 1 THB Satu, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891800	052-009

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
HLG SECURITIES SDN BHD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
HWANGDBS INVESTMENT BANK BERHAD	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan KasKas, 5th Mile Cheras 56100 Kuala Lumpur Tel No : 03-91303399	068-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 7-03, 7th Floor Suite 12-02 & Part of Suite 12-01 12th Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27112775	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak PROJET Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No : 03-79818811	054-005
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001
KENANGA INVESTMENT BANK BERHAD	No. 57-10, Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No : 03-22871799	073-015

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
M & A SECURITIES SDN BHD	Level G-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
MERCURY SECURITIES SDN BHD	Lot 6-05, Level 6 Tower Block, Menara Milenium 8, Jalan Damanlela, Bukit Damansara 50490 Kuala Lumpur Tel No : 03-20942828	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21788888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26928899	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	056-058
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 4, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92802282	087-001

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	Floor 13, 15-18, 20, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
<u>SELANGOR DARUL EHSAN</u>		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003
AFFIN INVESTMENT BANK BERHAD	No. 1, Jalan 52/16 46200 Petaling Jaya Selangor Darul Ehsan Tel No : 03-79553281	028-004
ALLIANCE INVESTMENT BANK BERHAD	Ground Floor No. 1503B, Jalan Besar 43300 Seri Kembangan Selangor Darul Ehsan Tel No : 03-89457922	076-013
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah, E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002
KENANGA INVESTMENT BANK BERHAD	13th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No : 03-79562169	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241682	073-006
KENANGA INVESTMENT BANK BERHAD	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan, 41300 Klang Selangor Darul Ehsan Tel No : 03-30057550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-016
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	056-048

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007
PM SECURITIES SDN BHD	No. 44G, 42G & 42B, Jalan SS 21/35 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77223081	064-010
SBB SECURITIES SDN BHD	1st, 2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77297345	090-002
SJ SECURITIES SDN BHD	Level 3, Holiday Villa No. 9, Jalan SS 12/1, Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel No : 03-56340202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
<u>MELAKA</u>		
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	052-008
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No : 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	056-003

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	Lot 9 & 10, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No : 06-2833622	087-002
<u>PERAK DARUL RIDZUAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6910910	076-008
MAYBAN INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	052-006
HWANGDBS INVESTMENT BANK BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8060888	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	056-002

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor 28, Jalan Maharaja Taman Bagan Serai Baru 34300 Bagan Serai Perak Darul Ridzuan Tel No : 05-7231888	056-018
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	056-034
OSK INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	056-044
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 181, Jalan Besar 31100 Sungai Siput Perak Darul Ridzuan Tel No : 05-5951001	056-049
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
SBB SECURITIES SDN BHD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	090-001
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
<u>PULAU PINANG</u>		
A.A. ANTHONY SECURITIES SDN BHD	1st Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
A.A. ANTHONY SECURITIES SDN BHD	No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2911833	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No : 04-2281868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor 1620 & 1621, Jalan Permatang Batu Taman Industri Permatang Batu 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2106666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers, 2 Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No : 04-2634222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004
<u>PERLIS INDRA KAYANGAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No : 04-9765200	076-003
<u>KEDAH DARUL AMAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
OSK INVESTMENT BANK BERHAD	Ground Floor, Swiss Inn Hotel 1, Jalan Pahlawan 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	056-017
OSK INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	056-021
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
ECM LIBRA INVESTMENT BANK BERHAD	1 C-G & 1 D-G Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	056-037

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553011	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
<u>JOHOR DARUL TAKZIM</u>		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6636658	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006
ALLIANCE INVESTMENT BANK BERHAD	No. 46 & 48 Jalan Dato' Kapten Ahmad 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222	052-004

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008
KENANGA INVESTMENT BANK BERHAD	No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	056-006

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultana 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 10, Jalan Bendahara 12 Taman Ungku Tun Aminah 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 1 & 1-01, Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	056-043
PM SECURITIES SDN BHD	Suite 5.1, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-2781813	064-005

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008
<u>PAHANG DARUL MAKMUR</u>		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002
ECM LIBRA INVESTMENT BANK BERHAD	B62, Ground Floor Lorong Tun Ismail 8, Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5133289	052-007
OSK INVESTMENT BANK BERHAD	A-27 & A-29, Lorong Tun Ismail 9 Seri Dagangan Kuantan, Business Centre 25000 Kuantan Pahang Darul Makmur Tel No : 09-5163811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	056-041
<u>KELANTAN DARUL NAIM</u>		
ALLIANCE INVESTMENT BANK BERHAD	Lot 6 & 7, Section 25 Jalan Sultan Yahya Petra Bandar Kota Bharu 15200 Kota Bharu Kelantan Darul Naim Tel No : 09-7432588	076-007
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
<u>TERENGGANU DARUL IMAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8502730	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	056-055
<u>SARAWAK</u>		
ALLIANCE INVESTMENT BANK BERHAD	No. 32, 1st Floor Jalan Bako 96000 Sibul Sarawak Tel No : 084-347922	076-012
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-004
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No : 082-236999	068-005
HWANGDBS INVESTMENT BANK BERHAD	192, Bintulu Parkcity Commerce Square Lot 3478, Bintulu Town District 97000 Bintulu Sarawak Tel No : 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No : 084-313855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No : 082-422252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No : 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel No : 086-311770	056-053
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor Lot 1085, Jalan Buangsiol 98700 Limbang Sarawak Tel No : 085-213188	056-060
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibul Sarawak Tel No : 084-319998	058-002

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236333	058-006
<u>SABAH</u>		
ALLIANCE INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor, CPS Tower No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-253922	076-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Room Nos. 106-109, Mezzanine Floor Room Nos. 207-212, 2nd Floor Gaya Centre, Jalan Tun Fuad Stephens 88400 Kota Kinabalu Sabah Tel No : 088-311688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-222275	056-057