7. TASCO GROUP NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005 AND 2006 AND THE EIGHT MONTHS ENDED 31 AUGUST 2007 AND 2006

7.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements comply with applicable approved accounting standards for entities other than private entities, namely, Financial Reporting Standards ("FRSs"), issued by the Malaysian Accounting Standards Board and with the provisions of the Companies Act, 1965.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also TASCO's functional currency.

(a) Changes in accounting policies

The significant accounting policies adopted are consistent with those of the previous year except for the following changes in accounting policies:

(i) Adoption of new/revised FRSs which are effective

On 1 January 2006, the TASCO Group adopted the following new/revised FRSs which are relevant to their operations and effective for financial periods beginning on or after 1 January 2006:

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

On 1 January 2007, the TASCO Group adopted the following new/revised FRSs which are relevant to their operations and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above FRSs did not have significant financial impact on the TASCO Group except for *FRS 3, FRS 5, FRS 101, FRS 117, FRS 121, FRS 136* and *FRS 138.* The principal effects of the changes in accounting policies resulting from the adoption of these FRSs are discussed below:

FRS 3 Business Combinations, FRS 136 Impairment of Assets and FRS 138 Intangible Assets

The adoption of *FRS 3* and the consequential changes to *FRS 136* and *FRS 138* has resulted in a change in the accounting policy relating to goodwill and negative goodwill on consolidation.

Goodwill

Prior to 1 January 2006, goodwill acquired in a business combination was capitalised and amortised on a straight line basis over its estimated useful life or 25 years, whichever is shorter. At each balance sheet date, the TASCO Group would assess if there was any indication of impairment of the cash-generating unit to which the goodwill is attached. If such an indication existed and impairment was established, an impairment loss would be recognised in addition to the annual amortisation.

With the adoption of *FRS 3* and *FRS 136*, goodwill is no longer subjected to annual amortisation. Instead it is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. If impairment is established, an impairment loss is recognised and goodwill is stated at cost less such impairment loss.

Negative goodwill

Prior to 1 January 2006, negative goodwill was either taken to income statement as and when they arose or retained in the balance sheet and credited to the income statement over a suitable period, depending on the particular circumstances which gave rise to it.

With the adoption of *FRS 3*, negative goodwill is now recognised immediately to the income statement as and when they arise.

In accordance with the transitional provisions of *FRS 3*, the changes in accounting policies have been applied prospectively for business combinations with agreement dates on or after 1 January 2006.

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For business combinations entered prior to that date, the transitional provisions of *FRS 3* require the TASCO Group to set off accumulated goodwill amortised up to 1 January 2006 amounting to RM96,000 against the cost of goodwill as at that date amounting to RM961,000.

After the set off, the carrying amount of goodwill as at 1 January 2006 amounting to RM865,000 ceased to be amortised. This has had the effect of reducing the amortisation charge by RM48,000 for the year ended 31 December 2006 and RM32,000 for the eight months ended 31 August 2007.

As these changes in accounting policies have been applied prospectively, there is no impact on amounts reported for 2005 or prior periods.

FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Prior to 1 January 2006, non-current assets held for sale were not classified separately on the balance sheet. There were no differences in the measurement of non-current assets held for sale and those for continuing use.

Upon the adoption of *FRS 5*, non-current assets held for sale are now classified as current assets and are stated at the lower of carrying amount and fair value less costs to sell.

The TASCO Group has applied *FRS 5* prospectively in accordance with the transitional provisions. Accordingly, there is no impact on amounts reported for 2005 or prior periods.

FRS 101 Presentation of Financial Statements

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity.

Upon the adoption of the revised *FRS 101*, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the consolidated statement of changes in equity.

The revised *FRS 101* also requires disclosure on the face of the consolidated statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to shareholders of TASCO and to minority interests.

Prior to 1 January 2006, the TASCO Group's share of the total tax expense of the associated companies accounted for using the equity method was included as part of the TASCO Group's income tax expense in the consolidated income statement.

Upon the adoption of the revised *FRS 101,* the share of the total tax expense of the associated companies is now not included as part of the TASCO Group's income tax expense but is deducted in arriving at the share of profits or losses included in the TASCO Group's profit or loss before taxation.

The above changes in presentation have been applied retrospectively, and accordingly, the comparatives have been restated.

FRS 117 Leases

Prior to 1 January 2007, leasehold land was classified as financial lease and the amount of prepaid lease payments were recognised as property within the property, plant and equipment and was stated at cost less accumulated amortisation and impairment losses, if any.

Upon the adoption of the revised *FRS 117*, leasehold land is classified as operating lease and the amount of prepaid payments for the leasehold land are now classified as prepaid lease payments.

The prepaid lease payments are amortised on a straight-line basis over the remaining period of the leases, which is similar to the depreciation policy when they are treated as property, plant and equipment.

The classifications have been applied retrospectively, and accordingly, the comparatives have been restated. These changes in classification have no impact on the income statement.

FRS 121 The Effects of Changes in Foreign Exchange Rates

Prior to 1 January 2006, the subsidiary company, TASPL, was considered by TASCO to be an integral part of its operations. For consolidation purposes, monetary assets and liabilities in TASPL were translated to Ringgit Malaysia at the foreign exchange rates ruling at the balance sheet date and all exchange differences arising on translation were recognised in the income statement. Non-monetary assets and liabilities in TASPL were translated to Ringgit Malaysia using the exchange rate at the date of the transaction.

Upon the adoption of the revised *FRS 121*, all assets and liabilities included in the financial statements of TASPL are measured using Singapore Dollars, which is its functional currency. For consolidation purposes, all assets and liabilities of TASPL are translated to Ringgit Malaysia at the foreign exchange rates ruling at the balance sheet date. All exchange differences arising from the translation are dealt with through the exchange translation reserve account within equity.

The effect of the change in the functional currency has been accounted for prospectively from 1 January 2006. Accordingly, there is no impact on amount reported for 2005 or prior periods.

(Prepared for inclusion in the Prospectus)

(ii) New/revised FRSs that are not yet effective

The TASCO Group have not adopted the following new/revised FRSs that have been issued and relevant to their operations but which are only effective for the financial periods beginning on or after:

1 July 2007

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

TASCO Group will apply these standards from financial year beginning 1 January 2008.

The adoption of the above FRSs does not have any significant financial impact on the TASCO Group when these standards become effective to the TASCO Group.

Effective date yet to be announced

FRS 139	Financial Instruments: Recognition and Measurement

(b) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the balance sheet date, and reported amounts of income and expenses during the financial period.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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 and in any future periods affected.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 30 years.

The carrying amounts of the TASCO Group's property, plant and equipment as at 31 August 2007 were RM51,308,000 (31.12.2006 : RM48,503,000).

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

Allowance for doubtful debts

The collectibility of receivables is assessed on an on going basis. An allowance for doubtful debts is made for any account considered to be doubtful of collection.

The carrying amounts of the TASCO Group's trade receivables as at 31 August 2007 were RM57,054,000 (31.12.2006: RM59,159,000).

The allowance for doubtful debts is made based on a review of all outstanding accounts as at the balance sheet date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial condition of customers of the TASCO Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Impairment of goodwill

The TASCO Group determines whether goodwill is impaired at least once a year. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The net carrying amount of the TASCO Group's goodwill as at 31 August 2007 was RM865,000 (31.12.2006 : RM865,000).

(Prepared for inclusion in the Prospectus)

Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The TASCO Group recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

The carrying amounts of the TASCO Group's tax liabilities as at 31 August 2007 were RM3,105,000 (31.12.2006 : RM3,627,000).

7.2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of TASCO and of all its subsidiary companies made up to the end of the financial period. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiary companies are consolidated on the purchase method of accounting from the date of acquisition, being the date on which TASCO obtains control, and continue to be consolidated until the date that such control ceases.

Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets given, liabilities incurred or assumed and equity instruments issued at the date of exchange, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

The excess of the acquisition cost over the fair values of the identifiable assets, liabilities, contingent liabilities acquired is retained in the balance sheet as goodwill, while the shortfall is immediately credited to the consolidated income statement. The goodwill is accounted for in accordance with the accounting policy in (g) below.

Minority interests represent the portion of the profit or loss and net assets of subsidiary companies not held by the TASCO Group.

(b) Associated companies

An associated company is an entity in which the TASCO Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the TASCO Group has significant influence.

In TASCO's separate financial statements, investments in associated companies are stated at cost less impairment losses. Impairment losses are charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated company disposed of is taken to the income statement.

Investment in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, the investment in associated companies are initially recognised at cost and adjusted thereafter for post-acquisition changes in the TASCO Group's share of net assets of the associated companies.

The TASCO Group's share of net profits or losses and changes recognised directly in the equity of the associated companies are recognised in the consolidated income statement and consolidated statement of changes in equity, respectively.

An investment in an associated company is accounted for using the equity method from the date on which the TASCO Group obtains significant influence until the date the TASCO Group ceases to have significant influence over the associated company.

Premium relating to an associated company is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with the accounting policy set out in (n)(ii) below.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the TASCO Group's share of associated company's profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the TASCO Group and its associated companies are eliminated to the extent of the TASCO Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associated company diminishes by virtue of losses to zero, unless the TASCO Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

(Prepared for inclusion in the Prospectus)

The results and reserves of associated companies are accounted for in the consolidated financial statements based on unaudited financial statements made up to the end of the financial period and prepared using accounting polices that conform to those used by the TASCO Group for like transactions in similar circumstances.

(c) Other investments

Other investments are stated at cost. An allowance for diminution in value is made if the directors are of the opinion that there is a decline in the value of such investments which is other than temporary. The diminution in value is charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investment disposed of is taken to the income statement.

(d) Property, plant and equipment

(i) *Measurement basis*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the TASCO Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(ii) *Depreciation*

Freehold land and capital work-in-progress are not depreciated while leasehold buildings are amortised on the straight-line basis over the remaining period of the lease.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting the residual value from cost.

The principal annual rates used for this purpose are:

	%
Freehold building	3.3
Motor vehicles	14 - 20
Plant and machinery	10 - 20
Office equipment, furniture and fittings	5 - 15
Air conditioners, office renovation and pallets	10

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

(e) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

(i) ***Finance lease***

A lease is classified as a finance lease if it transfers substantially to the TASCO Group all the risks and rewards incidental to ownership.

Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum leases payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the TASCO Group's incremental borrowing rate is used.

(ii) ***Operating lease***

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to the income statement on a straight line basis over the period of the lease.

(f) Prepaid lease payments

Leasehold land that has an indefinite economic life and title is not expected to pass to the TASCO Group by the end of the lease term is classified as operating lease. The Up-front payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are stated at cost less amount amortised.

The prepaid lease payments are amortised on a straight-line basis over the remaining period of the lease.

(Prepared for inclusion in the Prospectus)

(g) Intangible asset - Goodwill

Goodwill represents the excess of the cost of acquisition over the TASCO Group's interest in the fair values of the identifiable assets and liabilities of subsidiary companies at the date of acquisition.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost being the cost of purchase, is determined on the first-in-first-out basis. Net realisable value is the estimate of selling price in the ordinary course of business, less cost to completion and selling expenses.

(i) Receivables

Receivables are initially recognised at their costs when the contractual right to receive cash or another financial asset from another entity is established. Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

(j) Non-current assets held for sale

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

On initial classification as held for sale, non-current assets are measured at the lower of its carrying amount and fair value less costs to sell. Immediately before the initial classification of the assets as held for sale, the carrying amounts of the assets (all the assets and liabilities of the disposal group) are measured in accordance with applicable FRSs.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. Subsequent increase in fair value less costs to sell is recognised as a gain in the income statement to the extent of the cumulative impairment loss that has been recognised previously.

(Prepared for inclusion in the Prospectus)

(k) Share capital

Ordinary shares are recorded at nominal value and proceeds received in excess, if any, of the nominal value of shares issued are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares is accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

(l) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the TASCO Group and when the revenue can be reliably measured, on the following bases:

(i) Revenue from freight forwarding, transportation and warehousing services are recognised in the income statement as and when the services are rendered.

(ii) Truck rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

(iii) Agency commission is recognised as and when the services are rendered.

(iv) Interest income is recognised on a time proportion basis.

(v) Dividend income is recognised when the right to receive payment is established.

(vi) Rental income is recognised on a straight line basis over the specific tenure of the respective leases.

(vii) Insurance agency commission income is recognised upon the execution or renewal of insurance policies.

(Prepared for inclusion in the Prospectus)

(n) Impairment of assets

(i) ***Goodwill***

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the TASCO Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statement when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

(ii) ***Property, plant and equipment and investment in associated companies***

Property, plant and equipment and investment in associated companies are assessed at each balance sheet date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(Prepared for inclusion in the Prospectus)

(o) Employee benefits

(i) ***Short-term employee benefits***

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) ***Post-employment benefits***

TASCO and its Malaysian subsidiary companies pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of TASCO and its Malaysian subsidiary companies is limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to the income statement in the period to which they relate.

TASCO's foreign subsidiary company may make contributions to its country's statutory pension schemes which are recognised as an expense in the income statement as incurred.

(p) Foreign currencies

(i) ***Functional currency***

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the TASCO Group are measured using their respective functional currency.

(ii) ***Transactions and balances in foreign currencies***

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rates ruling at that date or at contracted rates if there are related or matching foreign currency forward contracts.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in the income statement for the period.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is recognised in income statement.

(iii) ***Translation of foreign operations***

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the balance sheet date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the exchange translation differences relating to that foreign operation are recognised in the income statement as part of the gain or loss on disposal.

(q) Borrowing costs

All borrowing costs are charged to the income statement in the period in which they are incurred. The interest component of hire purchase and finance lease payments is charged to the income statement over the hire purchase and finance lease period so as to give a constant periodic rate of interest on the remaining tenure of the hire purchase and finance lease contracts.

(r) Taxation

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax included in the determination of profit or loss for the financial period.

On the balance sheet, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is recognised for deductible temporary differences and unutilised tax losses only to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of:

(i) goodwill, or

(ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on tax rates enacted or substantively enacted by the balance sheet date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, whether in the same or a difference period, directly to equity.

(s) Cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(t) Financial instruments

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 instruments recognised in the balance sheet

The TASCO Group's financial instruments which are recognised in the balance sheet comprise cash and cash equivalents, other investments, receivables, payables, revolving credits, hire purchase and finance lease liabilities and ordinary shares.

These financial instruments are recognised when a contractual relationship has been established. The accounting policies and methods adopted, including the basis of measurement applied are disclosed above, where relevant.

The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows is disclosed in the respective notes below, where applicable.

Financial instruments not recognised in the balance sheet

The TASCO Group is a party to foreign currency forward contracts which are not recognised in the financial statements on inception. The objective of entering into these foreign currency forward contracts is to protect the TASCO Group against unfavourable exchange rate movements for purchases undertaken in foreign currencies. Gains or losses from changes in the fair value of forward contracts offset the corresponding losses or gains on the trade payables covered by the forward contracts.

(u) Disclosure of fair value

Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying amounts of these financial instruments approximate fair value because of their short maturities.

Long term investments

The fair value of quoted investments is estimated based on quoted market prices.

For unquoted investments, a reasonable estimate of fair value is not practical due to the lack of comparable quoted market prices and available observable market data for valuation. Therefore, such investments are valued at cost subject to review for diminution in value.

Long term borrowings

The carrying amounts of the TASCO Group's long term floating-rate borrowings approximate fair value.

7.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The TASCO Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk and liquidity and cash flow risks arising in the normal course of the TASCO Group's businesses.

The directors monitor the TASCO Group's financial position closely with an objective to minimise potential adverse effects on the financial performance of the TASCO Group. The directors review and agree on policies for managing each of these risks and they are summarised below:

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Foreign currency exchange risk

The TASCO Group has exposure to foreign currency exchange risk as a result of transactions in foreign currencies.

The TASCO Group enters into foreign currency forward contracts in the normal course of business in order to limit its exposure to foreign currency fluctuations. These forward contracts are entered into with a licensed bank to cover the Japanese Yen-denominated purchases from the largest supplier of services to the TASCO Group, namely Yusen Air & Sea Service Co., Ltd. Forward contracts are not entered into for other assets and liabilities denominated in foreign currencies as the amounts involved are immaterial.

It is the TASCO Group's policy not to trade in foreign currency forward contracts.

Interest rate risk

The TASCO Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposures arise from the TASCO Group's fixed deposits, revolving credits, hire purchase and finance lease liabilities and bank overdrafts.

Surplus funds are placed with licensed banks, which generate interest income to the TASCO Group. The TASCO Group manages its interest rate risk by placing such balances on short tenures of three months or less.

The TASCO Group's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate debts. The objective of a mix of fixed and floating rate borrowings is to reduce the impact of a rise in interest rate while enabling benefits to be enjoyed if interest rates fall. The TASCO Group has a policy to ensure that interest rates obtained are competitive. The TASCO Group does not generally hedge interest rate risks.

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the TASCO Group has a gain position.

The TASCO Group's management has a credit policy in place to ensure that transactions are conducted with creditworthy counterparties.

Exposure to credit risk arising from sales made on deferred credit terms is managed through the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. If necessary, the TASCO Group may obtain collaterals from counterparties as a means of mitigating losses in the event of default.

The TASCO Group seeks to invest its surplus cash safely by depositing them with licensed financial institutions.

(Prepared for inclusion in the Prospectus)

Liquidity and cash flow risks

The TASCO Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the TASCO Group seeks to maintain sufficient credit lines available to meet its liquidity requirements while ensuring an effective working capital management within the TASCO Group.

7.4 REVENUE

Revenue of the TASCO Group represents the invoiced value of freight forwarding, transportation and warehousing services rendered inclusive of disbursements, less rebates, and agency commission earned. Disbursements include freight charges paid to airlines and shipping companies.

Revenue for the eight months ended 31 August 2007 was lower compared to the corresponding period in 2006 mainly due to decrease in the volume of air cargo handled in 2007 as compared to that of 2006.

7.5 OTHER OPERATING INCOME

Other operating income consists of the following:

	------ Year ended 31 December ------			- Eight months ended -	
	2004	2005	2006	31.8.2007	31.8.2006^
	RM'000	RM'000	RM'000	RM'000	RM'000
Accounting fee from associated companies	-	18	18	25	9
Bad debts recovered	3	-	-	-	-
Director's remuneration from Hitachi Transport Systems Sdn Bhd	-	40	12	6	6
Gain on disposal of property, plant and equipment	255	172	151	81	61
Gain on foreign exchange					
- realised	69	446	107	-	116
- unrealised	-	7	-	-	-
Gain on sales of scrap	-	48	-	-	-
Insurance agency commissions	-	70	105	92	73
Rental income					
- SSCSM	-	200	20	-	-
- others	50	8	8	-	-
Sundry income	176	189	111	90	291
	553	1,198	532	294	556

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

The higher gain on foreign exchange in 2005 arose mainly from the weakening of the Japanese Yen, United States Dollar and Thai Baht against the Ringgit Malaysia. TASCO's major creditor is YAS and the amounts invoiced by YAS are denominated in Japanese Yen.

In 2005, the rental income was received from the sub-letting of a procurement office to Sony Supply Chain Solutions (Malaysia) Sdn Bhd ("SSCSM") from April 2003 to March 2005.

In 2006, the rental income was received from the sub-letting warehouse to SSCSM for the month of September 2005 which was undertaken up previously.

7.6 PROFIT BEFORE DEPRECIATION, AMORTISATION, INTEREST AND TAXATION

	------ Year ended 31 December ------			- Eight months ended -	
	2004	2005	2006	31.8.2007	31.8.2006^
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before depreciation, amortisation, interest and taxation is stated after charging:					
Allowance for doubtful debts	-	17	175	-	-
Auditors' remuneration					
- statutory audit					
- current period	53	54	54	34	34
- underprovision in prior year	-	-	-	1	-
- special audit					
- current period	18	18	18	53	13
- underprovision in prior year	-	-	-	8	-
Bad debts written off	25	136	60	-	-
Directors' remuneration other than fees	1,064	1,314	1,438	536	515
Impairment loss on prepaid lease payments	62	-	-	-	-
Property, plant and equipment written off	9	1	-	3	-
Realised loss on foreign exchange	-	-	-	345	-
Rental of:					
- forklifts	239	462	561	465	351
- office equipment	1,020	1,041	953	395	643
- premises	7,714	8,905	9,002	5,530	5,551
- trucks	6,461	2,817	2,064	1,037	1,527
and crediting:					
Bad debts recovered	3	-	-	-	-
Gain on disposal of property, plant and equipment	255	172	151	81	61
Gain on foreign exchange					
- realised	69	446	107	-	116
- unrealised	-	7	-	-	-
Rental of premises received	50	208	28	-	-

^ *Not audited and is included for comparison purposes only.*

7.7 INVESTMENT INCOME

	------ Year ended 31 December ------			- Eight months ended -	
	2004	2005	2006	31.8.2007	31.8.2006^
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross dividends from unquoted investment	73	146	-	73	-
Interest income	319	370	408	381	207
Gain on disposal of investment in SSCSM	150	-	-	-	-
	542	516	408	454	207

The investment in SSCSM was disposed of in 2004 to Sony Logistics (Singapore) Pte Ltd ("SL(S)") pursuant to a call option agreement entered into between TASCO and SL(S) as stipulated in a composite agreement dated 29 December 2003.

7.8 INTEREST EXPENSE

	------ Year ended 31 December ------			- Eight months ended -	
	2004	2005	2006	31.8.2007	31.8.2006^
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest paid and payable on:					
- Hire purchase	108	494	526	311	348
- Finance lease	18	6	2	3	2
- Revolving credits	74	147	22	-	21
	200	647	550	314	371

In 2005, interest expense increased substantially due mainly to the acquisition of 30 prime movers, 8 trucks and 225 trailers by way of hire purchase during the financial year.

In 2006, interest on hire purchase increased due mainly to the acquisition of 22 prime movers and 50 trailers during the financial year whilst interest on revolving credits decreased due mainly to fully settlement during the financial year.

7.9 SHARE OF PROFITS OF ASSOCIATED COMPANIES

	------ Year ended 31 December ------			- Eight months ended -	
	2004	2005	2006	31.8.2007	31.8.2006^
	RM'000	RM'000	RM'000	RM'000	RM'000
Share of profits of:					
- PFSB	270	284	187	218	206
- AESSB	602	601	656	383	420
	872	885	843	601	626

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

7.10 INCOME TAX EXPENSE

	------ Year ended 31 December ------			- Eight months ended -	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Malaysian taxation based on results for the period					
- current	3,930	3,541	4,515	2,813	3,317
- deferred	42	442	289	158	(115)
Foreign taxation					
- current	-	21	-	-	-
	3,972	4,004	4,804	2,971	3,202
(Over)/Underprovision in prior years					
- current	(70)	(100)	(51)	(77)	-
- deferred	222	(37)	(181)	(229)	-
	4,124	3,867	4,572	2,665	3,202

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before tax as a result of the following differences:

	------ Year ended 31 December ------			- Eight months ended -	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Accounting profit	13,233	13,693	16,140	9,441	10,521
Taxation at applicable statutory tax rate	3,596	3,714	4,435	2,466	2,859
Tax effects arising from:					
- non-taxable income	(85)	(25)	(17)	(4)	-
- non-deductible expenses	466	333	401	535	276
(Reversal of)/Originating deferred tax assets not recognised	(1)	(1)	194	62	82
Effect of different tax rate in another country	(4)	(17)	(40)	7	-
Effect of change in future tax rate	-	-	(169)	(95)	(15)
Under/(Over)provision in prior years	152	(137)	(232)	(306)	-
	4,124	3,867	4,572	2,665	3,202

Subject to agreement with the Inland Revenue Board, based on estimated tax credits available and the prevailing tax rate applicable to dividends and the balance on the exempt account, the entire unappropriated profit of TASCO as at 31 December 2004, 2005 and 2006 and as at 31 August 2007 is available for distribution by way of dividends.

7.11 EMPLOYEE INFORMATION

	------ Year ended 31 December ------			- Eight months ended -	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Staff costs	27,806	30,267	33,993	24,405	21,550
Included in the staff costs are: -					
EPF contribution	2,057	2,341	2,562	1,568	1,439

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

7.12 PROPERTY, PLANT AND EQUIPMENT

31.12.2004	Freehold land and building	Long leasehold buildings	Motor vehicles	Plant and machinery	Office equipment, furniture and fittings	Air conditioners, renovation and pallets	Capital work-in-progress	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2004	16,368	1,215	14,516	5,270	6,868	1,933	-	46,170
Additions via acquisition of a new subsidiary company	-	-	1,334	-	-	-	-	1,334
Additions	-	-	3,802	689	1,529	1,306	-	7,326
Disposals	-	(1,060)	(916)	(489)	(15)	(30)	-	(2,510)
Write-offs	-	-	-	-	(11)	(3)	-	(14)
At 31.12.2004	16,368	155	18,736	5,470	8,371	3,206	-	52,306
Accumulated depreciation								
At 1.1.2004	84	129	11,352	3,619	3,193	706	-	19,083
Charge for the year	337	2	1,715	541	855	262	-	3,712
Disposals	-	(104)	(736)	(458)	(15)	(10)	-	(1,323)
Write-offs	-	-	-	-	(2)	(3)	-	(5)
At 31.12.2004	421	27	12,331	3,702	4,031	955	-	21,467
Net book value At 31.12.2004	15,947	128	6,405	1,768	4,340	2,251	-	30,839

31.12.2005	Freehold land and building	Long leasehold building	Motor vehicles	Plant and machinery	Office equipment, furniture and fittings	Air conditioners, renovation and pallets	Capital work-in-progress	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2005	16,368	155	18,736	5,470	8,371	3,206	-	52,306
Additions	-	-	14,759	63	1,237	1,729	-	17,788
Disposals	-	-	(855)	(54)	(1)	-	-	(910)
Write-offs	-	-	-	(2)	(1)	-	-	(3)
At 31.12.2005	16,368	155	32,640	5,477	9,606	4,935	-	69,181
Accumulated depreciation								
At 1.1.2005	421	27	12,331	3,702	4,031	955	-	21,467
Charge for the year	337	2	2,914	584	974	408	-	5,219
Disposals	-	-	(819)	(54)	-	-	-	(873)
Write-offs	-	-	-	(2)	(1)	-	-	(3)
At 31.12.2005	758	29	14,426	4,230	5,004	1,363	-	25,810
Net book value At 31.12.2005	15,610	126	18,214	1,247	4,602	3,572	-	43,371

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31.12.2006	Freehold land and building	Long leasehold building	Motor vehicles	Plant and machinery	Office equipment, furniture and fittings	Air conditioners, renovation and pallets	Capital work-in-progress	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2006	16,368	155	32,640	5,477	9,606	4,935	-	69,181
Additions	-	-	7,871	58	2,427	1,149	-	11,505
Disposals	-	-	(587)	(404)	(43)	-	-	(1,034)
Write-offs	-	-	-	-	(557)	(209)	-	(766)
At 31.12.2006	16,368	155	39,924	5,131	11,433	5,875	-	78,886
Accumulated depreciation								
At 1.1.2006	758	29	14,426	4,230	5,004	1,363	-	25,810
Charge for the year	339	2	4,012	454	1,022	508	-	6,337
Disposals	-	-	(587)	(397)	(14)	-	-	(998)
Write-offs	-	-	-	-	(557)	(209)	-	(766)
At 31.12.2006	1,097	31	17,851	4,287	5,455	1,662	-	30,383
Net book value At 31.12.2006	15,271	124	22,073	844	5,978	4,213	-	48,503

31.8.2007	Freehold land and building	Long leasehold building	Motor vehicles	Plant and machinery	Office equipment, furniture and fittings	Air conditioners, renovation and pallets	Capital work-in-progress	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2007	16,368	155	39,924	5,131	11,433	5,875	-	78,886
Additions	1,306	-	1,654	1,057	1,031	388	2,282	7,718
Disposals	-	-	(190)	-	-	-	-	(190)
Write-offs	-	-	-	-	(4)	-	-	(4)
At 31.08.2007	17,674	155	41,388	6,188	12,460	6,263	2,282	86,410
Accumulated depreciation								
At 1.1.2007	1,097	31	17,851	4,287	5,455	1,662	-	30,383
Charge for the period	229	1	3,071	388	771	402	-	4,862
Disposals	-	-	(142)	-	-	-	-	(142)
Write-offs	-	-	-	-	(1)	-	-	(1)
At 31.8.2007	1,326	32	20,780	4,675	6,225	2,064	-	35,102
Net book value At 31.8.2007	16,348	123	20,608	1,513	6,235	4,199	2,282	51,308

Depreciation charged to consolidated income statements are as follows:

	Year ended 31 December 2004 RM'000	2005 RM'000	2006 RM'000	Eight months ended 31.8.2007 RM'000	31.8.2006^ RM'000
Depreciation:					
- included in cost of sales	943	2,140	3,195	2,466	2,026
- charged as separate line item	2,769	3,079	3,142	2,396	2,138
Charge for the period	3,712	5,219	6,337	4,862	4,164

^ *Not audited and is included for comparison purposes only.*

The increases on depreciation for the year ended 31 December 2005 and 2006 and the eight months ended 31 August 2006 were due mainly to the acquisition of additional assets, particularly motor vehicles.

Motor vehicles with net book values as follows are held in trust and registered in the names of third parties:

	As at 31.12.2004 RM'000	31.12.2005 RM'000	31.12.2006 RM'000	31.8.2007 RM'000
At net book value:				
Trucks registered in the name of				
- G-Force Sdn Bhd	287	415	329	273
- Tanjong Express (M) Sdn Bhd	1,061	899	739	631
	1,348	1,314	1,068	904

Included in property, plant and equipment are assets acquired under unexpired hire purchase and finance lease arrangements with net book values as follows:

	As at 31.12.2004 RM'000	31.12.2005 RM'000	31.12.2006 RM'000	31.8.2007 RM'000
At net book value:				
Motor vehicles	2,585	10,657	14,260	10,962
Plant and machinery	2,018	1,631	1,254	1,094
Office equipment, furniture and fittings	72	65	56	9
	4,675	12,353	15,570	12,065

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7.13 GOODWILL

	As at			
	31.12.2004	**31.12.2005**	**31.12.2006**	**31.8.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost				
At 1 January	-	961	961	865
Arising from acquisition during the period	961	-	-	-
Effect of adopting *FRS 3 - Business Combinations*	-	-	(96)	-
At 31 December/31 August	961	961	865	865
Accumulated amortisation				
At 1 January	-	48	96	-
Effect of adopting *FRS 3 - Business Combinations*	-	-	(96)	-
Amortisation for the period	48	48	-	-
At 31 December/31 August	48	96	-	-
Net book value at 31 December/31 August	913	865	865	865

Impairment testing of goodwill

Recoverable amounts based on value in use

The recoverable amounts are determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in the value-in-use calculations are as follows:

Gross profit margin	-	42.65%
Growth rate	-	0.00%
Discount rate	-	6.45%
Risk free rate	-	6.00%

The following describes each key assumption on which the management has based its cash flow projections to undertake impairment for goodwill:

(i) Budgeted gross profit margin

The budgeted gross profit margin is based on the margin achieved in the year immediately before the budgeted year.

(ii) Growth rate

The nil growth rate is used as the subsidiary company was operated under full capacity.

(iii) Discount rate

The discount rate used is pre-tax and reflect specific risks relating to the sector.

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(iv) Risk free rate

The risk free rate is based on the yield on a 10-year Malaysian government securities at the beginning of the budgeted year.

Sensitivity to changes in assumptions

In assessing the value-in-use, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying values to materially exceed their recoverable amounts.

7.14 INVESTMENT IN ASSOCIATED COMPANIES

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
Unquoted shares at cost	5,789	5,789	5,789	5,789
TASCO Group's share of post-acquisition reserves and retained profits less losses	2,965	3,066	3,282	3,883
	8,754	8,855	9,071	9,672

The associated companies, all incorporated in Malaysia, are as follows:

	Equity interest				Principal activities
	31.12.2004 %	31.12.2005 %	31.12.2006 %	31.08.2007 %	
Agate Electro Supplies Sdn Bhd ("AESSB")	50.00	50.00	50.00	50.00	Warehouse rental
Precious Fortunes Sdn Bhd ("PFSB")	32.50	32.50	32.50	32.50	Warehouse rental

The summarised financial information of the associated companies are as follows:

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
Assets and liabilities				
Total assets	27,072	26,754	27,684	27,491
Total liabilities	7,389	6,563	6,859	5,231

	Year ended 31 December			Eight months ended	
	2004 RM'000	**2005 RM'000**	**2006 RM'000**	**31.8.2007 RM'000**	**31.8.2006^ RM'000**
Results					
Revenue	4,332	4,332	4,332	2,888	2,888
Profit for the period	2,035	2,077	1,887	1,436	1,472

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

7.15 OTHER INVESTMENTS

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
Shares quoted in Malaysia at cost	34	34	34	34
Unquoted shares at cost	368	368	368	368
Transferable corporate club memberships at cost	774	774	818	818
	1,176	1,176	1,220	1,220
Diminution in value of unquoted shares	(20)	(20)	(20)	(20)
	1,156	1,156	1,200	1,200
Market value of shares quoted in Malaysia	10	6	11	27

7.16 PREPAID LEASE PAYMENTS

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
Long leasehold land				
Cost				
At 1 January	363	9,712	9,442	6,631
Additions	9,349	-	652	350
Disposal	-	(270)	-	-
Transfer to assets held for sale	-	-	(3,463)	(652)
At 31 December/31 August	9,712	9,442	6,631	6,329
Accumulated depreciation				
At 1 January	35	81	113	179
Amortisation for the period	46	66	66	48
Disposal	-	(34)	-	-
Transfer to assets held for sale	-	-	-	(8)
At 31 December/31 August	81	113	179	219
Accumulated impairment losses				
At 1 January	-	62	-	-
Charge for the period	62	-	-	-
Disposal	-	(62)	-	-
At 31 December/31 August	62	-	-	-
Carrying amount				
At 31 December/31 August	9,569	9,329	6,452	6,110

The title deeds pertaining to certain leasehold land of TASCO with carrying amount as follows were/are in the process of being transferred to the name of TASCO:

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
Long leasehold land	9,313	9,251	6,374	6,033

7.17 INVENTORIES

Inventories represent parts and consumables at cost.

7.18 TRADE RECEIVABLES

	As at			
	31.12.2004 **RM'000**	**31.12.2005** **RM'000**	**31.12.2006** **RM'000**	**31.8.2007** **RM'000**
Gross trade receivables	55,182	60,559	60,835	58,730
Allowance for doubtful debts	(1,484)	(1,501)	(1,676)	(1,676)
Total trade receivables	53,698	59,058	59,159	57,054
Total revenue	288,313	288,045	354,855	213,562
Percentage of trade receivables to revenue (%)	18.62	20.50	16.67	26.72
Trade receivables turnover period (months)	2.23	2.46	2.00	2.14

Included in trade receivables are amounts owing by:

	As at			
	31.12.2004 **RM'000**	**31.12.2005** **RM'000**	**31.12.2006** **RM'000**	**31.8.2007** **RM'000**
Substantial shareholders:				
- Yusen Air & Sea Service Co., Ltd ("YAS")	3,833	1,681	2,903	1,953
- NYK Logistics (S) Pte Ltd ("NYKLS")	-	-	78	383

The currency exposure profile of gross trade receivables is as follows:

	As at			
	31.12.2004 **RM'000**	**31.12.2005** **RM'000**	**31.12.2006** **RM'000**	**31.8.2007** **RM'000**
- RM	42,144	50,000	56,898	51,461
- United States Dollar ("USD")	11,775	7,239	2,260	5,134
- Singapore Dollar ("SGD")	352	843	779	870
- Thai Baht ("Baht")	911	2,477	894	577
- Euro	-	-	4	688
	55,182	60,559	60,835	58,730

Normal credit terms range from 30 to 60 days. For long outstanding customers and related parties, the credit terms may be extended to 90 days based on the discretion of the management. The TASCO Group's historical experience in collection of accounts receivable fall within the recorded allowances. Due to these factors, management believes no additional credit risk beyond amounts provided for collection losses is inherent in the TASCO Group's trade receivables.

The aging analysis of trade receivables as at 31 August 2007 is as follows:

	-- Within credit period --		-------- Exceeding credit period --------			
	0-30 days RM'000	**31-60 days RM'000**	**61-90 days RM'000**	**91-365 days RM'000**	**> 365 days RM'000**	**Total RM'000**
Substantial shareholders						
- YAS	1,658	138	148	9	-	1,953
- NYKLS	62	74	81	163	3	383
Others	27,711	16,157	7,003	5,238	285	56,394
	29,431	16,369	7,232	5,410	288	58,730
Allowance for doubtful debts	-	-	-	(1,388)	(288)	(1,676)
Total trade receivables	29,431	16,369	7,232	4,022	-	57,054
Percentage of total trade receivables (%)	51.58	28.69	12.68	7.05	-	100.00

7.19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	------------ As at ------------			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
Proceeds from disposal of property, plant and equipment *(see note 7.33)*	-	27	-	105
Other sundry receivables, deposits and prepayments	2,754	3,376	3,967	5,433
	2,754	3,403	3,967	5,538

The currency exposure profile of other receivables, deposits and prepayments is as follows:

	------------ As at ------------			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
- RM	2,694	3,342	3,921	5,459
- SGD	60	61	46	79
	2,754	3,403	3,967	5,538

(Prepared for inclusion in the Prospectus)

7.20 AMOUNTS OWING BY ASSOCIATED COMPANIES

The amounts owing by the associated companies comprise:

	As at			
	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2006 RM'000	31.8.2007 RM'000
Trade accounts	-	-	4	2
Non-interest bearing advances	-	-	627	-
	-	-	631	2

The trade accounts are expected to be settled within the normal credit periods.

The non-interest bearing advances are unsecured and receivable on demand and were fully recovered during 2007.

7.21 FIXED DEPOSITS WITH A LICENSED BANK

All the deposits have maturity terms of three months or less.

The currency exposure profile of fixed deposits is as follows:

	As at			
	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2006 RM'000	31.8.2007 RM'000
- RM	18,820	11,856	12,619	25,907
- USD	760	1,254	1,016	309
	19,580	13,110	13,635	26,216

	As at			
	31.12.2004 %	31.12.2005 %	31.12.2006 %	31.8.2007 %
Effective interest rates	0.75 - 3.20	0.90 - 3.20	2.00 - 3.20	2.50 - 4.50

7.22 CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	As at			
	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2006 RM'000	31.8.2007 RM'000
- RM	6,740	12,151	19,652	8,644
- USD	94	796	812	744
- SGD	797	1,149	861	506
- Baht	-	-	1,852	3
	7,631	14,096	23,177	9,897

(Prepared for inclusion in the Prospectus)

7.23 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 26 May 2004, TASCO entered into a conditional Sale and Purchase Agreement to dispose of a piece of long leasehold land at a carrying amount of RM3,463,000 for a cash consideration of RM3,924,000. The disposal is expecting to complete by end of 2007.

On 19 July 2007, TASCO entered into another conditional Sale and Purchase Agreement to dispose of two pieces of long leasehold land at a carrying amount of RM644,000 for a cash consideration of RM676,000. The disposal is expecting to complete by end of 2007.

These assets have been classified as held for sale and presented separately in the balance sheet.

Since the fair values of the disposal assets less costs to sell are expected to exceed their net carrying amount, no impairment loss is recognised.

The assets held for sale as at 31 August 2007 are three pieces of leasehold land stated at cost totalling RM4,107,000.

7.24 SHARE CAPITAL

	---- 31.12.2004 ----		---- 31.12.2005 ----		---- 31.12.2006 ----		---- 31.8.2007 -----	
	Number of shares ('000)	**RM'000**	**Number of shares ('000)**	**RM'000**	**Number of shares ('000)**	**RM'000**	**Number of shares ('000)**	**RM'000**
Authorised: Ordinary shares of RM1 each								
At 1 January	10,000	10,000	10,000	10,000	50,000	50,000	50,000	50,000
Created during the period	-	-	40,000	40,000	-	-	-	-
At 31 December/ 31 August	10,000	10,000	50,000	50,000	50,000	50,000	50,000	50,000
Issued and fully paid: Ordinary shares of RM1 each								
At 1 January	5,000	5,000	5,000	5,000	45,000	45,000	45,000	45,000
Issue of shares pursuant to Bonus Issue of 8-for-1	-	-	40,000	40,000	-	-	-	-
At 31 December/ 31 August	5,000	5,000	45,000	45,000	45,000	45,000	45,000	45,000

7.25 HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	As at			
	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2006 RM'000	31.8.2007 RM'000
Total future instalments payable	3,729	10,090	10,141	7,763
Unexpired term charges	(246)	(569)	(490)	(322)
Total outstanding principal	3,483	9,521	9,651	7,441
Future instalments payable				
- not later than one year	1,800	5,038	5,917	5,046
- later than one year but not later than 5 years	1,929	5,052	4,224	2,717
Total future instalments payable	3,729	10,090	10,141	7,763
Outstanding principal				
- not later than one year (*included under current liabilities*)	1,628	4,633	5,556	2,641
- later than one year but not later than 5 years (*included under non-current liabilities)*	1,855	4,888	4,095	4,800
Total outstanding principal	3,483	9,521	9,651	7,441

	As at			
	31.12.2004 %	31.12.2005 %	31.12.2006 %	31.8.2007 %
Effective interest rates	6.31 - 7.77	5.43 - 7.77	5.11 - 7.77	5.11 - 7.77

7.26 DEFERRED TAX LIABILITIES

	As at			
	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2006 RM'000	31.8.2007 RM'000
At 1 January	1,064	1,699	2,104	2,212
Addition via acquisition of a new subsidiary company, ETSB	373	-	-	-
Originating/(Reversal of) during the period	262	405	108	(71)
At 31 December/31 August	1,699	2,104	2,212	2,141

(Prepared for inclusion in the Prospectus)

The deferred tax liabilities on temporary differences recognised in the financial statements were as follows:

	As at			
	31.12.2004	**31.12.2005**	**31.12.2006**	**31.8.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax effects of:				
- excess of capital allowances and lease rental over accumulated depreciation on property, plant and equipment	2,686	4,899	4,934	4,315
- allowance for doubtful debts	(278)	(284)	(263)	(419)
- unpaid qualifying expenditure of hire purchase and finance lease liabilities	(709)	(2,511)	(2,459)	(1,755)
	1,699	2,104	2,212	2,141

Further, the following temporary differences and unused tax losses exist as at 31 December 2004, 2005, 2006 and as at 31 August 2007 the deferred tax benefits of which have not been recognised in the financial statements:

	As at			
	31.12.2004	**31.12.2005**	**31.12.2006**	**31.8.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unabsorbed tax losses	6	1	694	1,005

7.27 TRADE PAYABLES

	As at			
	31.12.2004	**31.12.2005**	**31.12.2006**	**31.8.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amounts owing to substantial shareholders :				
- YAS	2,883	2,578	1,794	1,743
- NYKLS	-	-	35	50
Amount owing to director-related company	-	-	-	47
Other trade payables	19,835	19,974	23,164	20,066
	22,718	22,552	24,993	21,906

The currency exposure profile of trade payables is as follows:

	As at			
	31.12.2004	**31.12.2005**	**31.12.2006**	**31.8.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
- RM	15,868	14,767	17,892	15,724
- Japanese Yen ("JPY")	3,039	2,867	1,904	1,670
- USD	1,456	2,053	1,483	1,876
- Baht	639	1,660	2,150	799
- Hong Kong Dollars ("HKD")	315	356	309	125
- SGD	914	638	739	1,426
- Euro	420	166	480	245
- Sterling Pound ("GBP")	52	27	24	18
- Others	15	18	12	23
	22,718	22,552	24,993	21,906

(Prepared for inclusion in the Prospectus)

The credit terms extended normally range between 15 to 60 days. However, for related parties the credit terms may be extended to 90 days or more.

Trade payables (including related parties)

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
Trade payables	22,718	22,552	24,993	21,906
Trade balances included in amounts owing to associated companies				
- AESSB	562	752	1,599	1,317
- PFSB	166	336	850	850
	728	1,088	2,449	2,167
	23,446	23,640	27,442	24,073
Cost of sales	235,371	231,406	290,882	169,561
Depreciation *(included under cost of sales)*	(943)	(2,140)	(3,195)	(2,466)
Cost of sales net of depreciation	234,428	229,266	287,687	167,095
Percentage of trade payables to cost of sales (%)	10.00	10.31	9.54	14.41
Trade payables turnover period (months)	1.20	1.24	1.14	1.15

The aging analysis of trade payables (including related parties) as at 31 August 2007 is as follows:

	- Within credit period -		Exceeding credit period			
	0-30 days RM'000	**31-60 days RM'000**	**61-90 days RM'000**	**91-365 days RM'000**	**> 365days RM'000**	**Total RM'000**
Trade payables						
- YAS	437	1,138	147	19	2	1,743
- NYKLS	42	8	-	-	-	50
- Others	16,030	1,433	356	1,275	1,019	20,113
	16,509	2,579	503	1,294	1,021	21,906
Trade balances included in owing to associated companies						
- AESSB	282	94	94	847	-	1,317
- PFSB	510	170	170	-	-	850
	792	264	264	847	-	2,167
	17,301	2,843	767	2,141	1,021	24,073
Percentage of total trade payables (%)	71.87	11.81	3.19	8.89	4.24	100.00

7.28 OTHER PAYABLES AND ACCRUALS

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
Deposit received from disposal of a long leasehold land	392	392	392	460
Other sundry payables and accruals	5,063	6,997	9,001	9,513
	5,455	7,389	9,393	9,973

The currency exposure profile of other payables and accruals is as follows:

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
- RM	5,444	7,372	9,373	9,865
- SGD	11	17	20	108
	5,455	7,389	9,393	9,973

7.29 AMOUNTS OWING TO ASSOCIATED COMPANIES

The amounts owing to the associated companies represent rental payable.

7.30 REVOLVING CREDITS

The revolving credits bear interest at 0.50% above the bank's cost of funds.

The revolving credits together with the bank overdraft referred to in note 7.31 below are secured by:

(a) Corporate guarantee from YAS, a substantial shareholder, and

(b) Letter of undertaking from Nippon Yusen Kabushiki Kaisha Tokyo ("NYK") the holding company of certain substantial shareholders.

The revolving credits were fully settled in 2006.

	As at			
	31.12.2004 %	**31.12.2005 %**	**31.12.2006 %**	**31.8.2007 %**
Effective interest rates	3.60	3.80	-	-

(Prepared for inclusion in the Prospectus)

7.31 BANK OVERDRAFT

The bank overdraft of the subsidiary company, TASPL is unsecured and bears effective interest at 6.50%.

TASCO also has a bank overdraft facility of RM1,600,000 which is secured by:

(a) Corporate guarantee from YAS; and

(b) Letter of undertaking from NYK.

TASCO's bank overdraft facility was not utilised as at 31 December 2004, 2005 and 2006 and as at 31 August 2007.

7.32 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	------- Year ended 31 December -------			-- Eight months ended --	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Aggregate cost of property, plant and equipment acquired	7,326	17,788	11,505	7,718	6,571
Financed via hire purchase and finance lease	(3,498)	(9,711)	(5,557)	(1,853)	(3,220)
Cash paid in respect of prior year's acquisition	16,759	-	-	-	-
Total cash paid during the period	20,587	8,077	5,948	5,865	3,351

7.33 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	------- Year ended 31 December -------			-- Eight months ended --	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total cash receivable in respect of disposals in current period	1,442	209	187	129	70
Proceeds receivable included under other receivables, deposits and prepayments *(see note 7.19)*	-	(27)	-	(105)	-
Cash received in respect of disposal in prior period	-	-	27	-	27
	1,442	182	214	24	97

^ *Not audited and is included for comparison purposes only.*

7.34 ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES

The new subsidiary company acquired during 2004 was ETSB.

The new subsidiary company acquired during 2006 was NHESB.

There was no subsidiary company acquired during 2005 and 2007

Details of the acquisition are as follows:

Name of subsidiary company	Purchase consideration RM'000	TASCO Group's effective interest %	Effective acquisition date
ETSB	2,300	100	15 March 2004
NHESB	*	100	1 August 2006

* *Represents RM2*

Detail of the assets, liabilities and net cash outflow arising from the acquisition of ETSB and NHESB were as follows:

	------- Year ended 31 December -------			-- Eight months ended --	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	1,333	-	-	-	-
Trade receivables	520	-	-	-	-
Other receivables and prepayments	44	-	-	-	-
Cash and bank balances	30	-	*	-	*
Deferred tax liabilities	(373)	-	-	-	-
Trade payables	(110)	-	-	-	-
Other payables and accruals	(95)	-	(8)	-	(8)
Current tax liabilities	(10)	-	-	-	-
Net assets/(liabilities) acquired	1,339	-	(8)	-	(8)
Goodwill on acquisition	961	-	8	-	8
Total purchase consideration	2,300	-	-	-	-
Less : Deposit paid in prior year	(1,000)	-	-	-	-
Less : Cash and cash equivalents acquired	(30)	-	*	-	*
Net cash outflow on acquisition during the period	1,270	-	-	-	-

* *Represents RM2*

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

The revenue and loss for the period in which the acquisitions took place and their post acquisition contribution included in the consolidated income statements were as follows:

	Year ended 31 December			Eight months ended	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue					
During the financial period	1,799	-	-	-	-
Pre-acquisition	(540)	-	-	-	-
Post-acquisition	1,259	-	-	-	-
Profit/(Loss) for the period					
During the financial period	618	-	(3)	-	(2)
Pre-acquisition	(271)	-	1	-	1
Post-acquisition	347	-	(2)	-	(1)

The net assets/(liabilities) of the acquired subsidiary companies included in the consolidated balance sheet at the end of the financial period were as follows:

	As at			
	31.12.2004	**31.12.2005**	**31.12.2006**	**31.8.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	1,042	-	-	-
Trade receivable	275	-	-	-
Sundry receivables and prepayments	55	-	-	-
Cash and bank balances	1,041	-	-	-
Trade payables	(95)	-	-	-
Sundry payables and accruals	(273)	-	(10)	(9)
Current tax liabilities	(70)	-	-	-
Minority interest	(289)	-	-	-
Group's shares of net assets/(liabilities)	1,686	-	(10)	(9)

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

7.35 RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial periods were as follows:

	------ Year ended 31 December ------			-- Eight months ended --	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Transactions with substantial shareholders					
Sales to certain substantial shareholders	21,972	20,106	27,195	13,955	12,828
Purchases from substantial shareholders	18,592	19,242	1,077	10,344	10,499
Transaction with associated companies					
Rental of premises paid to associated companies	4,222	3,169	3,169	2,112	2,112
Acquisition of new subsidiary company, namely, ETSB, from a corporate shareholder of an associated company	2,300	-	-	-	-
Accounting fee received from associated companies	-	18	18	25	9
Transaction with a company in which a director's immediate family member has interest					
Rental paid and payable	-	-	-	235	-

Significant outstanding balances arising from the above transactions were as follows:

	------ As at ------				
	31.12.2004	**31.12.2005**	**31.12.2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Amounts owing by:					
- associated companies	-	-	4	2	-
- substantial shareholders	3,833	1,681	2,981	2,336	2,555
Amounts owing to:					
- associated companies	728	1,088	2,449	2,167	3,143
- substantial shareholders	2,883	2,578	1,829	1,793	1,023
- a director-related company	-	-	-	47	-

All outstanding balances with related parties are expected to be settled within the normal credit period. None of the balances is secured.

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

(b) Key management personnel compensation

	Year ended 31 December			Eight months ended	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Directors					
Short-term employee benefits					
- Remuneration	977	1,187	1,325	465	446
Post-employment benefits					
- EPF	87	127	113	71	69
Subtotal	1,064	1,314	1,438	536	515
Other key management personnel					
Short-term employee benefits					
- Salary, bonus and allowances	1,276	1,421	1,647	1,233	1,077
Post-employment benefits					
- EPF	122	133	166	115	100
Subtotal	1,398	1,554	1,813	1,348	1,177
Total compensation	2,462	2,868	3,251	1,884	1,692

7.36 OPERATING LEASE COMMITMENTS

The TASCO Group as lessee

The TASCO Group leases a number of land and buildings and warehouses from its associated companies, a company in which a director's immediate family member has interest and third parties under operating leases. These leases typically run for an initial period of 1 to 2 years with renewal option included in the contracts. None of the leases includes contingent rents.

The TASCO Group also leases an office cum warehouse under a non-cancellable operating lease agreement. The non-cancellable operating lease rentals are payables as follows:

	As at			
	31.12.2004	**31.12.2005**	**31.12.2006**	**31.8.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Not later than one year	782	759	210	154
Later than one year but not later than 5 years	715	207	-	206
	1,497	966	210	360

The TASCO Group as lessor

The TASCO Group leases out a number of its motor vehicles under operating leases to a third party. The lease typically run for 2 years and 3 months with an option to renew for another 2 years and no contingent rents are charged.

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

7.37 OTHER COMMITMENTS

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
Contracted and authorised acquisition of property, plant and equipment not provided for in the financial statements	-	628	-	6,598

7.38 FINANCIAL INSTRUMENTS

(a) *Foreign currency exchange risk*

The foreign currency forward contracts outstanding as at the balance sheet date were as follows:

	Amount to be paid			Settlement period	
31 December 2004	JPY'000	Equivalent RM'000	Average contractual rate	Within 1 year RM'000	2 to 5 years RM'000
Trade payables	67,234	2,487	3.699	2,487	-
31 December 2005					
Trade payables	52,398	1,693	3.231	1,693	-
31 December 2006					
Trade payables	43,616	1,345	3.084	1,345	-
31 August 2007					
Trade payables	43,015	1,294	3.008	1,294	-

(b) *Credit risk*

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) ***Fair value***

The carrying amounts of the financial assets and liabilities of the TASCO Group at the balance sheet date approximate their fair values except for the following:

31 December 2004	Carrying amount RM'000	Fair value RM'000
Other investments		
Shares quoted in Malaysia	34	10
Unquoted shares	348	*
Transferable corporate club memberships	774	*

31 December 2005		
Other investments		
Shares quoted in Malaysia	34	6
Unquoted shares	348	*
Transferable corporate club memberships	774	*

31 December 2006		
Other investments		
Shares quoted in Malaysia	34	11
Unquoted shares	348	*
Transferable corporate club memberships	818	*

31 August 2007		
Other investments		
Shares quoted in Malaysia	34	27
Unquoted shares	348	*
Transferable corporate club memberships	818	*

Certain quoted investments are carried at amounts in excess of their fair values. No further allowance for diminution in value has been recognised as the directors are of the opinion that the decline in value is temporary in nature.

* It is not practical to estimate the fair values of the unquoted shares and the club memberships due to the absence of quoted market values and available observable market data such investments are valued at cost subject to review for impairment.

8. TASCO

The income statements, balance sheets, statements of changes in equity and cash flow statements of TASCO based on the audited financial statements for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007, and based on the unaudited financial statements for the eight months ended 31 August 2006, are as follows:

8.1 INCOME STATEMENTS (AUDITED) FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005 AND 2006 AND THE EIGHT MONTHS ENDED 31 AUGUST 2007

INCOME STATEMENT (UNAUDITED) FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006

	Year ended 31 December			Eight months ended	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	283,595	284,013	352,452	212,119	228,984
Cost of sales*	(234,164)	(232,671)	(294,169)	(172,345)	(190,715)
Gross profit	49,431	51,342	58,283	39,774	38,269
Other operating income	389	895	313	172	210
Administrative and other operating expenses	(35,841)	(38,196)	(41,518)	(30,122)	(27,171)
Profit before depreciation, amortisation interest and taxation	13,979	14,041	17,078	9,824	11,308
Depreciation	(2,768)	(3,078)	(3,141)	(2,396)	(2,138)
Amortisation of prepaid lease payments	(46)	(66)	(66)	(48)	(43)
Investment income	2,659	1,605	1,279	454	207
Interest expense	(198)	(647)	(550)	(314)	(371)
Profit before taxation	13,626	11,855	14,600	7,520	8,963
Income tax expense	(4,039)	(3,514)	(4,076)	(2,159)	(2,779)
Profit attributable to shareholders of TASCO	9,587	8,341	10,524	5,361	6,184
**Included in cost of sales was: -*					
Depreciation	*418*	*1,657*	*2,892*	2,290	1,809
No. of ordinary shares in issue at period end ('000)	5,000	45,000	45,000	45,000	45,000
Gross earnings per share (RM)	0.30**	0.26	0.32	0.17	0.20
Net earnings per share (RM)	0.21**	0.19	0.23	0.12	0.14
Gross profit margin (%)	17.43	18.08	16.54	18.75	16.71
Profit after tax margin (%)	3.38	2.94	2.99	2.53	2.70
Effective tax rate (%)	29.64	29.64	27.92	28.71	31.01
Interest coverage ratio (times)	69.82	19.32	27.55	24.95	25.16

Notes:

^ *Not audited and is included for comparison purposes only.*

** *Calculated after taking into effect the bonus issue of 40,000,000 shares during the financial year ended 31 December 2005.*

(i) *There were no extraordinary or exceptional items during the financial periods under review.*

(Prepared for inclusion in the Prospectus)

8.2 TASCO
BALANCE SHEETS (AUDITED)
AS AT 31 DECEMBER 2004, 2005 AND 2006 AND AS AT 31 AUGUST 2007

	As at			
	31.12.2004 RM'000	**31.12.2005 RM'000**	**31.12.2006 RM'000**	**31.8.2007 RM'000**
ASSETS				
Non-current assets				
Property, plant and equipment	29,151**	42,168**	47,764**	50,741
Investment in subsidiary companies	3,130	3,130	3,130	3,130
Investment in associated companies	5,789	5,789	5,789	5,789
Other investments	1,156	1,156	1,200	1,200
Prepaid lease payments	9,569**	9,329**	6,452**	6,110
Total non-current assets	48,795	61,572	64,335	66,970
Current assets				
Trade receivables	53,344	58,507	59,079	56,738
Other receivables, deposits and prepayments	2,619	3,234	3,829	5,383
Amounts owing by subsidiary companies	309	170	395	771
Amounts owing by associated companies	-	-	631	2
Fixed deposits with a licensed bank	19,580	13,110	13,635	26,216
Cash and bank balances	4,750	11,350	22,068	8,756
	80,602	86,371	99,637	97,866
Non-current assets classified as held for sale	-	-	3,463	4,107
Total current assets	80,602	86,371	103,100	101,973
TOTAL ASSETS	129,397	147,943	167,435	168,943
EQUITY AND LIABILITIES				
Equity				
Share capital	5,000	45,000	45,000	45,000
Unappropriated profit	85,822	54,163	64,687	70,048
Total equity	90,822	99,163	109,687	115,048
Non-current liabilities				
Hire purchase and finance lease liabilities	1,855	4,888	4,095	4,800
Deferred tax liabilities	1,305	1,811	2,048	2,023
Total non-current liabilities	3,160	6,699	6,143	6,823

** *Restated to conform with the presentation upon the adoption of FRS 117 Leases.*

(Prepared for inclusion in the Prospectus)

BALANCE SHEETS (AUDITED) (CONT'D)
AS AT 31 DECEMBER 2004, 2005 AND 2006 AND AS AT 31 AUGUST 2007

	As at			
	31.12.2004	**31.12.2005**	**31.12.2006**	**31.8.2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current liabilities				
Trade payables	22,363	22,163	24,535	21,603
Other payables, deposits and accruals	5,000	6,897	8,724	9,113
Amounts owing to subsidiary companies	1,846	4,365	9,069	10,645
Amounts owing to associated companies	728	1,088	2,449	2,167
Hire purchase and finance lease liabilities	1,628	4,633	5,556	2,641
Revolving credits	3,000	2,500	-	-
Current tax liabilities	850	435	1,272	903
Total current liabilities	35,415	42,081	51,605	47,072
Total liabilities	38,575	48,780	57,748	53,895
TOTAL EQUITY AND LIABILITIES	129,397	147,943	167,435	168,943

Net tangible assets ("NTA")	81,253	89,834	103,235	108,938
Net assets ("NA")	90,822	99,163	109,687	115,048
Number of shares in issue ('000)	5,000	45,000	45,000	45,000
NTA per share (RM)	16.25	2.00	2.29	2.42
NA per share (RM)	18.16	2.20	2.44	2.56
Current ratio (times)	2.28	2.05	2.00	2.17
Total interest-bearing borrowings	6,483	12,021	9,651	7,441
Gearing ratio (times)	0.07	0.12	0.09	0.06
After-tax return on shareholders' funds (%)	10.56	8.41	9.59	4.66

(Prepared for inclusion in the Prospectus)

8.3 TASCO
STATEMENTS OF CHANGES IN EQUITY (AUDITED) FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005 AND 2006 AND THE EIGHT MONTHS ENDED 31 AUGUST 2007

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006

	Share capital RM'000	Unappropriated profit RM'000	Total RM'000
Balance at 1 January 2004	5,000	76,235	81,235
Profit for the year	-	9,587	9,587
Balance at 31 December 2004	5,000	85,822	90,822
Profit for the year	-	8,341	8,341
Issue of shares pursuant to Bonus Issue of 8-for-1	40,000	(40,000)	-
Balance at 31 December 2005	45,000	54,163	99,163
Profit for the year	-	10,524	10,524
Balance at 31 December 2006	45,000	64,687	109,687
Profit for the period	-	5,361	5,361
Balance at 31 August 2007	45,000	70,048	115,048
(Unaudited)			
Balance at 1 January 2006	45,000	54,163	99,163
Profit for the period	-	6,184	6,184
Balance at 31 August 2006	45,000	60,347	105,347

8.4 TASCO
CASH FLOW STATEMENTS (AUDITED) FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005 AND 2006 AND THE EIGHT MONTHS ENDED 31 AUGUST 2007
CASH FLOW STATEMENT (UNAUDITED) FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006

	------- Year ended 31 December -------			-- Eight months ended --	
	2004	2005	2006	31.8.2007	31.8.2006^
	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	13,626	11,855	14,600	7,520	8,963
Adjustments for:					
Bad and doubtful debts	25	153	235	-	-
Depreciation	3,186	4,735	6,033	4,686	3,947
Impairment loss on prepaid lease payments	62	-	-	-	-
Gain on disposal of property, plant and equipment	(255)	(110)	(136)	(81)	(46)
Property, plant and equipment written off	9	-	-	3	-
Amortisation of prepaid lease payments	46	66	66	48	43
Gain on disposal of other investments	(150)	-	-	-	-
Interest income	(319)	(370)	(408)	(381)	(207)
Dividend income	(2,190)	(1,235)	(871)	(73)	-
Interest expense	198	647	550	314	371
Operating profit before working capital changes	14,238	15,741	20,069	12,036	13,071
Changes in receivables	230	(5,936)	(1,622)	887	9,451
Changes in payables	486	2,476	6,391	(2,996)	(1,640)
Cash generated from operations	14,954	12,281	24,838	9,927	20,882
Tax paid	(2,948)	(3,078)	(2,757)	(2,533)	(1,603)
Net cash generated from operating activities	12,006	9,203	22,081	7,394	19,279

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

CASH FLOW STATEMENTS (AUDITED) (CONT'D) FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005 AND 2006 AND THE EIGHT MONTHS ENDED 31 AUGUST 2007

CASH FLOW STATEMENT (UNAUDITED) (CONT'D) FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006

	------- Year ended 31 December -------			-- Eight months ended --	
	2004	**2005**	**2006**	**31.8.2007**	**31.8.2006^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(20,476)	(8,077)	(6,108)	(5,861)	(3,510)
Proceeds from disposal of property, plant and equipment	1,442	146	172	24	55
Acquisition of a new subsidiary company	(1,300)	-	-*	-	-
Purchase of other investments	-	-	(44)	-	-
Proceed from disposal of other investments	150	-	-	-	-
Additions to prepaid lease payments	(9,349)	-	(652)	(350)	(652)
Deposits received from disposal of leasehold land	392	-	-	68	-
Proceed from disposal of leasehold land	-	174	-	-	-
(Advances to)/Repayment from subsidiary companies	(19)	144	(9)	(369)	83
(Advances to)/Repayment from an associated company	-	-	(627)	627	-
Interest received	319	370	408	381	207
Dividends received	27,175	890	627	53	-
Net cash used in investing activities	(1,666)	(6,353)	(6,233)	(5,427)	(3,817)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of revolving credits	(500)	(500)	(2,500)	-	(2,500)
(Repayment to)/Advances from subsidiary companies	(50)	2,100	3,872	1,679	(92)
Payment of hire purchase and finance lease liabilities	(1,453)	(3,673)	(5,427)	(4,063)	(3,392)
Interest paid	(198)	(647)	(550)	(314)	(371)
Net cash used in financing activities	(2,201)	(2,720)	(4,605)	(2,698)	(6,355)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,139	130	11,243	(731)	9,107
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	16,191	24,330	24,460	35,703	24,460
CASH AND CASH EQUIVALENTS CARRIED FORWARD	24,330	24,460	35,703	34,972	33,567
Represented by:					
Fixed deposits with a licensed bank	19,580	13,110	13,635	26,216	22,628
Cash and bank balances	4,750	11,350	22,068	8,756	10,939
	24,330	24,460	35,703	34,972	33,567

* *Represent RM2*

^ *Not audited and is included for comparison purposes only.*

(Prepared for inclusion in the Prospectus)

9. BSSB

The income statements, balance sheets, statements of changes in equity and cash flow statements of BSSB based on the audited financial statements for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007, and based on the unaudited financial statements for the eight months ended 31 August 2006, are as follows:

9.1 INCOME STATEMENTS (AUDITED) FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005 AND 2006 AND THE EIGHT MONTHS ENDED 31 AUGUST 2007

INCOME STATEMENT (UNAUDITED) FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006

	Year ended 31 December			Eight months ended	
	2004	2005	2006	31.8.2007	31.8.2006^
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,775	3,090	3,442	2,347	2,233
Cost of sales*	(2,231)	(2,462)	(2,682)	(1,777)	(1,735)
Gross profit	544	628	760	570	498
Other operating income	-	5	-	-	-
Administrative and other operating expenses	(14)	(18)	(24)	(33)	(14)
Profit before interest and taxation	530	615	736	537	484
Interest expense	(1)	-	-	-	-
Profit before taxation	529	615	736	537	484
Income tax expense	(108)	(132)	(162)	(109)	(91)
Profit attributable to shareholder of BSSB	421	483	574	428	393
** Included in cost of sales was:*					
Depreciation	*225*	*207*	*111*	46	87
No. of ordinary shares in issue at period end ('000)	100	100	100	100	100
Gross earnings per share (RM)	5.29	6.15	7.36	5.37	4.84
Net earnings per share (RM)	4.21	4.83	5.74	4.28	3.93
Gross profit margin (%)	19.60	20.32	22.08	24.29	22.30
Profit after tax margin (%)	15.17	15.63	16.68	18.24	17.60
Effective tax rate (%)	20.42	21.46	22.01	20.30	18.80
Interest coverage ratio (times)	530.00	N/A	N/A	N/A	N/A

Note:

^ *Not audited and is included for comparison purposes only.*

(i) There were no extraordinary or exceptional items during the financial periods under review.