TAS OFFSHORE BERHAD

200801008892 (810179-T)

ANNUAL REPORT 2023

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Corporate Mission and Philosophy

Our Philosophy

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

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

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

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

Our Corporate Mission

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

Corporate Information

BOARD OF DIRECTORS

Datu Haji Mohammed Sepuan Bin Anu
Independent Non-Executive Chairman

Datuk Lau Nai Hoh
Managing Director

Lau Choo Chin
Deputy Managing Director

Lau Choo Kuang
Non-independent Executive Director

Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu
Independent Non-Executive Director

Ling Hang Ngee
Independent Non-Executive Director

Yong Leh Ying
Independent Non-Executive Director

COMPANY SECRETARY

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

REGISTERED AND HEAD OFFICE

Lot 199, Jalan Sg Maaw
Sg Bidut, 96000 Sibu
Sarawak

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Fax : +6084 319 139
Website : www.tasoffshore.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia

Tel : +603 7890 4700
Fax : +603 7890 4670

AUDITORS

Folks DFK & Co (AF 0502)
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur

Tel : +603 2273 2688
Fax : +603 2274 2688

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

STOCK NAME

TAS

STOCK CODE

5149

Corporate Profile

TAS Offshore At A Glance...

TAS Offshore Berhad ("**TAS**") was incorporated on 18 March 2008 as an investment holding company and listed on the Main Market of Bursa Malaysia Securities Berhad on 28 August 2009. It commenced operations as an investment holding company through the acquisition of Tuong Aik Shipyard Sdn. Bhd. on 3 April 2009. Through its wholly-owned subsidiaries, Tuong Aik Shipyard Sdn. Bhd., TAS is involved in shipbuilding and ship repairing activities.

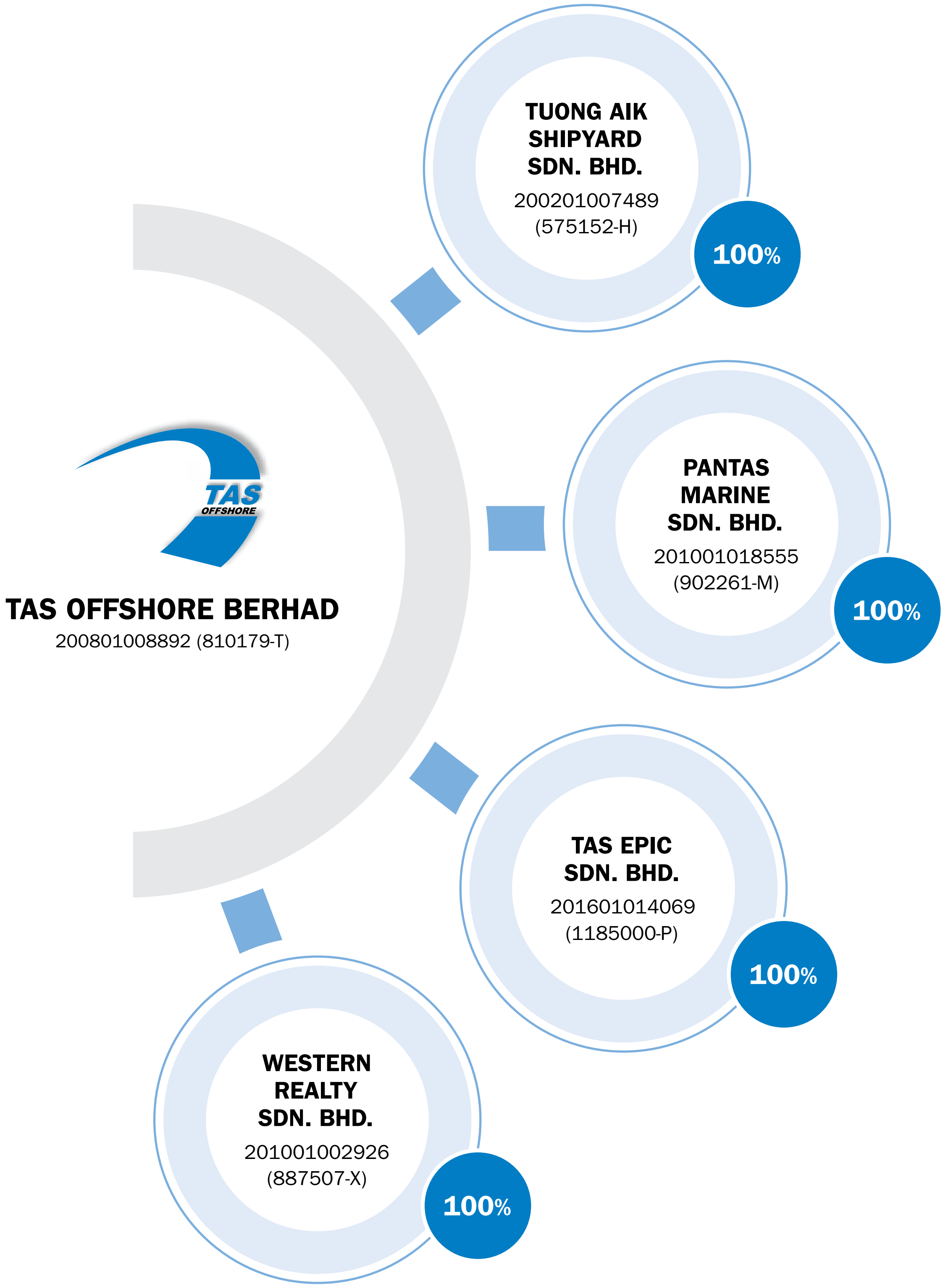
The principal business activity of TAS is shipbuilding and its secondary business is in the provision of ship repair services. TAS has in place all the resources and facilities including engineers and skilled workers, and machineries and equipment for the construction of vessels in compliance with the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

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

Five-Year Financial Highlights

	FYE2019 RM '000	FYE2020 RM '000	FYE2021 RM '000	FYE2022 RM '000	**FYE2023 RM '000**
GROUP REVENUE & PROFIT					
Revenue	36,880	16,182	34,903	57,499	36,126
Profit/(Loss) Before Taxation	5,344	(75,221)	2,831	(806)	16,829
Net Profit/(Loss) For The Financial Year	3,989	(74,907)	1,887	(1,517)	15,276
EQUITY ATTRIBUTABLE TO OWNERS					
Share Capital	117,640	117,640	117,640	117,640	117,640
Treasury Shares	(1,777)	(1,913)	(1,913)	(303)	(365)
Other Reserves	46,588	(29,553)	(22,719)	(25,651)	(22,056)
FINANCIAL STATISTICS					
Basic Earnings/(Loss) per Share (Sen)	2.27	(42.70)	1.08	(0.86)	8.54
Net Assets per Share (RM)	0.93	0.49	0.53	0.51	0.53
Gearing Ratio	0.20	0.17	0.11	0.07	0.08

Corporate Structure



Directors' Profile

Datu Haji Mohammed Sepuan Bin Anu

Independent Non-Executive Chairman

Age : 77 **Gender :** Male
Nationality : Malaysian

Board Committee:
Member of Audit Committee

Datu Haji Mohammed Sepuan Bin Anu has served as the Independent Non-Executive Chairman since 17 July 2014.

He holds a Bachelor of Science (Hons) degree in Agricultural Engineering from Cranfield University, United Kingdom, which he obtained in 1977. His career began in 1968 as an Assistant Agriculture Officer in the Department of Agriculture Sarawak. In 1994, he was appointed as the Director of the Integrated Agriculture Development Project Samarahan. From 2001 to 2006, he held the position of Director of Agriculture. In 2007, he became the Agriculture Advisor in the Ministry of Modernisation of Agriculture Sarawak. Additionally, he served as a distinguished member of the Public Services Commission Malaysia from 2011 to 2014.

He is the brother of the Independent Non-Executive Director, Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu. Except as disclosed herein, he has no family relationship with the major shareholder of TAS and has no conflict of interest with the Group.

Datuk Lau Nai Hoh

Non-Independent Managing Director

Age : 72 **Gender :** Male
Nationality : Malaysian

Board Committee:
Member of Remuneration Committee

Datuk Lau Nai Hoh, the founder of TAS Group, has been a significant force as the Non-Independent Group Managing Director since his appointment on 18 March 2008.

With a track record spanning over 30 years in the marine industry, his expertise has been instrumental in shaping the Group's success. His journey began in 1977 when he established Tuong Aik (Sarawak) Sdn. Bhd., primarily focusing on marine paint and hardware. In the 1990s, he expanded the company's operations to include ship repairing and shipbuilding. This strategic expansion led to the establishment of Tuong Aik Shipyard Sdn. Bhd. in 2002, specializing in the construction of tugboats for the mining, timber, and oil gas sectors. His visionary leadership not only drives the company's strategic direction but also reflects his unwavering commitment to its growth and prosperity.

He is the major shareholder in TAS Offshore Berhad and also the father of Lau Choo Chin, the Deputy Managing Director, and Lau Choo Kuang, the Non-Independent Executive Director of the Company.

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

Directors' Profile (cont'd)

Lau Choo Chin

Non-Independent
Deputy Managing Director

Age : 48 **Gender :** Male
Nationality : Malaysian

Mr Lau Choo Chin has been instrumental in driving the Group's growth since his appointment on 18 March 2008.

He graduated with a Diploma in Marketing Management from the Institute of Marketing Malaysia in 2001. Prior to joining Tuong Aik Shipyard Sdn. Bhd. in 2005, he demonstrated exceptional capabilities during an impressive 8-year tenure at Tuong Aik (Sarawak) Sdn. Bhd.. With over 25 years of experience in shipbuilding and project management, he has cultivated a deep understanding of the industry. His notable achievements include capturing the Middle East market and spearheading the development of engineering design for mining, timber and oil and gas vessels.

He is the son of Datuk Lau Nai Noh, the Non-Independent Managing Director, and the brother of Mr Lau Choo Kuang, the Non-Independent Executive Director of the Company.

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

Lau Choo Kuang

Non-Independent Executive Director

Age : 41 **Gender :** Male
Nationality : Malaysian

Mr Lau Choo Kuang was appointed as a Non-Independent Executive Director of the Company on 11 January 2023.

He graduated with a Diploma from ACG Senior College, New Zealand in 2004. Currently, he is the Procurement and Inventory Manager at Tuong Aik Shipyard Sdn. Bhd. since 2005. Prior to this, he served as a Project Assistant at Tuong Aik (Sarawak) Sdn. Bhd. from 2002 to 2005. Throughout his career, his expertise has revolved around sourcing of goods, vendors selection, contracts negotiation and inventory control.

He is the son of Datuk Lau Nai Noh, the Non-Independent Managing Director, and the brother of Mr Lau Choo Chin, the Non-Independent Deputy Managing Director of the Company.

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

Directors' Profile (cont'd)

Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu

Independent Non-Executive Director

Age : 68 **Gender :** Female
Nationality : Malaysian

Board Committee:
Chairman of Nomination Committee
Member of Audit Committee

Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu was appointed as an Independent Non-Executive Director of the Company on 11 January 2023.

She graduated with a Diploma from MARA Institute of Technology Sabah in 1975. She has a strong background in public service, having served as a Member of the Sarawak State Legislative Assembly from 2017 to 2021. She was the Chairperson of the Association of Wives of Ministers and Assistant Ministers of Sarawak (SABATI) from 2014 to 2017, actively contributing to community welfare. Currently, she is a Member of the Board of Trustees for Yayasan Jaznan, an organisation supporting Malaysians in need and promoting education among underprivileged students and orphans. In addition thereto, she is the Patron of Yayasan Aids Malaysia, Sarawak and Chairperson for Lembaga Amanah Kebajikan Islam Lundu. She also has a long-standing commitment to healthcare by being actively involved in the Sarawak Heart Foundation as a Member of the Board of Trustees since 1996.

She is the sister of the Independent Non-Executive Chairman, Datu Haji Mohammed Sepuan Bin Anu. Except as disclosed herein, she has no family relationship with any other Director or major shareholder of TAS and has no conflict of interest with the Group.

Ling Hang Ngee

Senior Independent Non-Executive Director

Age : 44 **Gender :** Male
Nationality : Malaysian

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

Mr Ling Hang Ngee was appointed as an Senior Independent Non-Executive Director of the Company on 11 January 2023.

He holds certifications as a Certified Public Accountant (FCPA) from CPA Australia and a Chartered Accountant (C.A.) from the Malaysia Institute of Accountants. Furthermore, he earned a Bachelor of Economics (Hons) degree in 2000 and a Bachelor of Commerce in Accounting and Finance degree in 1999 from the University of Tasmania. Currently, he is a Partner at Crowe Malaysia PLT, where he has been actively contributing his invaluable expertise since 2015. Prior to this role, he served as a Senior Manager at Crowe Malaysia PLT from 2011 to 2015 and as an Audit Manager at Hii & Lee from 2004 to 2010.

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

Directors' Profile (cont'd)

Yong Leh Ying

Independent Non-Executive Director

Age : 59 **Gender :** Male
Nationality : Malaysian

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

Mr Yong Leh Ying was appointed as an Independent Non-Executive Director of the Company on 11 January 2023.

He holds a Diploma in Civil Engineering from the Federal Institute of Technology. His career began at Kejuruteraan Awan Cang Ceng (M) Sdn. Bhd. in Bintulu, where he started as a Project Coordinator for the Shell Middle Distillate Synthesis Plant (SDMS). His dedication earned him a promotion as the Contract and Planning Manager for Malaysia Liquefied Gas (MLNG 2) project under Sarawak Shell Berhad. Since 1994, he embarked on an entrepreneurial journey and founded his own business in the construction, oil palm estate, and telecommunications services industry.

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

Notes:

- None of our Directors has been convicted of any offences within the past 5 years and no public sanction or penalty was imposed by the relevant regulatory bodies on our Directors during the financial year.
- Directors' attendance at Board meetings is listed on page 27 of this Annual Report.

Message To Shareholders

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of TAS Offshore Berhad and its Group of Companies ("**the Group**") for the financial year ended 31 May 2023 ("**FYE2023**").

Performance Review

The Group recorded revenues of RM36.13 million for FYE2023, which were mainly attributable to sales of tugboats to Indonesia and Singapore. Profit after taxation for FYE2023 stood at RM15.28 million, as compared to a loss of RM1.51 million for FYE2022. For FYE2023, we registered net earnings per share of 8.54 sen and net assets per share of 53.24 sen as compared to net loss per share of 0.86 sen and net assets per share of 51.17 sen recorded for FYE2022.

Global coal consumption climbed to a new all-time high in 2022 and will stay near that record level in 2023 as strong growth in Asia for both power generation and industrial applications outpaces declines in the United States and Europe, according to the International Energy Agency (IEA) latest market update. The Ministry of Energy and Mineral Resources (ESDM) Indonesia estimates the country's coal production to reach new heights at 695 million tonnes and sees exports of 518 million tonnes in 2023. This projection is largely due to the expected high demand from India and China, the country's major coal export partners.

Message To Shareholders (cont'd)

Another major factor driving coal production up is the growing demand in the metals industry, particularly the nickel sector. The nickel industry is hugely energy intensive and in Indonesia, the power grid is dominated by coal. The Institute for Essential Services Reform (IESR), based in Jakarta expects the domestic coal consumption in Indonesia to grow consistently until 2029 with new coal plants in the pipeline. The bright outlook for the coal mining industry in Indonesia is expected to spur demand for more tugboats to support the inter-island transportation of bulk material. Our Group is looking forward to reaping further benefits from this development.

During FYE2023, the Group had signed twenty-seven shipbuilding contracts with customers from Indonesia and Singapore. The total contracts value amounted to RM180 million where 86% of the new contracts were from Indonesia. We hope to maintain a long-term relationship with our valued customers and seize this opportunity to take advantage of the rising demand for vessels.

The global economic climate remains challenging. However, the Board is of the opinion that we are heading towards a better financial year 2024 and we will continue to cautiously work towards securing more projects and profits for the shareholders. We remain committed to our tradition of being prudent in steering the Group to a fruitful year and are optimistic about the Group's prospects.

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

Datu Haji Mohammed Sepuan Bin Anu
Chairman

Management Discussion and Analysis

Overview of Group's Business and Operation

Our Group is involved principally in the shipbuilding operations and secondary in the ship-repairing activities. Shipbuilding generates about 97.66% of the revenue while ship repairing activities contribute approximately 0.24% of the FYE2023's revenue. Though a small player in the global shipbuilding arena, the Group has established itself in the shipbuilding industry and has a well-equipped shipyard located at the bank of the Igan River at Sibu, Sarawak with engineers and skilled workers for the construction of vessels in compliance with the standards of the International Association of Classification Societies.

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

During FYE2023, the main markets for the Group were Indonesia (87.60%) and Singapore (10.06%).

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

Review of Financial Results and Financial Position

The Group recorded revenues of RM36.13 million for FYE2023, a decrease of RM21.37 million or 37.16% as compared to RM57.50 million recorded for FYE2022. The decrease in revenue was mainly attributed to the decrease in the number of vessels delivered during FYE2023.

Profit before tax for FYE2023 stood at RM16.83 million, as compared to a loss of RM0.81 million for FYE2022. The current year's profit was mainly due to the gain on foreign exchange and a one-off gain arising from the derecognition of a subsidiary.

The increase in inventories by 91.85% to RM57.11 million during FYE2023 was mainly due to the increase in the number of vessels under construction. Trade and other receivables for FYE2023 increased by 244.66% to RM20.04 million from RM5.81 million for FYE2022 mainly due to the payments due from customers. Trade and other payables increased by RM23.18 million or 189.89% to RM35.39 million. The increase was mainly due to the deposits received from customers for shipbuilding contracts signed during FYE2023.

Capital Expenditure Requirements, Capital Structure and Resources

In view of the growing order book, our Group had entered into a sale and purchase agreement to acquire three parcels of land next to our existing shipyard. This is to expand the current operating capacity. As for working capital requirements, the Group relies on funds generated internally and short-term bank borrowing to finance its needs. In the long-term, where the implementation of a business plan calls for substantial capital sum injection, the Group will contemplate sourcing the fund from the equity market and may also seek a synergic and reliable joint-venture partner.

Known Trends and Events

The COVID-19 pandemic and the unstable geopolitical environment have disrupted the global economy for the past few years. Many industries and business sectors were affected and suffered due to the disruption of the supply chain. However, there are sectors that performed well in a very uncertain economic condition. One of the business sectors that flourished during this turbulent time is the mining sector. The soar in demand for natural resources such as coal, nickel, and construction stones has increased the sector's operational activity drastically.

Management Discussion And Analysis (cont'd)

The surge of activity in the mining sector in Indonesia has positively impacted the marine transport companies that form part of the mining industry supply chain that provide delivery services for minerals by utilizing tugboats and barges. To keep up with the market demand, the marine transport companies in Indonesia are planning to increase their fleet size.

According to the Tug Boat Market Report by *Reliable Research Reports*, the global tug boat market is expected to grow at a Compound Annual Growth Rate (CAGR) of 11% from 2023 to 2030 due to the increasing number of infrastructure development projects and seaborne trade. The Asia Pacific region dominates the market due to the significant investments in port infrastructure and the increasing demand for maritime transportation. Our Group is well-positioned to benefit from the positive outlook of the tugboat market.

Review of Operation Activities

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

During FYE2023, we completed and delivered six units of tugboats with a total contract sum of RM32.60 million to the ship owners based in Indonesia and Singapore. The construction of these vessels is financed with funds internally generated. The remaining contracts on hand will contribute positively to the financial years 2024 and 2025.

Anticipated or Known Risks

Concerns about the environmental impacts of coal combustion, including perceived impacts on global climate change, have resulted in increased regulations on coal combustion in many countries, and the increasing adoption of renewable energy-based power plants is likely to have an adverse effect on the coal market in the long run. However, there is a rise in Indonesia's nickel supply. Indonesia has the world's largest nickel reserves, and the metal is in high demand due to its usage in stainless steel production and electric-vehicle batteries. According to *GlobalData*, nickel production from Indonesia is expected to grow by a CAGR of 4% between 2022 and 2026. Hence, we foresee the demand for tugboats will be sustainable as tugboats are essential for the transportation of bulk materials in Indonesia.

Forward-looking Statement

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

Indonesia is one of the world's largest producers and exporters of coal. Coal mining accounts for around 6.6% of Indonesia's national GDP, making it one of the country's most important commodities. The coal producers expect a thriving export market in Indonesia, as around 70% to 75% of Indonesia's coal production is exported abroad. The main export countries include India, China and Japan.

The Indonesian coal market is expected to witness a CAGR of more than 6.0% during the forecast period, 2023-2028. (*Source : Mordor Intelligence*) Over the long-term, factors like increasing electricity demand and supportive government policies are expected to drive the Indonesian coal market. The Ministry of Energy and Mineral Resources (ESDM) of Indonesia targeted an investment worth about USD7.7 billion in the coal and mineral sector for 2023. The coal consumption in Indonesia is expected to rise through 2029 as new coal plants continue to be built. The rise in coal consumption comes as new smelters to process nickel and other metals spring up across the country. To power these smelters, coal-fired electricity plants are built specifically to serve them, known as captive plants. The developments in the coal mining industry in Indonesia will lead to higher demand for tugboats, particularly driven by local demand to support the increased transportation movements.

In view of the expected recovery of the global economy and the encouraging developments in the mining industry in Indonesia, the Group remains optimistic about our prospects to achieve higher growth in revenue and profits.

Sustainability Statement

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

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

With that, we are happy to present our Sustainability Statement 2023. This statement outlines TAS Group's approach to and management of the risks and opportunities associated with the ESG pillars and how we have initialized these approaches into our practices and operations. These are elaborated under the sections – Governance, Materiality, Stakeholder Engagement and Sustainability Management.

Unless otherwise stated, our Sustainability Statement 2023 mainly covers our business operations dealing with shipbuilding and ship repairing, located in Sibu, Sarawak.

Sustainability Governance

The TAS Board of Directors is responsible for promoting and embedding sustainability into our business strategy. Since 2019 we have appointed key personnel to oversee the incorporation of sustainability strategies and reporting. TAS always looks into developing a longer-term governance structure for improving the allocation of roles and responsibilities as well as appropriate resources for sustainability. One of our long-term goals is to reduce business and ESG risks through good governance. Our governance policy and procedures are elaborated in further detail within our Annual Report 2023.

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

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

This is to ensure the highest level of moral values and principles, emphasizing transparency, and ethical conduct in discharging duties both within and outside the organization.

We are mindful of the Enhanced Sustainability Reporting Framework announced by Bursa Malaysia in September 2022 which mandates all companies listed on the Main Market to disclose common sustainability matters for the financial year ending on or after 31 December 2023. We are committed in ensuring necessary implementation of and compliance with the Enhanced Sustainability Reporting Framework.

Sustainability Statement (cont'd)

Stakeholder Engagement

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

- We value our customers' feedback in order to improve the quality of our vessels and services to meet their present and future needs.
- We aim to grow our market share and to maximise the returns on investment for our shareholders.
- We assume our role as responsible corporate citizens by sharing and growing with the community in a tangible way through corporate social responsibility.
- We care for the well-being of our employees through attractive remuneration and fringe benefits, providing relevant training to enhance their knowledge and career advancement and a safe and conducive working environment.

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

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

Stakeholders Prioritisation Matrix

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

Sustainability Statement (cont'd)

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

Our stakeholders' engagements are summarised in the following tables.

STAKEHOLDER	ENGAGEMENT METHODS	FREQUENCY	MATERIAL MATTERS	OUTCOMES
Employees	• Employment agreements • Job description • Annual performance review • Daily operations • Meeting/Discussion • Training and development	Ongoing	• Employees engagement • Learning and development • Talent recruitment and retention	• Enhance employees' competency • Improve understanding of the Company's policies and practices • Effective communication
Directors	• Appointment letters • Board meetings and Committee meetings • Training and development	At least quarterly	• Economic sustainability • Corporate governance and ethics	• Continuous compliance with statutory requirements
Shareholders	• Annual General Meetings • Annual Reports • Quarterly announcements • Company website	Annually/ Quarterly/ Ongoing	• Economic sustainability	• Maintain good relationships with shareholders
Customers	• Proposals/Quotations • Customer needs and requirements • Agreements • Customer visits	Ongoing	• Market place • Product selection	• To meet customer satisfaction
Government and Regulators	• Regular reporting and submission • Legal compliance	Ongoing	• Corporate governance • Statutory compliance	• Ensure compliance with relevant laws, rules, regulations and listing requirements
Suppliers/ Business partners	• Supply of goods and services • Analysis and evaluation	Ongoing	• Economic sustainability • Conformity of products and services	• To achieve a sustainable supply chain of products
Local communities	• Donation and sponsorship • Participation in job fairs and events	Ad hoc	• Corporate social responsibility	• To provide job opportunities • Socially responsible corporate citizen

Sustainability Statement (cont'd)

Sustainability Management

- **Environmental**

  The shipbuilding and ship repair industry can be considered a heavy industry in Malaysia, with a high possibility of impacting the environment. TAS is facing the challenges of the industry's impact on the environment which includes the generation of industrial wastes, water and air pollution.

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

  In upholding our environmental policy, our current areas of concern are centred on energy consumption that explores the development of a zero-emissions industry and creates a sustainable future for the shipbuilding industry.

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

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

  TAS will continue to look for opportunities to improve its resource management as well as its environmental management through the development of an energy-management framework that is in line with its sustainability philosophy.

- **Social**

  Throughout the year, we continued to emphasise the importance of safety and health in the workplace for our employees who are our human capital and valued resources.

OCCUPATIONAL SAFETY AND HEALTH

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

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

TAS has developed an Occupational Safety & Health Policy and safety procedures to continuously enhance the quality of products, services and the safety and health of employees and interested parties. We are committed to a healthy and safe workforce. The responsibilities are clearly defined, assigned, communicated and applied throughout the organization.

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

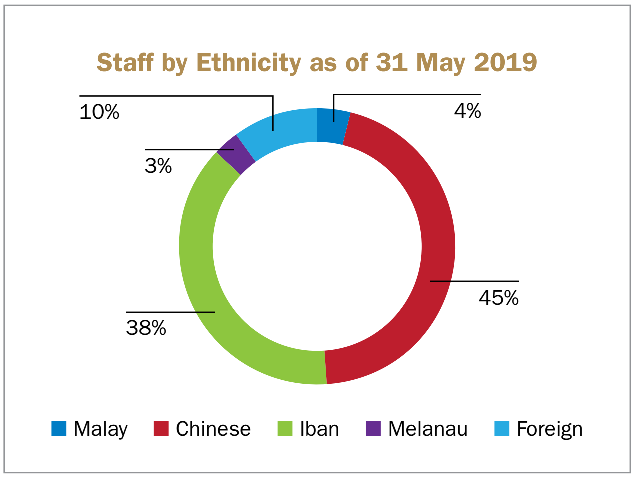
OUR PEOPLE

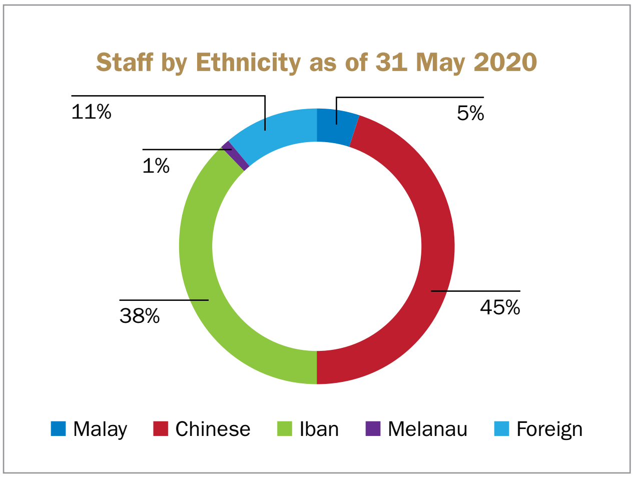
People are a treasured asset of TAS as we believe our workforce is essential to grow our organization and to achieve the company's goals. We take care of our people as far as possible within our means and capability to do so. We provide the necessary training opportunities for their development in order to achieve their best. Their success is our success.

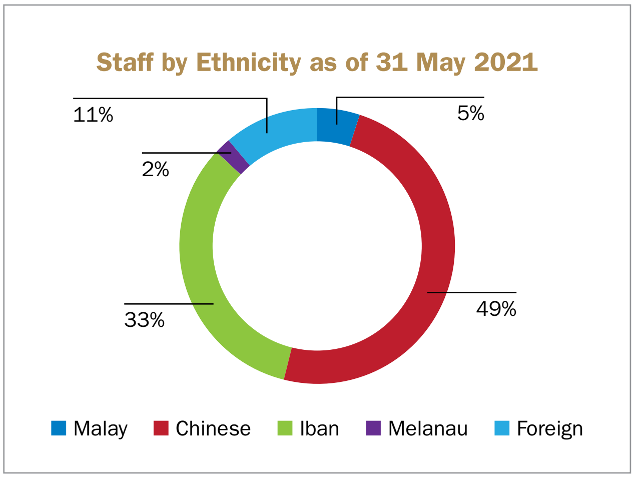
We do not discriminate in employing people. We hire the most suitable person for the job to ensure that the job will be performed to a satisfactory level. This will ensure that we can always deliver quality products and services to meet the customers' satisfaction.

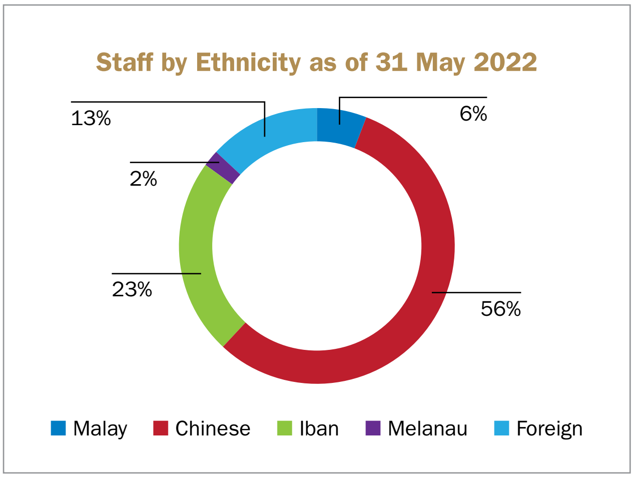
We are proud that our employee mix is truly a reflection of the population mix of Sarawak, in particular, Sibu.

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

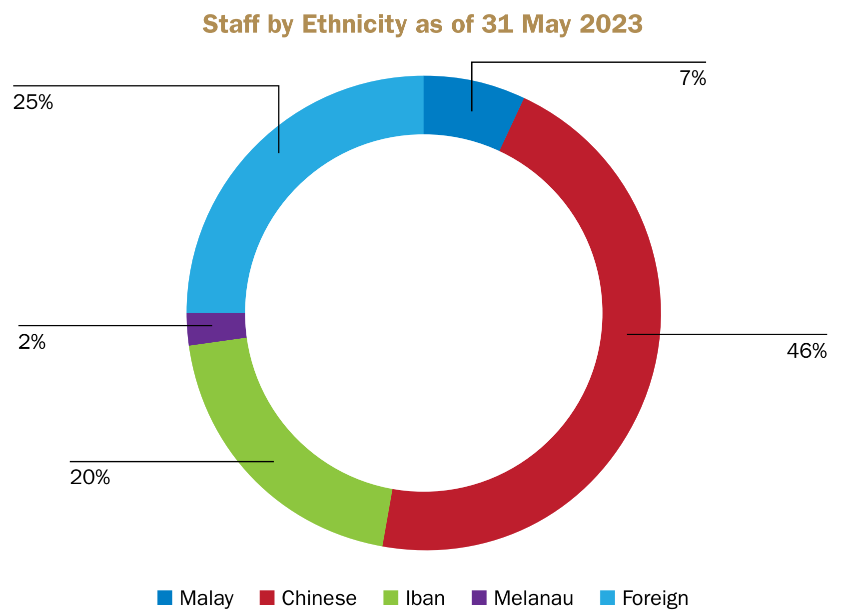


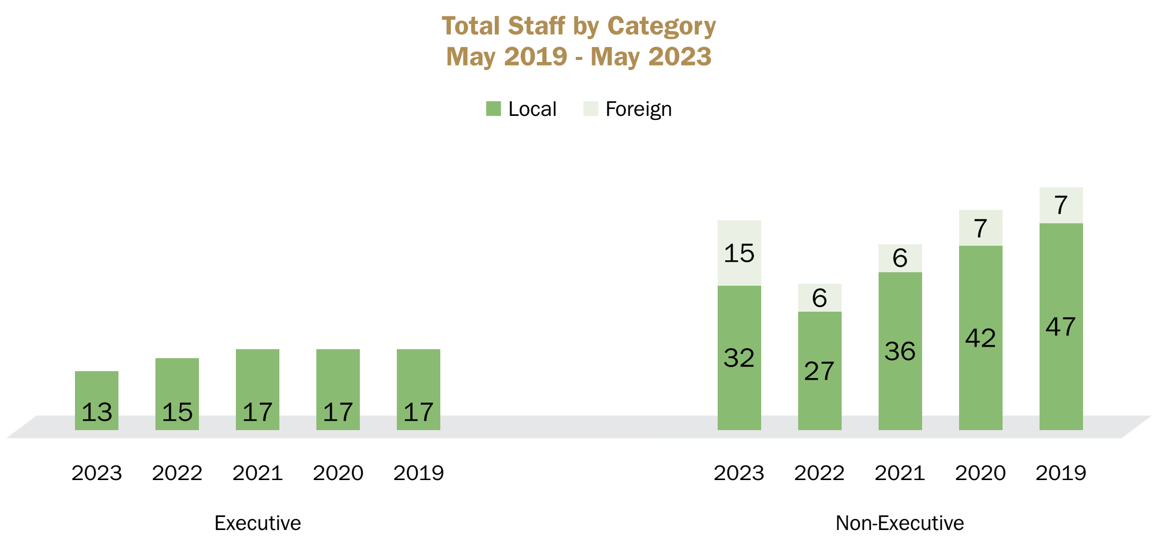






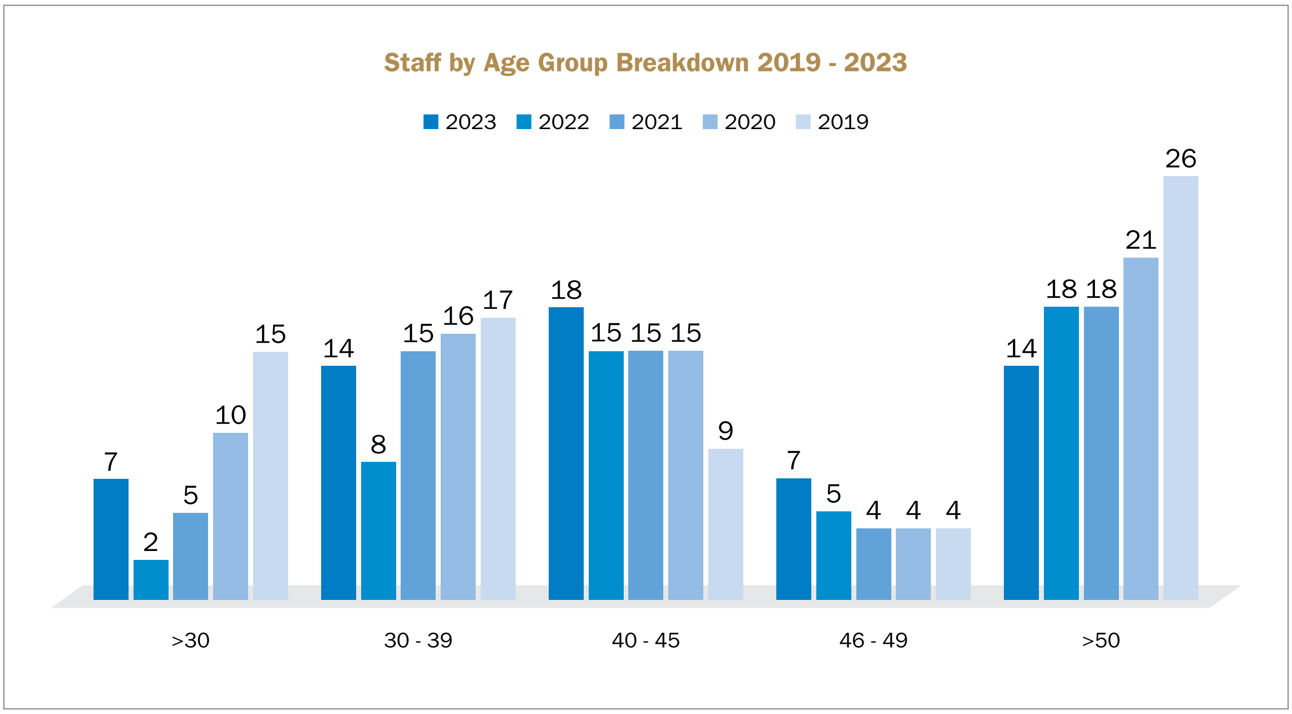
Sustainability Statement (cont'd)



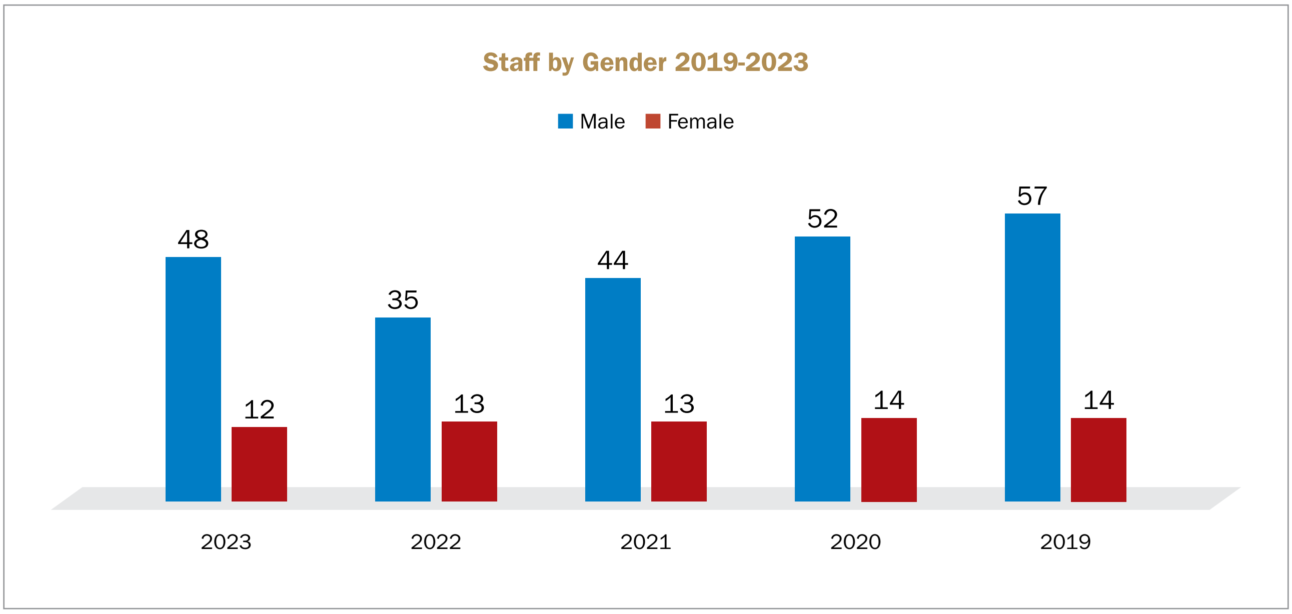


The above chart reflects our total employee population by category from 31 May 2019 to 31 May 2023. As can be seen, we only have a staff population of 60 as of 31 May 2023. We have a relatively small employee population as we outsource should we require specialised or short-term services. The small staff population is part of our business strategy as we want to ensure that we can maintain all of our employees should there be a business downturn. Our executive level staff comprises 22% of our total staff with the balance of 78% being non-executive as that is where our business focus is.

Sustainability Report (cont'd)



The above chart shows our staff by age group. We have slightly more mature staff than the younger staff. More than 23% of our employees are aged 50 and above. We appreciate having the older staff as they serve to guide the younger staff with their experience and knowledge. This is very important in our industry as experience is a very big factor in ensuring a quality end product that will satisfy our customers.



The chart above shows that our company is staffed mostly by males. This is inevitable as our business falls in the heavy industry sector. Our female employees form 20% of our staff and they are all office based.

Sustainability Statement (cont'd)

- **Staff Engagement**

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

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

- **Staff Benefits**

TAS offers competitive staff benefits that include:

Medical coverage	Insurance
Maternity and paternity Leave	Company equipment
Travel allowance	Company car
Mobile line	Skills development

- **Training**

The training programs that employees have attended include the following:

Courses	Number of courses conducted				
	2019	**2020**	**2021**	**2022**	**2023**
Health & Safety	4	9	10	14	14
Finance & Accounts	2	5	3	3	14
Technical	0	2	0	1	2
Human Resources & Administration	5	5	2	9	7

It is important to have competent staff for our success. As such, we place strong emphasis on our training plan.

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

SOCIAL ACTIVITIES

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

Sustainability Statement (cont'd)

Listed below are our charity contributions :

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

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

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

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

Year 2023
Donation to the National Cancer Society of Malaysia

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

Corporate Governance Overview Statement

The Board of Directors ("the Board") of TAS ("TAS" or "the Company") ensures the practice of core values such as accountability, transparency, integrity and sustainability throughout the Group. The main goal is to protect shareholders' value while considering the best interests of stakeholders. This commitment to strong corporate governance aims to ensure the Company's long-term sustainability and success.

The Board is pleased to present this Corporate Governance Overview Statement ("this Statement") to provide stakeholders with insights into TAS' Corporate Governance ("CG") practices during FYE2023.

In line with the Board's commitment, this Statement is prepared in accordance with the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements ("MMLR") and the guiding principles set out in the 4th edition of the Malaysian Code of Corporate Governance ("MCCG"). This Statement should be read together with the Company's CG Report 2023, which is available on the Company's website at *www.tasoffshore.com*.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is primarily responsible for determining the Company's strategic objectives and policies, as well as monitoring the progress towards achieving the objectives and policies. In this regard, the Board is guided by the principles and practices set out in the approved Board Charter. This ensures that all Board members, acting collectively and individually on behalf of the Company, are aware of the specific functions of the Board, their duties and responsibilities.

The Board has the following major responsibilities:

(a) Strategic Direction

The Board establishes the vision and overall objectives of TAS Group. The Board reviews the operational performances quarterly to ensure that they are in line with the Group's overall strategic direction and objectives.

(b) Overall Management

The Board oversees the conduct of the Group's business to ensure proper management and sustainability. The Executive Directors are delegated with the relevant authority for the management of the Group's business operations.

(c) Risk Management and Internal Control

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

(d) Succession Planning

The Board ensures that high standards prevail in the processes of appointing, training and assessing suitable candidates in succession planning. The Nomination Committee monitors and evaluates the performance of the Senior Management and members of the Board, with the aim of continuous improvement and effective succession planning.

Corporate Governance Overview Statement (Cont'd)

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

1. Board Responsibilities (Cont'd)

(e) Good Corporate Governance

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

(f) Sustainability Management

The Board together with the Management acknowledged their responsibility in achieving a sustainable long-term business in order to enhance business prosperity and the interests of shareholders and stakeholders. The Board recognises that this commitment must begin at the Board of Directors level and then extended to the senior levels of management, ensuring consistent practice throughout the Group.

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

2. Board Committees

The effectiveness of governance is ensured by establishing and delegating certain responsibilities to the Board Committees, each with distinct responsibilities set out in their respective Terms of Reference. The three (3) Board Committees are as follows:

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

These Committees play a crucial role in enhancing decision-making by engaging in discussions related to their respective areas. After careful deliberation, the Committees present their findings and recommendations to the Board. It is important to note that while the Committees operate under their approved Terms of Reference, the ultimate authority for final decisions rests with the Board, except for certain matters delegated by the Board to these Committees.

The Terms of Reference of the Committees are reviewed by the Board as and when necessary.

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

3. Board Leadership

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

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

4. Board Commitment

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

Details of the attendance of Directors are set out below.

Name of Directors	Board Meeting	AC Meeting	NC Meeting	RC Meeting
Datu Haji Mohammed Sepuan Bin Anu	5/5	5/5	N/A	N/A
Datuk Lau Nai Hoh	5/5	N/A	N/A	1/1
Lau Choo Chin	5/5	N/A	N/A	N/A
Lau Choo Kuang *(Appointed on 11 January 2023)*	2/2	N/A	N/A	N/A
Tan Sri Dato' Seri Mohd Jamil Bin Johari *(Retired on 11 January 2023)*	3/4	3/4	1/1	N/A
Lau Kiing Yiing *(Retired on 11 January 2023)*	4/4	4/4	1/1	1/1
Ling Ka Chuan *(Retired on 11 January 2023)*	4/4	4/4	1/1	1/1
Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu *(Appointed on 11 January 2023)*	2/2	1/1	N/A	N/A
Ling Hang Ngee *(Appointed on 11 January 2023)*	2/2	1/1	N/A	N/A
Yong Leh Ying *(Appointed on 11 January 2023)*	2/2	1/1	N/A	N/A

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

5. Board Administration

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

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

6. Board Composition

The Board consists of seven (7) members, comprising three (3) Executive Directors and four (4) Independent Non-Executive Directors. The structure of the composition is consistent with the MMLR and MCCG. The diverse backgrounds of the current Board members create a well-rounded mix of skills, knowledge and experience to ensure that various perspectives are considered whenever a proposal is brought before the Board.

In accordance with the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. To retain an Independent Director beyond this period, the Board must justify and seek shareholders' approval through a two-tier voting process. The Company has consistently complied with this recommendation since the MCCG's effective date on 28 April 2021.

On 19 January 2022, Bursa Malaysia implemented a maximum tenure of twelve (12) years for Independent Directors and listed issuers were given until 1 June 2023 to comply with this regulation. After this deadline, Independent Directors who have exceeded the 12-year limit must either resign as Independent Directors or be re-designated as Non-Independent Directors.

In line with this regulation, Tan Sri Dato' Seri Mohd Jamil Bin Johari, Mr Lau Kiing Yiing and Mr Ling Ka Chuan, who had each served as Independent Non-Executive Directors for a cumulative term of more than twelve (12) years have retired on 11 January 2023. To maintain a balanced board composition and dynamic, Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu, Mr Ling Hang Ngee, Mr Yong Leh Ying and Mr Lau Choo Kuang were appointed on 11 January 2023.

The Board places a high value on fostering boardroom diversity, recognising that it brings a broader range of perspectives and insights compared to a more homogenous composition. With that in mind, the Board is attentive to the recommendation set forth by the MCCG to achieve a minimum representation of 30% women on the Board. However, the Board upholds the belief that the selection of potential candidates should be based solely on merit, skills and experience without bias towards cultural background or gender. To uphold this principle, the Board ensures that all Director appointments and employee hiring processes are free from any form of discrimination.

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting of the Company after their appointment. Thereafter, an election of Directors shall take place every year where one-third (1/3) of the Directors for the time being or, if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3) shall retire but shall be eligible for re-election; provided always that all Directors shall retire from office at least once in every three (3) years.

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

6. Board Composition (Cont'd)

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

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

- reviewed and assessed the required size, composition, mix of skill, experience and other qualities of the Board;
- assessed the effectiveness of the Board as a whole, the contribution of each Director and the Board Committees;
- recommended to the Board for continuation of the services of the Directors who were due for retirement;
- reviewed the terms of office of AC and the performance of the AC and each of its members to determine whether they have carried out their duties in accordance with their terms of reference;
- reviewed the appointment of new directors; and
- facilitated training programmes for the Directors.

Pursuant to its recent annual review held on 11 September 2023, the NC is satisfied that the current size and composition of the Board with a wide range of technical, management and accounting experience is appropriate and vital for the effective functioning of the Board.

Although all the Directors have equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in ensuring the independence of judgement and objectivity are exercised in board room deliberations, taking into account the long-term interest, not only the Group but also of the shareholders and other stakeholders.

The Board has identified Mr Ling Hang Ngee as the Senior Independent Non-Executive Director. Being the Chairman of the AC, he is the most appropriate spokesperson for all Independent Non-Executive Directors as well as a channel for other stakeholders to convey their concerns if any.

Corporate Governance Overview Statement (Cont'd)

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

7. Board Training

All Directors have completed the mandatory accreditation programme. During FYE2023, the Directors have attended the following training to better equip themselves to carry out their duties and responsibilities:

Directors	Courses	Date of Attendance
Datu Haji Mohammed Sepuan Bin Anu	• Deloitte TaxMax - The 48th series	21 March 2023
Datuk Lau Nai Hoh	• Deloitte TaxMax - The 48th series	21 March 2023
Lau Choo Chin	• Deloitte TaxMax - The 48th series	21 March 2023
Lau Choo Kuang	• Mandatory Accreditation Programme	7 - 8 March 2023
Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu	• Mandatory Accreditation Programme	7 - 8 March 2023
Ling Hang Ngee	• 2023 Budget Seminar • Mandatory Accreditation Programme	13 March 2023 4 - 6 April 2023
Yong Leh Ying	• Mandatory Accreditation Programme • Deloitte TaxMax - The 48th series	7 - 8 March 2023 21 March 2023

8. Remuneration

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

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

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

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

- Salaries

  Executive Directors' salaries are formulated taking into account their responsibilities, functions and performance, competitive to a comparable role in a similar organisation. An annual review is conducted on these remuneration packages and salaries are adjusted to reflect performances, responsibilities, job function and market trends.

- Fees

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

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

8. Remuneration (Cont'd)

The remuneration package for the Executive Directors and Independent Non-Executive Directors consists of the following: (Cont'd)

- Allowances for Independent Non-Executive Directors

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

- Bonus and Other Benefits

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

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

A summary of remuneration provided to the Directors for the FYE2023 distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components is set out below:

	Fees		Salaries		Meeting Allowances		Bonus and Other Benefits		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group
Executive Director										
Datuk Lau Nai Hoh	–	–	104,705	1,047,045	–	–	62,341	378,191	167,046	1,425,236
Lau Choo Chin	–	–	34,263	342,624	–	–	20,955	132,969	55,218	475,593
Lau Choo Kuang	–	–	10,500	105,000	–	–	1,308	14,316	11,808	119,316
Non-Executive Directors										
Datu Haji Mohammed Sepuan Bin Anu	48,000	48,000	–	–	6,000	6,000	–	–	54,000	54,000
Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu	12,000	12,000	–	–	–	–	–	–	12,000	12,000
Ling Hang Ngee	12,000	12,000	–	–	–	–	–	–	12,000	12,000
Yong Leh Ying	12,000	12,000	–	–	–	–	–	–	12,000	12,000
Tan Sri Dato' Seri Mohd Jamil Bin Johari *(Retired on 11 January 2023)*	24,000	24,000	–	–	4,300	4,300	–	–	28,300	28,300
Lau Kiing Yiing *(Retired on 11 January 2023)*	24,000	24,000	–	–	7,200	7,200	–	–	31,200	31,200
Ling Ka Chuan *(Retired on 11 January 2023)*	24,000	24,000	–	–	6,600	6,600	–	–	30,600	30,600
TOTAL	**156,000**	**156,000**	**149,468**	**1,494,669**	**24,100**	**24,100**	**84,604**	**525,476**	**414,172**	**2,200,245**

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee ("AC")

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

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

Chairman:

Ling Hang Ngee	Senior Independent Non-Executive Director

Members:

Datu Haji Mohammed Sepuan Bin Anu	Independent Non-Executive Director
Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu	Independent Non-Executive Director
Yong Leh Ying	Independent Non-Executive Director

More details on the activities of the AC can be found in the Audit Committee Report on page 36 to 38 of the Annual Report. The terms of reference of the AC is found on the Company's website at *www.tasoffshore.com*.

2. Risk Management and Internal Control

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

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

Detailed information on risk management and internal control is set out in the Statement on Risk Management and Internal Control on page 34 of this Annual Report.

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

1. Communication with Stakeholders

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

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

2. Conduct of General Meetings

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

In line with good corporate governance practice, the notice of the Annual General Meeting ("AGM") of the Company was issued more than 28 days before the AGM date. The Company's AGMs have always been held at easily accessible venues for the convenience of the shareholders.

The Minutes of the 16th AGM which includes the questions raised by the shareholders together with the response by the Company and the outcome of the voting results will be made available to the shareholders within thirty (30) business days after the AGM on the Company's website.

This Statement is made in accordance with the resolution of the Board of Directors dated 11 September 2023.

Statement on Risk Management and Internal Control

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

Board's Responsibility

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

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

Key Processes on Risk Management and Internal Control

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

Internal Audit

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

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

Statement on Risk Management and Internal Control (Cont'd)

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

Risk Management

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

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

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

Review of the Statement by External Auditors

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

This Statement is made in accordance with the resolution of the Board of Directors dated 11 September 2023.

Audit Committee Report

Chairman:

Ling Hang Ngee	Senior Independent Non-Executive Director

Members:

Datu Haji Mohammed Sepuan Bin Anu	Independent Non-Executive Director
Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu	Independent Non-Executive Director
Yong Leh Ying	Independent Non-Executive Director

Composition

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

The Audit Committee held five (5) meetings during the financial year under review with the following attendance record:

Name of Directors	AC Meeting Attendance
Datu Haji Mohammed Sepuan Bin Anu	5/5
Tan Sri Dato' Seri Mohd Jamil Bin Johari *(Retired on 11 January 2023)*	3/4
Lau Kiing Yiing *(Retired on 11 January 2023)*	4/4
Ling Ka Chuan *(Retired on 11 January 2023)*	4/4
Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu *(Appointed on 11 January 2023)*	1/1
Ling Hang Ngee *(Appointed on 11 January 2023)*	1/1
Yong Leh Ying *(Appointed on 11 January 2023)*	1/1

Audit Committee Report (Cont'd)

Summary of Works of the Audit Committee

In line with the terms of reference of the Audit Committee, the following works were carried out by the Committee during the FYE2023:

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

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

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

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

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

(f) Reviewed and discussed with the External Auditors, their annual audit planning memorandum encompassing areas of focus, key audit matters to be included in the auditors' report, audit methodology and time-table and audit materiality prior to commencement of their annual audit for the FYE2023;

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

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

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

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

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

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

Audit Committee Report
(Cont'd)

Internal Audit Function

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

The Internal Audit is responsible for the independent assessment on the adequacy and effectiveness of the internal control systems in place in anticipation of the risk exposures of key business processes. It also provides assurance on the systems and recommends improvements to the systems if necessary, to enable the Group to achieve its corporate objectives.

The main activities carried out by the Internal Auditor involve:

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

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

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

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

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

During FYE2023, reviews of the existing internal controls covered under the audit plan revealed that they were generally satisfactory. In areas where controls were deemed inadequate, additional measures were recommended for implementation to address any weaknesses in the systems.

The costs incurred on the Internal Audit function in respect of FYE2023 were RM36,000.

Statement on Directors' Responsibility

The Directors are required by the Companies Act 2016, to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia to give a true and fair view of the financial state of affairs of the Company and the Group at the end of the financial year.

In preparing the financial statements, the Directors have:

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

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

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

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

The Directors are responsible for ensuring that the Company and the Group keep accounting records that disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 2016 and applicable approved accounting standards.

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

Status of Utilisation of Proceeds Raised from Corporate Proposals

There were no corporate proposals during FYE2023.

Material Contracts

There was no material contract entered into by the Company or its subsidiaries involving the interest of the Directors, or major shareholders either still subsisting at the end of FYE2023 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions

The related party transactions are disclosed on page 102 and 103 of this Annual Report.

Audit and Non-Audit Fees

Details of the audit and non-audit fees paid or payable to the Company's External Auditors, Messrs. Folks DFK & Co. for the FYE2023 are as follows:

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

FINANCIAL STATEMENTS

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities and details of its subsidiaries are set out in Note 5.1 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year attributable to owners of the Company	15,276,159	(668,015)

RESERVES AND PROVISIONS

There were no material transfers made to or from reserves and provisions during the financial year ended 31 May 2023 other than as disclosed in the financial statements.

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year. The Directors do not recommend the payment of any dividends in respect of the current financial year.

SHARE CAPITAL

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

TREASURY SHARES

By an ordinary resolution passed at the Annual General Meeting held on 27 October 2022, the shareholders of the Company renewed the Directors' authority for the Company to repurchase its own shares up to ten percent (10%) of its issued and paid-up share capital.

During the financial year, the Company repurchased 321,400 of its issued ordinary shares which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad from the open market at an average buy-back price of RM0.1936 per share. The total consideration paid, including transaction costs, amounting to RM62,222 was financed by internally generated fund. The shares repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

As at 31 May 2023, the Company held a total number of 1,144,199 treasury shares at a total carrying amount of RM365,335. Further details of the treasury shares are disclosed in Note 14 to the financial statements.

DIRECTORS OF THE COMPANY

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

Datu Haji Mohammed Sepuan Bin Anu
Datuk Lau Nai Hoh
Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu *(Appointed on 11 January 2023)*
Lau Choo Chin
Lau Choo Kuang *(Appointed on 11 January 2023)*
Ling Hang Ngee *(Appointed on 11 January 2023)*
Yong Leh Ying *(Appointed on 11 January 2023)*
Tan Sri Dato' Seri Mohd Jamil Bin Johari *(Retired on 11 January 2023)*
Lau Kiing Yiing *(Retired on 11 January 2023)*
Ling Ka Chuan *(Retired on 11 January 2023)*

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

Datin Hii Kiong Thai
Ng Cheng Lee
Tan Sri Dato' Shahril @ Shahrir Bin AB. Samad *(Resigned on 1 November 2022)*

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	Balance at	During the financial year		Balance at
Names of Directors	**01.06.2022**	**Acquired**	**Disposed**	**31.05.2023**
Datu Haji Mohammed Sepuan Bin Anu				
- Direct interest	15,375	–	–	15,375
Datuk Lau Nai Hoh				
- Direct interest	92,788,812	–	–	92,788,812
- Indirect interest *	1,292,849	–	–	1,292,849
Lau Choo Chin				
- Direct interest	419,231	–	–	419,231
- Indirect interest *	41,000	–	–	41,000
Lau Choo Kuang				
- Direct interest	20,500	–	–	20,500
Yong Leh Ying				
- Direct interest	377,050	–	–	377,050

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

DIRECTORS' INTERESTS (CONT'D)

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

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits (other than those disclosed in the *Directors' Remuneration* section below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business and as disclosed in Note 27 to the financial statements.

DIRECTORS' REMUNERATION

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

	Received or receivable from		
	The Company RM	**Subsidiaries RM**	**Total RM**
Fees	156,000	–	156,000
Other remuneration	219,447	1,786,073	2,005,520
Estimated value of benefits-in-kind	38,725	–	38,725
	414,172	1,786,073	2,200,245

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

AUDITORS' REMUNERATION

The remuneration paid or payable to the auditors of the Group and of the Company for the financial year is RM87,000 and RM43,000 respectively.

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

Directors' Report
(Cont'd)

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

(c) As at the date of this report, there does not exist :-

 (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

 (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors :-

 (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

 (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

 (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

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

....
DATUK LAU NAI HOH
Director

....
LAU CHOO CHIN
Director

Sibu, Sarawak

11 September 2023

Statements of Financial Position

as at 31 May 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	4	19,751,355	16,552,197	–	1
Investments in subsidiaries	5	–	–	77,500,004	77,500,004
Other investments	6	29,026,774	30,912,394	26,187,250	28,160,226
Deferred tax assets	7	1,672,021	307,702	31,966	28,465
Amount due from subsidiaries	8	–	–	6,700,000	6,700,000
		50,450,150	47,772,293	110,419,220	112,388,696
Current Assets					
Other investments	6	523,869	–	523,869	–
Inventories	9	57,110,679	29,768,509	–	–
Contract assets	10	2,515,459	374,202	–	–
Derivative financial assets	18	1,765	–	–	–
Trade and other receivables	11	20,038,584	5,814,057	28,647	3,650
Amount due from subsidiaries	8	–	–	1,101,590	884,739
Tax recoverable		125,189	1,126,949	88,207	38,124
Fixed deposits, cash and bank balances	12	21,671,706	29,966,539	10,995,114	10,629,345
		101,987,251	67,050,256	12,737,427	11,555,858
Total Assets		152,437,401	114,822,549	123,156,647	123,944,554

Statements of Financial Position (Cont'd)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	13	117,640,472	117,640,472	117,640,472	117,640,472
Treasury shares	14	(365,335)	(303,113)	(365,335)	(303,113)
(Accumulated losses)/ Retained profits		(22,056,099)	(37,332,258)	5,606,316	6,274,331
Foreign currency translation reserve		–	11,681,542	–	–
Total Equity		95,219,038	91,686,643	122,881,453	123,611,690
Non-current Liabilities					
Bank borrowings (Secured)	15	557,324	3,054,480	–	–
Retirement benefits	16	1,331,934	1,186,054	133,194	118,606
Deferred tax liabilities	7	1,874,986	1,921,419	–	–
		3,764,244	6,161,953	133,194	118,606
Current Liabilities					
Trade and other payables	17	35,387,895	12,207,338	142,000	214,258
Contract liabilities	10	10,510,032	971,325	–	–
Bank borrowings (Secured)	15	6,989,187	3,620,636	–	–
Derivative financial liabilities	18	10,884	174,654	–	–
Taxation		556,121	–	–	–
		53,454,119	16,973,953	142,000	214,258
Total Liabilities		57,218,363	23,135,906	275,194	332,864
Total Equity and Liabilities		152,437,401	114,822,549	123,156,647	123,944,554

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

Statements of Profit or Loss and Other Comprehensive Income

for the Financial Year Ended 31 May 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	19	36,125,761	57,498,981	755,912	708,108
Cost of sales	20	(27,095,449)	(50,315,198)	–	–
Gross profit		9,030,312	7,183,783	755,912	708,108
Other income		13,499,852	660,700	499,599	813,751
Administrative expenses		(5,724,480)	(8,218,358)	(1,833,527)	(4,685,255)
Net reversal of impairment for financial assets		264,845	4,286	–	449,209
Operating profit/(loss)		17,070,529	(369,589)	(578,016)	(2,714,187)
Finance costs	21	(241,941)	(436,289)	–	–
Profit/(Loss) before taxation	22	16,828,588	(805,878)	(578,016)	(2,714,187)
Taxation	24	(1,552,429)	(710,771)	(89,999)	(134,197)
Profit/(Loss) for the financial year		15,276,159	(1,516,649)	(668,015)	(2,848,384)
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligations		–	194,957	–	19,496
Item that will be reclassified subsequently to profit or loss					
Loss on foreign currency translation		(78)	(50)	–	–
Reclassification of foreign currency translation reserve to profit or loss on derecognoition of a subsidiary		(11,681,464)	–	–	–
		(11,681,542)	194,907	–	19,496
Total comprehensive income/(loss) for the financial year		3,594,617	(1,321,742)	(668,015)	(2,828,888)
Attributable to owners of the Company :					
- Profit/(Loss) for the financial year		15,276,159	(1,516,649)	(668,015)	(2,848,384)
- Total comprehensive income/(loss) for the financial year		3,594,617	(1,321,742)	(668,015)	(2,828,888)
Earnings/(Loss) per share attributable to ordinary equity holders of the Company (Sen) :					
- Basic	25	8.54	(0.86)		

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

Statements of Changes in Equity

for the Financial Year Ended 31 May 2023

	Attributable to Owners of the Company				
			Non-Distributable	Distributable	
	Share Capital RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	(Accumulated Losses)/ Retained Profits RM	Total RM
Group					
2023					
Balance at 1 June 2022	117,640,472	(303,113)	11,681,542	(37,332,258)	91,686,643
Profit for the financial year	–	–	–	15,276,159	15,276,159
Loss on foreign currency translation	–	–	(78)	–	(78)
Reclassification of foreign currency translation reserve to profit or loss on derecognition of a subsidiary	–	–	(11,681,464)	–	(11,681,464)
Total comprehensive (loss)/ income for the financial year	–	–	(11,681,542)	15,276,159	3,594,617
Shares repurchased	–	(62,222)	–	–	(62,222)
Balance at 31 May 2023	117,640,472	(365,335)	–	(22,056,099)	95,219,038
2022					
Balance at 1 June 2021	117,640,472	(1,913,025)	11,681,592	(34,400,654)	93,008,385
Loss for the financial year	–	–	–	(1,516,649)	(1,516,649)
Loss on foreign currency translation	–	–	(50)	–	(50)
Remeasurement of defined benefit obligations	–	–	–	194,957	194,957
Total comprehensive loss for the financial year	–	–	(50)	(1,321,692)	(1,321,742)
Distribution of treasury shares as share dividend	–	1,609,912	–	(1,609,912)	–
Balance at 31 May 2022	117,640,472	(303,113)	11,681,542	(37,332,258)	91,686,643

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

Statements of Changes in Equity (Cont'd)

	Attributable to Owners of the Company			
			Distributable	
	Share Capital RM	Treasury Shares RM	Retained Profits RM	Total RM
Company				
2023				
Balance at 1 June 2022	117,640,472	(303,113)	6,274,331	123,611,690
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	(668,015)	(668,015)
Shares repurchased	–	(62,222)	–	(62,222)
Balance at 31 May 2023	117,640,472	(365,335)	5,606,316	122,881,453
2022				
Balance at 1 June 2021	117,640,472	(1,913,025)	10,713,131	126,440,578
Loss for the financial year	–	–	(2,848,384)	(2,848,384)
Remeasurement of defined benefit obligations	–	–	19,496	19,496
Total comprehensive loss for the financial year	–	–	(2,828,888)	(2,828,888)
Distribution of treasury shares as share dividend	–	1,609,912	(1,609,912)	–
Balance at 31 May 2022	117,640,472	(303,113)	6,274,331	123,611,690

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

Statements of Cash Flows

for the Financial Year Ended 31 May 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities				
Profit/(Loss) before taxation	16,828,588	(805,878)	(578,016)	(2,714,187)
Adjustments for :-				
Depreciation of property, plant and equipment	1,338,570	1,094,931	–	–
Defined benefit cost	145,880	147,406	14,588	14,740
Income from unit trust funds	(545,513)	(752,060)	(515,153)	(708,108)
Reversal of write-down in inventories	(1,315,854)	–	–	–
Net reversal of allowance for impairment losses on :				
- trade receivables	(264,845)	(4,286)	–	–
- amount due from a subsidiary	–	–	–	(449,209)
Loss/(Gain) on changes in fair value of :				
- investments measured at fair value through profit or loss	930,320	3,921,710	987,316	3,927,165
- derivative instruments	(165,534)	(94,268)	–	–
(Gain)/Loss on disposal of :				
- property, plant and equipment	(182,598)	(39,999)	(104,999)	–
- investments measured at fair value through profit or loss	50,319	62,463	50,319	62,463
Property, plant and equipment written off	37	2,186	–	–
Inventories written off	3,655	20,957	–	–
Interest expense	275,415	443,728	–	–
Interest income	(344,844)	(17,428)	(635,359)	(812,838)
Unrealised gain on foreign exchange	(137,733)	(115,693)	–	(912)
Gain on derecognition of a subsidiary	(11,681,464)	–	–	–
Waiver of debts	(60,486)	–	–	–
Operating profit/(loss) before working capital changes	4,873,913	3,863,769	(781,304)	(680,886)
(Increase)/Decrease in inventories	(26,029,971)	28,502,682	–	–
(Increase)/Decrease in contract assets	(2,141,257)	1,538,680	–	–
Increase in contract liabilities	9,538,707	971,325	–	–
(Increase)/Decrease in trade and other receivables	(13,911,965)	1,326,285	1,650	(1,650)
Increase/(Decrease) in trade and other payables	23,312,102	(8,981,471)	(72,258)	5,258
Cash (utilised in)/generated from operations	(4,358,471)	27,221,270	(851,912)	(677,278)
Interest paid	(2,796)	(16,212)	–	–
Interest received	104,085	17,428	394,600	812,838
Tax paid, net of tax refunded	(1,405,300)	(1,104,212)	(143,584)	(118,341)
Net cash (used in)/from operating activities	(5,662,482)	26,118,274	(600,896)	17,219

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

Statements of Cash Flows (Cont'd)

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from investing activities				
Placements in fixed deposits	(8,173,335)	–	(8,173,335)	–
Interest received on fixed deposits	173,335	–	173,335	–
Income from investments in unit trust funds	545,513	752,060	515,153	708,108
Purchase of property, plant and equipment (Note 32.1)	(3,860,167)	(89,154)	–	–
Proceeds from disposal of property, plant and equipment	205,000	40,000	105,000	–
Investments in unit trust funds	(595,018)	(5,656,905)	(564,658)	(5,612,953)
Placement in a debt instrument	(483,092)	–	(483,092)	–
Proceeds from disposal of investments in unit trust funds	1,500,000	985,222	1,500,000	985,222
Net (advances to)/repayment from subsidiaries	–	–	(216,851)	9,926,072
Net cash (used in)/from investing activities	(10,687,764)	(3,968,777)	(7,144,448)	6,006,449
Cash flows from financing activities				
Acquisition of treasury shares (Note 14)	(62,222)	–	(62,222)	–
Increase in fixed deposits pledged as security	(146,567)	(124,082)	–	–
Net drawdown/(repayment) of bank borrowings (Note 32.2)	171,395	(3,502,201)	–	–
Interests paid on bank borrowings	(272,619)	(427,516)	–	–
Net cash used in financing activities	(310,013)	(4,053,799)	(62,222)	–
Net (decrease)/increase in cash and cash equivalents	(16,660,259)	18,095,698	(7,807,566)	6,023,668
Cash and cash equivalents at beginning of financial year	27,737,356	9,571,687	10,629,345	4,605,677
Effect of changes in foreign exchange rates	45,524	69,971	–	–
Cash and cash equivalents at end of financial year (Note 12)	11,122,621	27,737,356	2,821,779	10,629,345

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

Notes to the Financial Statements

- 31 May 2023

1. GENERAL INFORMATION

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

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

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

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

The financial statements were authorised for issue by the Board of Directors on 11 September 2023.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

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

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the amendments to MFRSs as disclosed in Note 2.2 below.

2.2 Application of Amendments to MFRSs

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 June 2022 :-

Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 116 - Proceeds before Intended Use
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2018 - 2020" :
- Amendment to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendment to MFRS 9, Financial Instruments
- Amendment to MFRS 16, Leases
- Amendment to MFRS 141, Agriculture

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

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

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

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

Effective for annual periods beginning on or after 1 January 2023
MFRS 17, Insurance Contracts
Amendments to MFRS 17 - Insurance Contracts
Amendment to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 - Disclosure of Accounting Policies
Amendments to MFRS 108 - Definition of Accounting Estimates
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after 1 January 2024
Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements
Amendments to MFRS 112 - International Tax Reform - Pillar Two Model Rules

Effective for annual periods beginning on or after 1 January 2025
Amendments to MFRS 121 - Lack of Exchangeability

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

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

2.4 Basis of Consolidation

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

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

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

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

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

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

2.4 Basis of Consolidation (Cont'd)

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

2.5 Business Combinations

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

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

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

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

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

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

2.6 Goodwill

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

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

2.7 Foreign Currencies

2.7.1 Functional and presentation currency

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

2.7.2 Foreign currency transactions and balances

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

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

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

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

2.7 Foreign Currencies (Cont'd)

2.7.3 Foreign operations

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

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

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

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

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

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

2.8 Investments in Subsidiaries

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

2.9 Property, Plant and Equipment

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

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

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

2.9 Property, Plant and Equipment (Cont'd)

Capital work-in-progress is not amortised. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The estimated useful lives of the Group's property, plant and equipment are as follows :-

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

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

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

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

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

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

2.11 Contract Assets and Contract Liabilities

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

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

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

2.12 Contract Costs

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

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

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

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

2.13 Inventories

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

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

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

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

2.14 Financial Assets

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

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and

- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

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

2.14 Financial Assets (Cont'd)

2.14.1 Classification

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

(a) at amortised cost;

(b) fair value through other comprehensive income; and

(c) fair value through profit or loss.

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

2.14.2 Measurement

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

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

(a) Debt instruments

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

(i) Amortised cost

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

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

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

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

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

2.14 Financial Assets (Cont'd)

2.14.2 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

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

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

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

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

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

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

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

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

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

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

2.14 Financial Assets (Cont'd)

2.14.2 Measurement (Cont'd)

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

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

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

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

2.14.3 Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2.15 Cash and Cash Equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents include cash in hand, bank balances, deposits with licensed banks with original maturities of 3 months or less and other 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 statements of cash flows are prepared using the indirect method.

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

2.16 Impairment

2.16.1 Financial assets and contract assets

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

(a) financial assets measured at amortised cost;

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

(c) contract assets.

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Refer to Note 31.2(a)(ii) for further details.

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

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

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

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

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

2.16 Impairment (Cont'd)

2.16.2 Non-financial assets

The carrying amounts of non-financial assets (other than inventories, contract assets and assets arising from costs to obtain and fulfil a contract, deferred tax assets and non-current assets or disposal groups held for sale) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

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

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

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

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

2.17 Share Capital

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

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

2.18 Treasury Shares

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

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

2.19 Financial Liabilities

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

2.19.1 Classification and measurement

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

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

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

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

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

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

Notes to the Financial Statements (Cont'd)

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

2.19 Financial Liabilities (Cont'd)

2.19.1 Classification and measurement (Cont'd)

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

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at FVTPL are recognised separately in profit or loss as part of other income or other expenses.

(b) Amortised cost

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

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

2.19.2 Derecognition of financial liabilities

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

2.20 Offsetting Financial Instruments

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

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

2.21 Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

2.22 Derivative Financial Instruments

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

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

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

The Group has not designated any derivatives as hedging instruments.

Embedded derivatives

Embedded derivatives are separated from host contract and accounted for separately if the host contract is not a financial asset and when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

2.23 Employee Benefits

2.23.1 Short-term employee benefits

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

Notes to the Financial Statements (Cont'd)

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

2.23 Employee Benefits (Cont'd)

2.23.2 Post-employment benefits

(a) Defined contribution plans

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

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

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

(b) Defined benefit plans

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

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

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

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

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

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

2.23 Employee Benefits (Cont'd)

2.23.3 Termination benefits

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

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

2.24 Provisions

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

2.25 Income Taxes

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

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

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

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

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

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

2.25 Income Taxes (Cont'd)

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

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

2.26 Borrowing Costs

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

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

2.27 Leases as a Lessee

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

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

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

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

2.27 Leases as a Lessee (Cont'd)

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

- fixed lease payments (including in-substance fixed payments), less lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payment of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

2.28 Revenue from Contracts with Customers

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

The Group recognises revenue from the following business activities :-

2.28.1 Sales of vessels

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

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

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

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

2.28 Revenue from Contracts with Customers (Cont'd)

2.28.1 Sales of vessels (Cont'd)

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

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

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

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

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

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

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

2.28.2 Vessel repair services

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

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

2.29 Revenue from other Sources and Other Income

2.29.1 Dividend income

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

2.29.2 Interest income

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

2.30 Earnings Per Share

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

2.31 Operating Segments

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

2.32 Fair Value Measurements

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

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

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

3.1 Significant judgements made in the process of applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

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

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

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

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

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

3.2 Key sources of estimation uncertainty (Cont'd)

(b) Impairment of investments in subsidiaries

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

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

The net realisable values of vessels are assessed based on the management's best estimate of the latest selling prices after taking into consideration of the economic condition relevant to the industry and/or pricing of similar assets transacted by the Group and other industry players subsequent to the reporting period. Where appropriate, the Group engages independent external valuers to assess the net realisable values of its vessels. However, factors such as demand levels, technological advances and pricing competition may cause changes to the original estimate and which will impact the carrying amount of the vessels. The carrying amount of the Group's vessels as at 31 May 2023 was RM37,870,124 (2022 : RM19,974,736) as disclosed in Note 9.

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

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

(e) Depreciation of property, plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimate the useful lives of these plant and equipment to be within 5 to 10 years. These are common life expectancies applied in the vessels construction, vessels chartering and transportation industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment, therefore the future depreciation charges could be revised. The carrying amounts of the Group's and the Company's property, plant and equipment as at the end of the reporting period are disclosed in Note 4.1.

(f) Impairment of property, plant and equipment

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

4. PROPERTY, PLANT AND EQUIPMENT

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

Group

2023

	Right-of-use asset Long-term leasehold land RM	Buildings and workers' quarters RM	Plant and machinery RM	Motor vehicles RM	Slipway and jetty RM	Office equipment, furniture and fittings RM	Capital work in progress RM	Total RM
Costs								
Balance at 1 June 2022	10,958,668	11,151,415	11,397,810	2,337,689	3,720,347	681,279	–	40,247,208
Additions	–	–	371,465	1,079,950	–	18,982	3,089,770	4,560,167
Disposal	–	–	–	(768,470)	–	–	–	(768,470)
Write-off	–	–	(482,482)	–	–	(7,967)	–	(490,449)
Balance at 31 May 2023	10,958,668	11,151,415	11,286,793	2,649,169	3,720,347	692,294	3,089,770	43,548,456
Accumulated depreciation								
Balance at 1 June 2022	3,183,915	4,150,050	9,953,674	2,091,281	3,667,411	648,680	–	23,695,011
Charge for the financial year	169,017	215,505	624,379	271,990	38,265	19,414	–	1,338,570
Disposal	–	–	–	(746,068)	–	-	–	(746,068)
Write-off	–	–	(482,450)	–	–	(7,962)	–	(490,412)
Balance at 31 May 2023	3,352,932	4,365,555	10,095,603	1,617,203	3,705,676	660,132	–	23,797,101
Net book value as at 31 May 2023	7,605,736	6,785,860	1,191,190	1,031,966	14,671	32,162	3,089,770	19,751,355

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

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

Group (Cont'd)

2022

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

Notes to the Financial Statements (Cont'd)

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

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

Company

	Motor vehicle	
	2023 RM	**2022 RM**
Cost		
Balance at beginning of financial year	428,470	428,470
Disposal	(428,470)	–
Balance at end of financial year	–	428,470
Accumulated depreciation		
Balance at beginning of financial year	428,469	428,469
Disposal	(428,469)	–
Balance at end of financial year	–	428,469
Net book value as at 31 May	–	1

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

Group	**Cost RM**	**Accumulated depreciation RM**	**Carrying amount RM**	**Current depreciation RM**
2023				
Motor vehicles	1,270,000	(310,000)	960,000	254,000
2022				
Motor vehicles	280,000	(56,000)	224,000	56,000

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

	Group	
	2023 RM	**2022 RM**
Administrative expenses	482,701	283,977
Cost of sales	855,869	810,954
	1,338,570	1,094,931

5. INVESTMENTS IN SUBSIDIARIES

	Company 2023 RM	Company 2022 RM
Unquoted shares, at cost (Note 5.2)	77,500,004	82,102,754
Accumulated impairment loss (Note 5.3)	–	(4,602,750)
	77,500,004	77,500,004

5.1 Details of subsidiaries

Details of the subsidiaries are as follows :-

Names of companies	Principal activities	Country of incorporation	Effective equity interest (%) 2023	Effective equity interest (%) 2022
Tuong Aik Shipyard Sdn. Bhd. *	Shipbuilding and provision of ship repairs and maintenance services	Malaysia	100	100
Western Realty Sdn. Bhd. *	Property investment and property development activities - dormant during the financial year	Malaysia	100	100
TAS Epic Sdn. Bhd. *	Agricultural development activities - dormant during the financial year	Malaysia	100	100
Pantas Marine Sdn. Bhd. *	Ship repairing, maintenance and provision of vessel chartering services	Malaysia	100	100
TA Ventures (L) Ltd.	Shipbuilding outside Malaysia	Malaysia	– (Note 5.2)	100

* Not audited by Folks DFK & Co.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

5.2 Derecognition of a subsidiary during the financial year

On 1 April 2023, a subsidiary namely, TA Ventures (L) Ltd. ("TAV") has been struck off from the register of the Labuan Authority and is accordingly derecognised in the current financial year. Upon derecognition, the allowance for impairment loss on the Company's investment in TAV amounting to RM4,602,750 has been written off against its cost of investment. The derecognition has no further impact on the Company's financial statements as the investment in TAV had previously been fully impaired.

The effects of the derecognition on the financial performance of the Group for the period from 1 June 2022 to 1 April 2023 were as follows :-

	RM
Gain on derecognition	11,681,464
Other income	48,450
Administrative expenses	(33,625)
Profit for the period included in profit or loss	11,696,289
Exchange loss on foreign currency translation	(78)
Reclassification of foreign currency translation reserve to profit or loss	(11,681,464)
Total comprehensive income on derecognition of subsidiary	14,747

5.3 Allowance for impairment loss

The movement in the Company's allowance for impairment loss on the investments in its subsidiaries during the financial year is as follows :-

	2023 RM	2022 RM
Balance at beginning of financial year	4,602,750	4,602,750
Written off upon derecognition (Note 5.2)	(4,602,750)	–
Balance at end of financial year	–	4,602,750

6. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current assets				
Investments in unit trust funds classified as financial assets at fair value through profit or loss	29,026,774	30,912,394	26,187,250	28,160,226
Current assets				
Placement in a debt instrument measured at amortised cost	523,869	–	523,869	–

7. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance at beginning of financial year	(1,613,717)	(1,197,403)	28,465	31,084
Recognised in profit or loss	1,410,752	(354,748)	3,501	3,538
Recognised in other comprehensive income	–	(61,566)	–	(6,157)
Balance at end of financial year	(202,965)	(1,613,717)	31,966	28,465

Presented after appropriate offsetting as follows :-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	1,672,021	307,702	31,966	28,465
Deferred tax liabilities	(1,874,986)	(1,921,419)	–	–
	(202,965)	(1,613,717)	31,966	28,465

Notes to the Financial Statements (Cont'd)

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

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

Group

2023	As at 01.06.2022 RM	Recognised in profit or loss RM	As at 31.05.2023 RM
Deferred tax liabilities			
Property, plant and equipment	(1,605,694)	159,589	(1,446,105)
Right-of-use asset	(1,149,305)	24,985	(1,124,320)
	(2,754,999)	184,574	(2,570,425)
Deferred tax assets			
Retirement benefits	284,653	35,011	319,664
Other deductible temporary differences	856,629	1,191,167	2,047,796
	1,141,282	1,226,178	2,367,460

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

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

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

Company

2023	As at 01.06.2022 RM	Recognised in profit or loss RM	As at 31.05.2023 RM
Deferred tax assets			
Retirement benefits	28,465	3,501	31,966

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

8. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Non-current		
Interest bearing	6,700,000	6,700,000
Current		
Non-interest bearing	1,101,590	884,739
	7,801,590	7,584,739

The amounts due from subsidiaries are non-trade in nature, unsecured, repayable on demand and settlement is expected to be in cash. The amounts due have been classified as current and non-current based on the expected timing of settlement of debts.

Interest charged on interest-bearing amount due from a subsidiary during the financial year was calculated at rates ranging from 4.80% to 7.82% (2022 : 4.80% to 6.82%) per annum.

9. INVENTORIES

	Group	
	2023 RM	2022 RM
Raw materials and consumable stores	14,123,930	9,740,110
Work-in-progress - vessels under construction	26,442,936	7,435,981
Completed vessels	11,427,188	12,538,755
Goods-in-transit	5,116,625	53,663
	57,110,679	29,768,509

Completed vessels as at the end of the previous financial year included a vessel carried at its net realisable value of RM6,152,572. The write-down previously made on this vessel amounting to RM1,315,854 has been reversed during the financial year as the Group has enterered into a contract with a third party customer to sell the vessel above its cost. The sale is expected to be completed in the financial year ending 31 May 2024. The reversal of write-down has been included in cost of sales of the Group's profit or loss.

The write-down of the vessel to its estimated net realisable value in the previous financial year was made in accordance with the Group's accounting policy. This net realisable value was determined by the management with reference to a valuation performed by an independent external valuer and the management's estimates of the costs to complete the vessel and costs to make the sale, where appropriate.

Inventories recognised as an expense during the financial year amounted to RM20,097,042 (2022 : RM45,640,109). This expense is included under cost of sales of the Group's profit or loss.

10. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	Group	
	2023 RM	2022 RM
Contract assets	2,515,459	374,202
Contract liabilities	(10,510,032)	(971,325)
	(7,994,573)	(597,123)

10. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONT'D)

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

	Group	
	2023 RM	2022 RM
Balance at beginning of financial year	(597,123)	1,912,882
Add : Contract revenue recognised during the financial year	8,253,231	3,433,125
Less : Progress billings issued during the financial year	(15,650,681)	(5,943,130)
Balance at end of financial year	(7,994,573)	(597,123)

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

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables (Note 11.1)	14,458,802	4,479,076	–	–
Other receivables, deposits and prepayments (Note 11.2)	5,579,782	1,334,981	28,647	3,650
	20,038,584	5,814,057	28,647	3,650

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.1 Trade receivables

The normal credit period of trade receivables relating to ship repairing activities is 60 days (2022 : 60 days). In respect of shipbuilding contracts, the debts arising are to be settled within a period of 7 days (2022 : 7 days) from the date the billings are rendered. Other credit terms are assessed and approved on a case-by-case basis.

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

2023

	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	10,759,777	–	10,759,777
0 to 30 days past due	112,135	–	112,135
31 to 120 days past due	3,316,994	–	3,316,994
More than 120 days past due	101,387	(28,000)	73,387
	14,290,293	(28,000)	14,262,293
Credit impaired	981,640	(785,131)	196,509
	15,271,933	(813,131)	14,458,802

2022

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

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.1 Trade receivables (Cont'd)

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

	Lifetime ECLs RM	Credit impaired RM	Total RM
2023			
Balance at 1 June 2022	35,000	1,042,976	1,077,976
Net gain on remeasurement of loss allowance	(7,000)	(257,845)	(264,845)
Balance at 31 May 2023	28,000	785,131	813,131
2022			
Balance at 1 June 2021	39,286	1,042,976	1,082,262
Net gain on remeasurement of loss allowance	(4,286)	–	(4,286)
Balance at 31 May 2022	35,000	1,042,976	1,077,976

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

	Group	
	2023 RM	2022 RM
Ringgit Malaysia	–	67,056
Singapore Dollar	14,385,415	4,342,287
United States Dollar	73,387	69,733
	14,458,802	4,479,076

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.2 Other receivables, deposits and prepayments

These comprised :-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits paid to shipbuilding suppliers and contractors (Note 11.2(a))	4,271,575	1,262,702	–	–
Deposits paid for acquisition of land (Note 29)	1,098,945	–	–	–
Sundry deposits	25,590	5,640	2,000	2,000
Other receivables	51,372	2,578	26,647	–
	5,447,482	1,270,920	28,647	2,000
Prepayments	132,300	64,061	–	1,650
	5,579,782	1,334,981	28,647	3,650

(a) Deposits paid to shipbuilding suppliers and contractors

These comprised non-refundable deposits paid to suppliers for purchase of materials and equipment and initial payments paid to contractors in accordance with the terms of shipbuilding contracts. Such deposits will be used to offset against the costs of materials or contract services provided by the suppliers or contractors.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	5,549,358	1,329,362	28,647	3,650
Singapore Dollar	30,424	–	–	–
United States Dollar	–	5,619	–	–
	5,579,782	1,334,981	28,647	3,650

12. FIXED DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash in hand	5,536	10,149	2,520	1,065
Cash at banks	11,117,085	27,727,207	2,819,259	10,628,280
Fixed deposits with licensed banks	10,549,085	2,229,183	8,173,335	–
Total as per the statements of financial position	21,671,706	29,966,539	10,995,114	10,629,345
Less : Fixed deposits held as an investment	(8,173,335)	–	(8,173,335)	–
Less : Fixed deposits pledged to a licensed bank	(2,375,750)	(2,229,183)	–	–
Cash and cash equivalents as per the statements of cash flows	11,122,621	27,737,356	2,821,779	10,629,345

Cash at banks of the Group and of the Company amounting to RM4,026,879 and RM2,668,905 respectively as at the end of the reporting period (2022 : RM11,713,348 and RM10,459,975 respectively) carry an effective interest rate of 0.50% (2022 : 0.50%) per annum.

The effective interest rates of the Group's fixed deposits as at the end of the reporting period ranged from 3.50% to 4.00% (2022 : 1.25%) per annum with original maturities of between 3 and 12 months (2022 : 12 months). As for the Company, its fixed deposit has an effective interest rate of 3.50% (2022 : NIL) per annum and an original maturity period of 3 months (2022 : NIL).

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	12,981,963	11,827,287	10,995,114	10,629,345
Singapore Dollar	6,192,953	13,498,490	–	–
United States Dollar	2,496,700	4,640,762	–	–
Japanese Yen	90	–	–	–
	21,671,706	29,966,539	10,995,114	10,629,345

Notes to the Financial Statements (Cont'd)

13. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount (RM)	
	2023	2022	2023	2022
Issued and fully paid-up ordinary shares				
Balance at beginning and at end of financial year	180,002,000	180,002,000	117,640,472	117,640,472

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

14. TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 27 October 2022, had renewed the Directors' authority for the Company to buy back its own shares up to ten percent (10%) of the total issued and paid-up share capital of the Company.

During the financial year, the Company repurchased 321,400 of its issued ordinary shares which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad from the open market at an average buy-back price of RM0.1936 per share.

The total consideration paid for repurchase transactions including transaction costs was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016. As at 31 May 2023, the number of the Company's shares in issue after deducting treasury shares is 178,857,801 (2022 : 179,179,201) ordinary shares.

The movements in treasury shares are as follows :-

	Number of treasury shares	Cost RM	Average cost per share RM
Balance at 1 June 2021	5,192,900	1,913,025	0.368
Distributed during the financial year	(4,370,101)	(1,609,912)	0.368
Balance at 31 May 2022 / 1 June 2022	822,799	303,113	0.368
Repurchased during the financial year	321,400	62,222	0.194
Balance at 31 May 2023	1,144,199	365,335	0.319

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

15. BANK BORROWINGS (SECURED)

	Group	
	2023 RM	2022 RM
Non-current		
Term loan (Note 15.1)	–	2,973,882
Hire-purchase (Note 15.2)	557,324	80,598
	557,324	3,054,480
Current		
Term loan (Note 15.1)	3,001,913	3,554,405
Hire-purchase (Note 15.2)	223,274	66,231
Banker's acceptances (Note 15.1)	3,764,000	–
	6,989,187	3,620,636
	7,546,511	6,675,116

15.1 Term loan and banker's acceptances

The term loan, banker's acceptances and all other credit facilities granted by a licensed bank to a subsidiary of the Group are secured by fixed deposits pledged, a facility agreement, a Deed of Assignment of Contract Proceeds and Power of Attorney to cover all shipbuilding contracts/agreements financed by the lending bank and a corporate guarantee from the Company. The term loan is repayable by 60 monthly instalments of RM308,000 each commencing from August 2019.

15.2 Hire-purchase

	Group	
	2023 RM	2022 RM
Future minimum payments :		
- Within 1 year	253,860	70,752
- Between 2 and 5 years	601,458	82,528
	855,318	153,280
Future finance charges on hire-purchase	(74,720)	(6,451)
Present value	780,598	146,829
Payable within 1 year (included under current liabilities)	(223,274)	(66,231)
Payable between 2 and 5 years (included under non-current liabilities)	557,324	80,598

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

15.3 Interest rates

Interests on the borrowings utilised by the Group during the financial year were charged at the following rates :-

	2023 % per annum	2022 % per annum
Term loan	2.88 - 4.22	2.86 - 3.14
Hire-purchase	3.90 - 4.46	3.90
Banker's acceptances	4.60 - 4.82	–

16. RETIREMENT BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Present value of unfunded defined benefit obligations	1,331,934	1,186,054	133,194	118,606

The Group implements an unfunded defined benefit plan for eligible Directors. The benefits are payable upon attaining normal retirement age of between 70 and 75 years old, death, or ill health. The actuarial valuation was performed on 26 April 2022. The weighted average duration of the defined benefit obligations as at the end of the reporting period is 5 years (2022 : 6 years).

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance at beginning of financial year	1,186,054	1,295,169	118,606	129,518
Recognised in profit or loss				
Current service costs	93,134	89,123	9,313	8,912
Interest on obligation	52,746	58,283	5,275	5,828
	145,880	147,406	14,588	14,740
Recognised in other comprehensive income				
Actuarial gain arising from :				
- changes in financial assumptions	–	(114,857)	–	(11,486)
- experience adjustments	–	(141,664)	–	(14,166)
	–	(256,521)	–	(25,652)
Balance at end of financial year	1,331,934	1,186,054	133,194	118,606

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

16. RETIREMENT BENEFITS (CONT'D)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Discount rate	4.50%	4.50%	4.50%	4.50%
Future average salary increases	2.00%	2.00%	2.00%	2.00%

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

	Increase/(Decrease) in defined benefit obligations			
	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Discount rate increases by 1%	(66,109)	(69,297)	(6,611)	(6,930)
Discount rate decreases by 1 %	77,095	80,494	7,709	8,049
Future average salary growth increases by 1%	98,687	87,962	9,869	8,796
Future average salary growth decreases by 1%	(86,354)	(77,002)	(8,635)	(7,700)

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

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables (Note 17.1)	12,817,837	7,166,434	–	–
Other payables and accruals (Note 17.2)	22,570,058	5,040,904	142,000	214,258
	35,387,895	12,207,338	142,000	214,258

Notes to the Financial Statements (Cont'd)

17. TRADE AND OTHER PAYABLES (CONT'D)

17.1 Trade payables

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

	Group 2023 RM	Group 2022 RM
Ringgit Malaysia	10,827,228	6,088,119
Singapore Dollar	1,835,000	865,168
United States Dollar	155,609	213,147
	12,817,837	7,166,434

The normal credit period of trade payables granted to the Group ranges from 7 to 90 days (2022 : 7 to 90 days).

17.2 Other payables and accruals

These comprised :-

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Other payables	1,081,886	30,453	–	5,258
Refundable deposits received from customers for shipbuilding contracts	21,156,900	4,640,048	–	–
Accruals	331,272	370,403	142,000	209,000
	22,570,058	5,040,904	142,000	214,258

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

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Ringgit Malaysia	1,413,158	394,288	142,000	214,258
Singapore Dollar	21,156,900	4,640,048	–	–
United States Dollar	–	6,568	–	–
	22,570,058	5,040,904	142,000	214,258

18. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group	
	2023	**2022**
	RM	**RM**
Non-hedging derivatives at fair value through profit and loss		
Current assets		
Derivative financial assets - Forward exchange contracts		
- Notional amount : RM1,022,100 (2022 : NIL)	1,765	–
Current liabilities		
Derivative financial liabilities :		
- Interest rate swaps	(10,884)	(74,909)
- Forward exchange contracts	–	(99,745)
	(10,884)	(174,654)
Nominal amounts :		
- Interest rate swaps	3,326,961	6,803,573
- Forward exchange contracts	–	5,251,400
	3,326,961	12,054,973

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

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

19. REVENUE

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Revenue from contracts with customers	35,369,849	56,790,873	–	–
Revenue from other sources :				
- Income from unit trust funds	515,153	708,108	515,153	708,108
- Interest from fixed deposits	199,982	–	199,982	–
- Interest from placement in a debt instrument	40,777	–	40,777	–
	36,125,761	57,498,981	755,912	708,108

19. REVENUE (CONT'D)

19.1 Disaggregation of revenue from contracts with customers

	Group 2023 RM	Group 2022 RM
Nature of contracts with customers		
Shipbuilding contracts	35,281,789	56,352,720
Vessel repair services	88,060	438,153
	35,369,849	56,790,873
Geographical markets		
Malaysia	88,060	438,153
Indonesia	31,646,289	33,935,354
Singapore	3,635,500	518,478
Iraq	-	21,898,888
	35,369,849	56,790,873
Timing of recognition		
At a point in time	27,116,618	53,357,748
Over time	8,253,231	3,433,125
	35,369,849	56,790,873

19.2 Unsatisfied performance obligations

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

	Revenue recognition		
	At a point in time RM	Over time RM	Total RM
Group - 2023			
Within one year	95,865,604	1,437,150	97,302,754
Between one and two years	42,290,308	–	42,290,308
	138,155,912	1,437,150	139,593,062
Group - 2022			
Within one year	28,267,287	9,045,223	37,312,510

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

20. COST OF SALES

	Group 2023 RM	Group 2022 RM
Cost of shipbuilding contracts	27,042,113	50,053,333
Cost of services rendered	53,336	261,865
	27,095,449	50,315,198

21. FINANCE COSTS

	Group 2023 RM	Group 2022 RM
Interest on :-		
Bank overdrafts	2,796	16,212
Bankers' acceptances and revolving credits	33,474	7,439
Hire-purchase	4,521	5,789
Term loan	234,624	414,288
	275,415	443,728
Less : Finance costs recognised under cost of sales	(33,474)	(7,439)
	241,941	436,289

22. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before taxation is arrived at after charging :-				
Auditors' remuneration :				
- Annual statutory audit	84,000	90,392	40,000	40,000
- Non-audit fees	3,000	3,000	3,000	3,000
Defined benefit cost	145,880	147,406	14,588	14,740
Depreciation of property, plant and equipment	1,338,570	1,094,931	–	–
Property, plant and equipment written off	37	2,186	–	–
Inventories written off	3,655	20,957	–	–
Realised loss on foreign exchange	–	–	34	–
Loss on disposal of investments measured at fair value through profit or loss	50,319	62,463	50,319	62,463
Loss on changes in fair value of investments measured at fair value through profit or loss	930,320	3,921,710	987,316	3,927,165
and crediting :-				
Income from unit trust funds	545,513	752,060	515,153	708,108
Gain on changes in fair value of derivative instruments	165,534	94,268	–	–
Gain on disposal of property, plant and equipment	182,598	39,999	104,999	–
Gain on foreign exchange :				
- realised	1,031,679	343,674	–	–
- unrealised	137,733	115,693	–	912
Net reversal of allowance for impairment losses on :				
- trade receivables	264,845	4,286	–	–
- amount due from a subsidiary	–	–	–	449,209
Reversal of write-down in inventories	1,315,854	–	–	–
Gain on derecognition of a subsidiary	11,681,464	–	–	–
Interest income from :				
- fixed and short-term deposits with licensed banks	304,067	17,428	208,441	6,892
- placement in a debt instrument	40,777	–	40,777	–
- a subsidiary	–	–	386,141	805,946
Waiver of debts	60,486	–	–	–

23. DIRECTORS' REMUNERATION

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors of the Company				
Salaries, allowances and bonus	1,611,870	1,448,660	161,187	144,866
Defined contribution plan - Employees Provident Fund	193,435	173,846	19,343	17,385
Defined benefit cost	145,880	147,406	14,588	14,740
Other benefits	30,235	24,537	229	151
Estimated value of benefits-in-kind	38,725	38,725	38,725	38,725
	2,020,145	1,833,174	234,072	215,867
Non-executive Directors of the Company				
Fees	156,000	151,000	156,000	151,000
Allowances and other benefits	24,100	27,400	24,100	27,400
	180,100	178,400	180,100	178,400
Executive Directors of the subsidiaries				
Salaries, allowances and bonus	136,110	136,110	–	–
Defined contribution plan - Employees Provident Fund	16,356	16,356	–	–
Other benefits	8,046	7,109	–	–
Estimated value of benefits-in-kind	6,450	6,600	–	–
	166,962	166,175	–	–
Non-executive Directors of the subsidiaries				
Fees	40,500	51,000	–	–
Allowances and other benefits	14,473	12,990	–	–
	54,973	63,990	–	–
Total remuneration	2,422,180	2,241,739	414,172	394,267

24. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax :				
- for the financial year	2,950,781	405,573	82,716	128,567
- under/(over) provision in prior financial year	12,400	(49,550)	10,784	9,168
	2,963,181	356,023	93,500	137,735
Deferred tax (income)/expense resulting from origination and reversal of temporary differences :				
- for the financial year	(1,410,334)	290,690	(3,501)	(3,538)
- prior financial year	(418)	64,058	–	–
	(1,410,752)	354,748	(3,501)	(3,538)
Total tax expense	1,552,429	710,771	89,999	134,197

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before taxation	16,828,588	(805,878)	(578,016)	(2,714,187)
Taxation at applicable statutory tax rate of 24% (2022 : 24%)	4,038,861	(193,411)	(138,724)	(651,405)
Tax effect in respect of :-				
Expenses that are not deductible in determining taxable profit	522,588	1,011,225	310,415	1,000,329
Income not subject to tax	(3,021,002)	(127,998)	(92,476)	(223,895)
Current year tax losses of a subsidiary not eligible for carry forward	–	6,447	–	–
Under/(Over) provision in prior financial year :				
- Current tax	12,400	(49,550)	10,784	9,168
- Deferred tax	(418)	64,058	–	–
Total tax expense	1,552,429	710,771	89,999	134,197

25. EARNINGS/(LOSS) PER SHARE

25.1 Basic

The basic earnings/(loss) per share is calculated on the Group's profit/(loss) for the financial year attributable to ordinary equity holders of the Company of RM15,276,159 (2022 : Group's loss of RM1,516,649) and is based on the weighted number of ordinary shares outstanding during the financial year of 178,956,322 (2022 : 175,754,958).

25.2 Diluted

Diluted earnings per share is not presented as there are no dilutive potential ordinary shares outstanding as at 31 May 2023 (2022 : NIL).

26. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Staff costs comprised :-				
Salaries, wages and bonuses	3,316,204	3,056,760	190,932	173,305
Defined contribution plan - Employees Provident Fund	384,802	363,700	22,711	20,977
Defined benefit cost	145,880	147,406	14,588	14,741
Others	120,549	120,288	569	488
	3,967,435	3,688,154	228,800	209,511

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

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Administrative expenses	3,097,422	2,896,146	228,800	209,511
Cost of sales	870,013	792,008	–	–
	3,967,435	3,688,154	228,800	209,511

Included in employee benefit expenses are remuneration provided to Executive Directors of the Group and of the Company amounting to RM2,141,932 (2022 : RM1,954,024) and RM195,347 (2022 : RM177,142) respectively.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

27.1 Transactions with related parties

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

	Group	
	2023	**2022**
	RM	**RM**
Expenditure incurred		
Purchase of marine paints	2,157	1,709
Purchase of raw materials	110,000	177,340

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

	Company	
	2023	**2022**
	RM	**RM**
Interest charged to a subsidiary	386,141	805,946

27.2 Year-end outstanding balances with related parties

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

	Company	
	2023	**2022**
	RM	**RM**
Amount receivable from subsidiaries	7,801,590	7,584,739

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

No bad and doubtful debt expense has been recognised during the financial year in respect of amount due from the subsidiaries (2022 : NIL).

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

27.3 Key management personnel compensation

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

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors				
Short-term employee benefits	2,021,334	1,858,806	341,516	323,417
Post-employment benefits - contribution to Employees Provident Fund	209,791	190,202	19,343	17,385
Defined benefit cost	145,880	147,406	14,588	14,740
Estimated value of benefits-in-kind	45,175	45,325	38,725	38,725
	2,422,180	2,241,739	414,172	394,267
Other key management personnel				
Short-term employee benefits	434,302	60,593	26,574	6,059
Post-employment benefits - contribution to Employees Provident Fund	50,204	7,800	3,238	780
Estimated value of benefits-in-kind	10,500	–	10,500	–
	495,006	68,393	40,312	6,839
Total	2,917,186	2,310,132	454,484	401,106

28. SEGMENT REPORTING

28.1 Operating Segment

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

28.2 Geographical Information

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

	2023		2022	
	Revenue RM	Non-current assets RM	Revenue RM	Non-current assets RM
Malaysia	843,972	19,751,355	1,146,261	16,552,197
Indonesia	31,646,289	–	33,935,354	–
Singapore	3,635,500	–	518,478	–
Iraq	–	–	21,898,888	–
	36,125,761	19,751,355	57,498,981	16,552,197

28.3 Major Customers

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

	2023 RM	2022 RM
Customer A	11,412,191	21,898,888
Customer B	8,068,356	15,033,506
Customer C	4,777,723	8,332,480
Customer D	3,912,510	–
Customer E	3,635,500	–

29. CAPITAL COMMITMENT

	Group	
	2023 RM	2022 RM
Authorised and contracted capital expenditure not provided for in the financial statements :		
- Acquisition of property, plant and equipment	1,201,055	–

The above capital commitment refers to the acquisition of three (3) parcels of leasehold land ("the Land") all located in Sibu, Sarawak by a subsidiary, namely Tuong Aik Shipyard Sdn. Bhd. ("TuongAik"). On 20 December 2022, TuongAik entered in a sale and purchase agreement ("the SPA") with a third party ("the Vendor") to acquire the Land for a total cash consideration of RM2,300,000 out of which, a total deposits of RM1,098,945 has already been paid to the Vendor as at 31 May 2023 as disclosed in Note 11.2.

The completion of the SPA is conditional upon the Vendor obtaining the following :-

(a) An extension of lease period;

(b) The removal of existing encumbrances; and

(c) A consent in writing from the local government.

(collectively referred to as "the Conditions Precedent")

As of the date of approval of these financial statements, all of the Conditions Precedent have yet to be fulfilled. The management expect the acquisition to be completed in the financial year ending 31 May 2024.

30. CORPORATE GUARANTEE (UNSECURED)

	Company	
	2023 RM	2022 RM
Corporate guarantees favouring a licensed bank for facilities granted to a subsidiary :		
- Facility limit	44,277,000	44,277,000
- Amount utilised	6,815,914	6,578,287

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

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

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

31.1 Categories of Financial Instruments

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets				
At fair value through profit or loss				
Investments in unit trust funds	29,026,774	30,912,394	26,187,250	28,160,226
Derivative financial assets	1,765	–	–	–
At amortised cost				
Placement in a debt instrument	523,869	–	523,869	–
Trade receivables	14,458,802	4,479,076	–	–
Other receivables *	1,175,907	8,218	28,647	2,000
Amount due from subsidiaries	–	–	7,801,590	7,584,739
Fixed deposits, cash and bank balances	21,671,706	29,966,539	10,995,114	10,629,345
	66,858,823	65,366,227	45,536,470	46,376,310
Financial liabilities				
At fair value through profit or loss				
Derivative financial liabilities	10,884	174,654	–	–
At amortised cost				
Trade payables	12,817,837	7,166,434	–	–
Other payables	22,570,058	5,040,904	142,000	214,258
Term loan	3,001,913	6,528,287	–	–
Hire-purchase	780,598	146,829	–	–
Banker's acceptances	3,764,000	–	–	–
	42,945,290	19,057,108	142,000	214,258

* *Exclude deposits paid to shipbuilding suppliers and contractors and prepayments. The comparative information has been amended to exclude deposits paid to shipbuilding suppliers and contractors.*

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

31.2 Financial Risk Management

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

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

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

(a) Credit Risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade and other receivables, placement in a debt instrument, fixed deposits placed with licensed banks and bank balances. The Company's exposure to credit risk includes amount due from subsidiaries and corporate guarantees given to a licensed bank for credit facilities of a subsidiary as disclosed in Note 30.

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

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

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

The Company provides unsecured corporate guarantees to banks for facilities granted to a subsidiary. The Company monitors on an on-going basis the results of the subsidiary and its ability to fulfill the financial obligations. The Company's maximum exposure to credit risk arising from the corporate guarantees provided is represented by the outstanding banking facilities utilised by the subsidiary as at 31 May 2023 amounting RM6,815,914 (2022 : RM6,578,287) as disclosed in Note 30. The fair value of the financial liability in respect of the corporate guarantees provided has not been recognised in the Company's financial statements as the fair value on initial recognition was not material. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

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

31.2 Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(i) Concentration of credit risk

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure to amount due from three (3) (2022 : two (2)) major customers amounting to RM13,778,354 (2022 : RM4,342,288) representing 95% (2022 : 97%) of total trade receivables.

The amount due from and settlement by these customers are closely monitored by the management on an on-going basis to ensure that the terms agreed by the customers are complied with.

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

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

- Trade receivables and other receivables;
- Placement in a debt instrument; and
- Fixed deposits and bank balances.

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

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

Trade receivables and contract assets

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

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

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

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

31.2 Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

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

Trade receivables and contract assets (Cont'd)

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

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

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

Receivables and contract assets from shipbuilding contracts

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

Receivables from ship repairing services

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

The historical loss rates are derived from the payment profiles of sales over a period of 36 months before 31 May 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. The Group has identified the GDP of the country to be the most relevant factor and accordingly adjusts the historical loss rates based on expected change in this factor.

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

Notes to the Financial Statements (Cont'd)

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

31.2 Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

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

Other receivables

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

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

Amount due from subsidiaries

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

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

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

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

31.2 Financial Risk Management (Cont'd)

(b) Liquidity and Cash Flow Risks

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

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

Maturity Analysis

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

	Maturity profile			
	Less than 1 year RM	More than 1 year and less than 5 years RM	Total RM	Effective interest rate %
Group				
2023				
Trade payables	12,817,837	–	12,817,837	–
Other payables	22,570,058	–	22,570,058	–
Term loan	3,061,867	–	3,061,867	2.88 - 4.22
Hire-purchase	253,860	601,458	855,318	3.90 - 4.46
Banker's acceptances	3,822,938	–	3,822,938	4.60 - 4.82
Derivative financial liabilities	10,884	–	10,884	–
2022				
Trade payables	7,166,434	–	7,166,434	–
Other payables	5,040,904	–	5,040,904	–
Term loan	3,696,000	3,012,800	6,708,800	3.14
Hire-purchase	70,752	82,528	153,280	3.90
Derivative financial liabilities	174,654	–	174,654	–

Notes to the Financial Statements (Cont'd)

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

31.2 Financial Risk Management (Cont'd)

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

Maturity Analysis (Cont'd)

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

	Maturity profile			
	Less than 1 year RM	More than 1 year and less than 5 years RM	Total RM	Effective interest rate %
Company				
2023				
Other payables	142,000	–	142,000	–
Corporate guarantees	6,815,914	–	6,815,914	–
2022				
Other payables	214,258	–	214,258	–
Corporate guarantees	6,578,287	–	6,578,287	–

(c) Market Risk

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

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

(d) Currency Risk

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

The Group does not speculate in foreign currency derivatives.

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

31.2 Financial Risk Management (Cont'd)

(d) Currency Risk (Cont'd)

Exposure to currency risk

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

	Denominated in foreign currency		
	USD RM	**SGD RM**	**Total RM**
Functional currency : RM			
2023			
Trade receivables	73,387	14,385,415	14,458,802
Other receivables	–	30,424	30,424
Fixed deposits, cash and bank balances	2,496,700	6,192,953	8,689,653
Trade payables	(155,609)	(1,835,000)	(1,990,609)
Other payables	–	(21,156,900)	(21,156,900)
	2,414,478	(2,383,108)	31,370
2022			
Trade receivables	69,733	4,342,287	4,412,020
Other receivables	5,619	–	5,619
Fixed deposits, cash and bank balances	4,640,762	13,498,490	18,139,252
Trade payables	(213,147)	(865,168)	(1,078,315)
Other payables	(6,568)	(4,640,048)	(4,646,616)
	4,496,399	12,335,561	16,831,960

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

Notes to the Financial Statements (Cont'd)

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

31.2 Financial Risk Management (Cont'd)

(d) Currency Risk (Cont'd)

Currency risk sensitivity analysis

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

	Group	
	2023	**2022**
	RM	**RM**
USD	241,448	449,640
SGD	(238,311)	1,233,556
	3,137	1,683,196

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

(e) Interest Rate Risk

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

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

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

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

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

31.2 Financial Risk Management (Cont'd)

(e) Interest Rate Risk (Cont'd)

Exposure to interest rate risk

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

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Floating rate instruments				
Financial assets				
Investments in unit trust funds	29,026,774	30,912,394	26,187,250	28,160,226
Amount due from subsidiaries	–	–	6,700,000	6,700,000
Financial liabilities				
Term loan	(3,001,913)	(6,528,287)	–	–
	26,024,861	24,384,107	32,887,250	34,860,226

Interest rate risk sensitivity analysis

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

	Impact on profit or loss [Increase/(Decrease)]			
	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Floating rate instruments				
Financial assets				
Investments in unit trust funds	290,268	309,124	261,873	281,602
Amount due from subsidiaries	–	–	67,000	67,000
Financial liabilities				
Term loan	(30,019)	(65,283)	–	–

A 100 basis points drop in interest rates at the end of the reporting period would have an equal but opposite effect on the profit or loss, assuming that all other variables remain constant.

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

31.2 Financial Risk Management (Cont'd)

(f) Other Price Risk

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

31.3 Fair Value of Financial Instruments

(a) Financial instruments that are carried at fair value

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

	Fair value measurement using			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
2023				
Financial assets				
Investments in unit trust funds				
- Group	29,026,774	–	–	29,026,774
- Company	26,187,250	–	–	26,187,250
Derivative financial assets				
- Group	–	1,765	–	1,765
Financial liabilities				
Derivative financial liabilities				
- Group	–	(10,884)	–	(10,884)
2022				
Financial assets				
Investments in unit trust funds				
- Group	30,912,394	–	–	30,912,394
- Company	28,160,226	–	–	28,160,226
Financial liabilities				
Derivative financial liabilities				
- Group	–	(174,654)	–	(174,654)

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

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

There were no transfers in between fair value levels during the financial year ended 31 May 2023 and 31 May 2022.

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

31.3 Fair Value of Financial Instruments (Cont'd)

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

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

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

32.1 Purchase of property, plant and equipment

	Group	
	2023	**2022**
	RM	**RM**
Aggregate cost of property, plant and equipment acquired	4,560,167	289,154
Amount financed under hire-purchase financing	(700,000)	(200,000)
Cash purchase	3,860,167	89,154

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

32.2 Liabilities arising from financing activities

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

	At beginning of financial year RM	Financing obtained RM	Net cash flows RM	At end of financial year RM
2023				
Term loan	6,528,287	–	(3,526,374)	3,001,913
Hire-purchase	146,829	700,000	(66,231)	780,598
Banker's acceptances	–	–	3,764,000	3,764,000
	6,675,116	700,000	171,395	7,546,511
2022				
Term loan	9,977,317	–	(3,449,030)	6,528,287
Hire-purchase	–	200,000	(53,171)	146,829
	9,977,317	200,000	(3,502,201)	6,675,116

33. CAPITAL MANAGEMENT

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

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

The debt-to-equity ratio as at 31 May 2023 and 31 May 2022 is as follows :-

	Group	
	2023 **RM**	**2022** **RM**
Trade and other payables	35,387,895	12,207,338
Bank borrowings	7,546,511	6,675,116
Less : Fixed deposits, cash and bank balances	(21,671,706)	(29,966,539)
Net debts/(surplus)	21,262,700	(11,084,085)
Total equity	95,219,038	91,686,643
Debt/(Surplus)-to-equity ratio	0.223	(0.121)

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

Statement by Directors

We, **DATUK LAU NAI HOH** and **LAU CHOO CHIN**, being two of the Directors of **TAS OFFSHORE BERHAD** do hereby state on behalf of the Directors that in our opinion, the financial statements set out on pages 46 to 118 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

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

....
DATUK LAU NAI HOH
Director

....
LAU CHOO CHIN
Director

Sibu, Sarawak

Date : 11 September 2023

Statutory Declaration

I, **HII CHAI HUNG**, being the Officer primarily responsible for the accounting records and financial management of **TAS OFFSHORE BERHAD** do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 118 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Sibu in the state of)
Sarawak this 11 September 2023)

....
HII CHAI HUNG

Before me,

....
COMMISSIONER FOR OATHS

Independent Auditors' Report

to the Members of TAS Offshore Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TAS OFFSHORE BERHAD, which comprise the statements of financial position as at 31 May 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 118.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

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

Independent Auditors' Report (Cont'd)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
2. Assessment of impairment losses for investments in subsidiaries	
As disclosed in Note 5 to the financial statements, the carrying amount of the investments in subsidiaries as at 31 May 2023 is RM77,500,004. The Company carried out an impairment assessment for its investments in subsidiaries as at the end of the reporting period and where applicable, determined the recoverable amounts of these investments by estimating their value in use ("VIU"). As disclosed in Note 3.2(b) to the financial statements, the determination of VIU which uses the discounted future cash flows method is highly subjective as significant judgement is required to determine the appropriate future cash flows discount rate and growth rate. Due to the involvement of high estimation uncertainty, the impairment assessment of the investments in subsidiaries is considered to be a key audit matter.	The audit procedures include the following : • Compared the cash flow projections estimated by management against recent performance and assessed the reasonableness of the key assumptions used in the preparation of the projections; • With regard to future cash flow amounts from shipbuilding activities, we assessed their reasonableness by comparing them against the values of on-going and unfulfilled shipbuilding contracts at hand, where available, and the expected timing of completion of the contracts; and • Performed sensitivity analysis on a reasonable possible change in key assumptions used by the Company to determine the VIU.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

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

Independent Auditors' Report (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

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

Kuala Lumpur

Date : 11 September 2023

Landed Property of the Group

Location/ Address	Description/ Existing Use	Land Area (Acres)	Approx. Age of Building (Years)	Date of Revaluation	Tenure	Net Book Value as at 31.5.2023 (RM)
Lot 199 Block 1 Sibu Town District	Shipyard with 3-storey office, two 3-storey workers' quarters, two utility hangers cum workshop, store, 1-storey guardhouse and a slipway.	12.23	20	19.11.2008	Lease-hold 60 years expiring in 2070	14,391,638

Analysis of Shareholdings

as at 1 September 2023

SHARE CAPITAL

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

DISTRIBUTION SCHEDULE OF ORDINARY SHARES

Holdings	No. of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100 shares	149	6,006	0.00 *
100 – 1,000 shares	151	46,802	0.03
1,001 – 10,000 shares	1,224	4,832,839	2.70
10,001 – 100,000 shares	1,317	34,613,603	19.35
100,001 – less than 5% of issued shares	155	46,569,739	26.04
5% and above of issued shares	4	92,788,812	51.88
Total	3,000	178,857,801 #	100.00

* Less than 0.01 %

\# Excluding 1,144,199 ordinary shares bought back by the Company and retained as treasury shares based on Record of Depositors as at 1 September 2023.

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Account Holder	No. of Shares Held	Percentage (%)
1.	Lau Nai Hoh	30,750,000	17.19
2.	Lau Nai Hoh	30,750,000	17.19
3.	Lau Nai Hoh	20,500,000	11.46
4.	Lau Nai Hoh	10,788,812	6.03
5.	Tan Aik Choon	3,082,832	1.72
6.	CGS-CIMB Nominess (Tempatan) Sdn Bhd Pledged Securities Account for Tay Hock Soon (MY1055)	2,335,800	1.31
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Cheah Chee Siong (PB)	1,407,222	0.79
8.	Shin Kao Jack	1,302,825	0.73
9.	Hii Kiong Thai	1,272,349	0.71
10.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Kok Wah	1,245,272	0.70
11.	Chow Yoke Fung	906,500	0.51
12.	Ng Teng Song	848,290	0.47
13.	Lau Chui Tai	716,167	0.40
14.	Lee Bee Geok	645,750	0.36
15.	Hii Sieng Teck	620,945	0.35
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Wei Lik (E-MLB/PSG)	615,000	0.34

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

No.	Account Holder	No. of Shares Held	Percentage (%)
17.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Kiing Ho (E-SDK)	610,797	0.34
18.	Maybank Nominees (Tempatan) Sdn Bhd Peter Ting Siew Liang	601,337	0.34
19.	Chan Foon Fook	533,000	0.30
20.	Ng Teng Song	523,775	0.29
21.	Loh Chwee Chew Mooring Services Private Limited	512,500	0.29
22.	Saw You Boon	512,500	0.29
23.	Philip Nominees (Tempatan) Sdn Bhd Exempt an for Philip Capital Management Sdn Bhd (EPF)	511,987	0.29
24.	Lee Chun Choy	500,000	0.28
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Teik Gin	500,000	0.28
26.	Wong Chee Sung	500,000	0.28
27.	Irene Lim Siew Wen	495,000	0.28
28.	Ling Pik Ung	493,107	0.27
29.	W Ismail Bin W Nik	488,632	0.27
30.	Lau Choon Yee	481,750	0.27
	Total	**115,052,149**	**64.33**

SUBSTANTIAL SHAREHOLDER

The substantial shareholders' interests in shares in the Company as per the Register of Substantial Shareholders as at 1 September 2023 are as follows: -

	No. of Ordinary Shares			
	Direct	**%**	**Indirect**	**%**
1. Datuk Lau Nai Hoh	92,788,812	51.88	1,292,849 (i)	0.72

Note:
(i) *Deemed interested by virtue of the shareholdings of his spouse, Datin Hii Kiong Thai (1,272,349 shares) and his daughter, Ms Lau Siew Ling (20,500 shares) in the Company.*

Analysis of Shareholdings (Cont'd)

DIRECTORS' INTERESTS

The Directors' interests in shares in the Company as per the Register of Directors' Shareholdings as at 1 September 2023 are as follows: -

	No. of Ordinary Shares			
	Direct	**%**	**Indirect**	**%**
1. Datuk Lau Nai Hoh	92,788,812	51.88	1,292,849 (i)	0.72
2. Lau Choo Chin	419,231	0.23	41,000 (ii)	0.02
3. Lau Choo Kuang	20,500	0.01	–	–
4. Datu Haji Mohammed Sepuan Bin Anu	15,375	0.01	–	–
5. Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu	–	–	–	–
6. Ling Hang Ngee	–	–	–	–
7. Yong Leh Ying	377,050	0.21	–	–

Notes:

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

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting ("AGM") of TAS Offshore Berhad ("the Company") will be held at Tanahmas Hotel Sibu, Lot 277, Block 5, Jalan Kampung Nyabor, 96007 Sibu, Sarawak on Thursday, 26 October 2023 at 10.00 a.m. to transact the following business: -

A G E N D A

ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the financial year ended 31 May 2023 together with the Reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note (A)**

2. To approve the payment of Directors' fees up to an amount of RM300,000 in respect of the financial year ending 31 May 2024. — **Ordinary Resolution 1**

3. To approve the payment of Directors' benefits up to an amount of RM150,000 from the date of the passing of this Ordinary Resolution until the next AGM. — **Ordinary Resolution 2**

4. To re-elect Datu Haji Mohammed Sepuan Bin Anu, being the Director who retires pursuant to Clause 91 of the Company's Constitution, and being eligible offers himself for re-election. — **Ordinary Resolution 3**

5. To re-elect the following Directors who retire pursuant to Clause 90 of the Company's Constitution, and being eligible offer themselves for re-election: -

(a) Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu — **Ordinary Resolution 4**
(b) Mr Ling Hang Ngee — **Ordinary Resolution 5**
(c) Mr Yong Leh Ying — **Ordinary Resolution 6**
(d) Mr Lau Choo Kuang — **Ordinary Resolution 7**

6. To re-appoint Messrs. FOLKS DFK & Co. as Auditors of the Company for the ensuing year and to authorize the Board of Directors to fix their remuneration. — **Ordinary Resolution 8**

SPECIAL BUSINESS

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

7. Continuation in Office as Independent Non-Executive Directors: — **Ordinary Resolution 9**

"THAT approval be and is hereby given to Datu Haji Mohammed Sepuan Bin Anu who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the next AGM."

Notice of Annual General Meeting (Cont'd)

8. Authority to Issue and Allot shares of the Company Pursuant to Sections 75 and 76 of the Companies Act 2016 — **Ordinary Resolution 10**

"THAT pursuant to Section 75 and 76 of the Companies Act 2016 ("the Act") and subject always to the Constitution of the Company and approvals of the relevant regulatory authorities, the Directors of the Company be hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being; AND THAT the Directors be hereby empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT in connection with the above, pursuant to Section 85 of the Act which must be read together with Clause 16 of the Constitution of the Company, the shareholders of the Company do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of the new shares by the Company."

9. Proposed Renewal of Authority for the Company to Purchase its Own Shares ("Proposed Share Buy-Back") — **Ordinary Resolution 11**

"THAT subject always to the Companies Act 2016 ("the Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorized to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia as the Directors may be deemed fit and expedient in the interest of the Company provided that:

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

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

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

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

By order of the Board

Pauline Kon Suk Khim
(MAICSA 7014905)
(CCM Practicing Certificate No. 202008001607)
Company Secretary
Date: 27 September 2023

Notes: -

1. *For the purpose of determining a member who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 19 October 2023. Only a depositor whose name appears on the General Meeting Record of Depositors as at 19 October 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

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

3. *To be valid, the proxy form, duly completed must be deposited at the registered office of the Company at Lot 199, Jalan Sg. Maaw, Sungai Bidut, P. O. Box 920, 96008 Sibu, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

4. *Where a member of the company is an exempt authorized nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

5. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

6. *If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.*

Notice of Annual General Meeting (Cont'd)

EXPLANATORY NOTES:

(A) Audited Financial Statements

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

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

Section 230(1) of the Companies Act, 2016 requires the benefits payable to the Directors of the Company must be approved at a general meeting. Accordingly, shareholders' approval for the payment of the Directors' meeting attendance allowance and any other benefits of up to RM150,000 is sought.

(C) Ordinary Resolutions 3 - Re-election of Directors Pursuant to Clause 91 of the Constitution of the Company

Clause 91 of the Company's Constitution provides that one-third (1/3) of the Directors for the time being who are subject to retirement shall retire from office, provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The retiring director shall retain office until the close of the meeting at which he retires

The Nomination Committee ("NC") has assessed the performance of Datu Haji Mohammed Sepuan Bin Anu ("the retiring Director").

Upon consideration of the NC's recommendation, the Board acknowledges and affirms the performance and contributions of the retiring Director. As such, the Board supports his re-election.

The profiles of the retiring Directors are set out in the Board of Directors' Profile of the 2023 Annual Report.

(D) Ordinary Resolutions 4, 5, 6 & 7
Re-election of Directors Pursuant to Clause 90 of the Constitution of the Company

The following Directors were appointed to the Company on 11 January 2023. Pursuant to Clause 90 of the Company's Constitution, they shall hold office until the conclusion of this AGM and shall then be eligible for re-election.

i. Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu (Independent Non-Executive Director)
ii. Mr Ling Hang Ngee (Independent Non-Executive Director)
iii. Mr Yong Leh Ying (Independent Non-Executive Director)
iv. Mr Lau Choo Kuang (Non-Independent Executive Director)

Upon careful assessment conducted by the NC, the Board concurred with the NC's assessment that the aforementioned Directors possess the qualifications and qualities to effectively fulfil their roles as Directors of the Company.

The profiles of the retiring Directors are set out in the Board of Directors' Profile of the 2023 Annual Report.

EXPLANATORY NOTES: (CONT'D)

(E) Ordinary Resolution 9
Continuation in Office as Independent Non-Executive Director

The proposed resolution is to seek the shareholders' approval to retain Datu Haji Mohammed Sepuan Bin Anu who has served on the Board as an Independent Non-Executive Director for a cumulative term of more than 9 years.

The Board through its NC had assessed the independence of Datu Haji Mohammed Sepuan Bin Anu. He has remained objective and independent in communicating his opinion and in contributing to the deliberation and decision-making of the Board and Board Committees. His length of services on the Board does not in any way interfere with his exercise of independent judgement and capability to act in the best interests of the Company. In addition, he has satisfied all the criteria of an Independent Director set out in Paragraph 1.01 of the Main Market Listing Requirements.

The retention of Datu Haji Mohammed Sepuan Bin Anu as Independent Non-Executive Director of the Company will be sought through a two-tier voting process in this AGM.

The proposed resolution, if passed, will enable Datu Haji Mohammed Sepuan Bin Anu to continue to act as Independent Director of the Company until the next AGM.

(F) Ordinary Resolution 10
Authority to Issue and Allot shares of the Company Pursuant to Sections 75 and 76 of the Companies Act 2016

This Ordinary Resolution, if passed, is a renewal of the general mandate pursuant to Sections 75 and 76 of the Act to empower the Directors of the Company from the date of this AGM, authority to issue and allot ordinary shares in the Company up to an aggregate of ten percent (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider in their absolute discretion to be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next AGM. With this authority, the Company will be able to raise capital from the equity market in a shorter period of time and the cost to be incurred will also be lower as the need to convene an extraordinary general meeting will be dispensed with. The general mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

The Ordinary Resolution, if passed, shall have the effect of the shareholders of the Company agreeing to waive their pre-emptive rights in respect of the allotment and issuance of the new ordinary shares in the Company, pursuant to Section 85 of the Act read together with Clause 16 of the Company's Constitution.

As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Fifteenth (15th) AGM held on 27 October 2022 and which will lapse at the conclusion of the Sixteenth (16th) AGM to be held on 26 October 2023.

(G) Ordinary Resolution 11
Proposed Share Buy-Back

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

Please refer to the Statement to Shareholders dated 27 September 2023 for further details.

Notice of Annual General Meeting (Cont'd)

Statement Accompanying Notice of AGM

There is no person seeking election as a Director of the Company at this Sixteenth (16th) AGM.

Personal Data Privacy:

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

TAS OFFSHORE BERHAD

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

No. of Shares held

I/We, ...of .... being member/members of the abovenamed Company hereby appoint ....

of .... or failing him, ...

of ....
or *the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Company to be held at Tanahmas Hotel Sibu, Lot 277, Block 5, Jalan Kampung Nyabor, 96007, Sibu, Sarawak, on Thursday, 26th day of October 2023 at 10.00 am and, at any adjournment thereof for/against* the resolutions to be proposed thereat.

Resolution No	Ordinary Business	FOR	AGAINST
Ordinary Resolution 1	Approval for payment of Directors' fees		
Ordinary Resolution 2	Approval for payment of Directors' benefits		
Ordinary Resolution 3	Re-election of Datu Haji Mohammed Sepuan Bin Anu as Director		
Ordinary Resolution 4	Re-election of Datin Patinggi Datuk Amar Hajah Jamilah Binti Haji Anu as Director		
Ordinary Resolution 5	Re-election of Mr Ling Hang Ngee as Director		
Ordinary Resolution 6	Re-election of Mr Yong Leh Ying as Director		
Ordinary Resolution 7	Re-election of Mr Lau Choo Kuang as Director		
Ordinary Resolution 8	Re-appoint Messrs. FOLKS DFK & Co. as Auditors for the ensuing year		
	Special Business		
Ordinary Resolution 9	Continuation as Independent Director – Datu Haji Mohammed Sepuan Bin Anu		
Ordinary Resolution 10	Authority to issue and allot shares		
Ordinary Resolution 11	The renewal of authority to purchase its own shares		

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

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

	Numbers of Shares	Percentage
First-Named proxy A		%
Second Named proxy B		%
Total		100%

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

Dated this .... day of 2023

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

Notes:

1. *To determine a member who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 19 October 2023. Only a depositor whose name appears on the General Meeting Record of Depositors as at 19 October 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
2. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. A proxy may but need not be a member of the Company and a member may appoint any persons to be his/her proxy.*
3. *To be valid, the proxy form, duly completed must be deposited at the registered office of the Company at Lot 199, Jalan Sg. Ma'aw, Sungai Bidut, P. O. Box 920, 96008 Sibu, Sarawak not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies that the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
6. *If the appointer is a corporation, this form must be executed under its common seal or the hand of an officer or attorney duly authorised.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

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

1st fold here

TAS OFFSHORE BERHAD
200801008892 (810179-T)

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