

8. OTHER INFORMATION CONCERNING OUR CORPORATION/GROUP

8.1 INFORMATION ON LAND AND BUILDINGS

A summary of the land and buildings owned and leased by our Group is as follows:-

No.	Name of Registered Owner or Lessor / Postal Address / Title Identification	Tenure / Date of Expiry of lease	Approximate Age of Building	Description and Existing Use	Land area / Built up Area (Sq meter)	Restriction / Interest / Encumbrances	Audited Net Book Value or Monthly Rentals @ 31.8.2007 (RM'000)
1.	TASCO / Shah Alam Logistics Centre, Lot 2.25, 2.27, 2.29, Jalan SU7, Off Persiaran Tengku Ampuan, Lion Industrial Park 2, Section 26, 40000 Shah Alam / <ul style="list-style-type: none"> • HS(D) 80002, PT 14315, Mukim Damansara, Daerah Petaling, Selangor • HS(D) 80003, PT 14316, Mukim Damansara, Daerah Petaling, Selangor • HS(D) 80004, PT 14317, Mukim Damansara, Daerah Petaling, Selangor 	Freehold	9 years	Industrial land with one double storey warehouse, three storey office, porch, Tenaga Nasional Berhad substation, utilities building and guard house	12,141 / 12,856	Nil	15,045
2.	TASCO / Lot No. 19, Jalan P/9A, Kawasan Perusahaan, Seksyen 13, 43650 Bandar Baru Bangi, Selangor / HS(M) 9712, PT No. 11543, Seksyen 13, Mukim Kajang, Bandar Baru Bangi, Daerah Hulu Langat, Negeri Selangor	Leasehold for 99 years / 29.09.2086	16 years	Industrial land with single storey building, office and depot	465 / 195	This land shall not be sold, leased, charged or transferred in any manner except with the approval of the state authority	200

8. OTHER INFORMATION CONCERNING OUR CORPORATION/GROUP (Cont'd)

No.	Name of Registered Owner or Lessor / Postal Address / Title Identification	Tenure / Expiry of lease	Date of lease	Approximate Age of Building	Description of Existing Use	Land area / Built up Area	Restriction / Interest / Major Encumbrances	Audited Net Book Value or Monthly Rentals @ 31.8.2007 (RM'000)
3.	Nichicon (M) Sdn Bhd* / - / HS(D)109635, PT 61734 Seksyen 10, Bandar Baru Bangi, Ulu Langat, Selangor	Leasehold years / 19.08.2098	for	99 NA	Vacant Land	450 / -	This land shall not be leased, charged or transferred except with the approval of the state authority.	90
4.	Sony Logistics (Malaysia) Sdn Bhd* / - / PN 29929 Lot 46860, Bandar Baru Bangi, Ulu Langat, Selangor	Leasehold years / 19.08.2098	for	99 NA	Vacant Land	60,241 / -	This land shall not be leased, charged or transferred except with the approval of the state authority.	5,943
5.	TASCO / - / Geran No. 38381, Lot No. 21402, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak	Freehold		NA	Vacant Land	9,864 / -	Nil	1,303
6.	TASCO / ** - / PN 20009, Lot 4754, Mukim Cheng, Daerah Melaka Tengah, Negeri Melaka	Leasehold years / 14.08.2096	for	99 NA	Vacant Land	2,555 / -	This land shall not be transferred or leased without the consent of the State Authority. This restriction in interest excludes the first Purchaser.	352
7.	TASCO / ** - / PN No. Hakmilik 20038 Lot 4763, Mukim Cheng, Daerah Melaka Tengah, Negeri Melaka	Leasehold years / 14.08.2096	for	99 NA	Vacant Land	1,999 / -	This land shall not be transferred or leased without the consent of the state authority. This restriction in interest excludes the first Purchaser	292

8. OTHER INFORMATION CONCERNING OUR CORPORATION/GROUP (Cont'd)

No.	Name of Registered Owner or Lessor / Postal Address / Title Identification	Tenure / Expiry of lease	Date of lease	Approximate Age of Building	Description and Existing Use	Land area / Built up Area	Restriction / Interest / Major Encumbrances	Audited Net Book Value or Monthly Rentals @ (RM'000)
8.	Sony Logistics (Malaysia) Sdn Bhd / - / *** PN 29930, Lot 46861, Bandar Baru Bangi, Ulu Langat, Selangor	Leasehold for 99 years / 19.08.2098	NA	99	Vacant Land	36,446 / -	This land shall not be leased, charged or transferred except with the approval of the state authority.	3,463

Notes:-

* Pending the transfer of the above properties to our Group. Our Group's interests in the above subject properties are currently secured and regulated by the respective sale and purchase agreements. The Memoranda of Transfer have been executed and are pending presentation for registration with the Land Office.

** Lands are disposed to Satinni Corporation Sdn Bhd vide a Sale and Purchase Agreement dated 19 July 2007. The Memorandum of Transfer for the said lands are pending submission for registration with the Land Office.

*** Pending the transfer of the above property held by Sony Logistics (Malaysia) Sdn Bhd to our Company vide a sale and purchase agreement dated 25 May 2004. The Memorandum of Transfer for the said transfer has been executed and presented for registration with the Land Office. Upon registration of the transfer, our Company will make an application to the State Authority to seek its approval for the disposal of part of the property from our Company to Trans-Crest Sdn Bhd. The agreement for the disposal was made vide a sale and purchase agreement dated 26 May 2004 between our Company and Trans-Crest Sdn Bhd.

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8. OTHER INFORMATION CONCERNING OUR CORPORATION/GROUP (Cont'd)

Save as disclosed above, in respect of the land and buildings of our Group, the Directors of our Company have confirmed that:-

- (i) The above buildings of our Group have been issued with a Certificate of Fitness for Occupation;
- (ii) There are no other restrictions in interest or encumbrances
- (iii) That the existing use on land is in accordance with the land use condition;
- (iv) The properties above are in compliance with the relevant land use and building regulations; and
- (v) The properties above are in compliance with the express conditions attached.

8.2 ACQUISITIONS OF PROPERTIES DURING THE PAST TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS

Save as disclosed below, none of the properties as set out in the table of Section 8.1 above, were acquired during the two (2) years preceding the date of this Prospectus:-

Property	Date of transaction	Purchase price RM'000
PN No. Hakmilik 20009 Lot 4754 Mukim of Cheng, Daerah Melaka Tengah, Negeri Melaka	15.03.2006	351
PN No. Hakmilik 20038 Lot 4763, Mukim of Cheng, Daerah Melaka Tengah, Negeri Melaka	15.03.2006	290
Geran No. 38381, Lot No. 21402, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak	11.01.2007	1,274

8.3 MATERIAL PLANT AND EQUIPMENT

As at 31 August 2007, the material plant and equipment used and owned by our Group are as follows: -

Description	Audited as at 31 August 2007 (Owned by the Group)		Rental per month as at 31 August 2007		Total
	Unit	Net Book Value RM'000	Unit	RM'000	Unit
Logistics Centre/ Auto Centres/ AFS/ TFS	4	15,245	24	700	28
Prime movers/ Trucks/ Trailers	509	17,087	26	116	535
		32,332		816	

The Board of Directors of our Company is of the opinion that our Group has sufficient capacity to meet our Group's current level of operations and we will be utilising a part of the listing proceeds as disclosed in Section 2.6 herein to acquire additional plant and equipment to support our expansion plans.

9. FINANCIAL INFORMATION**9.1 CONSOLIDATED INCOME STATEMENTS**

The following is the summary of our consolidated income statements for the past three (3) financial years ended 31 December 2006 and eight (8) months period ended 31 August 2007. The consolidated income statements for the eight (8) months period ended 31 August 2006 has not been audited and has been prepared for illustrative purposes only as a comparison to the consolidated income statements for the eight (8) months period ended 31 August 2007. The consolidated income statements should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

	Financial year ended 31 December			8 months ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2006 RM'000	2007 RM'000
Revenue	288,313	288,045	354,855	229,984	213,562
Cost of sales*	(235,371)	(231,406)	(290,882)	(188,223)	(169,561)
Gross profit	52,942	56,639	63,973	41,761	44,001
Profit before depreciation, amortisation, interest and taxation	15,754	17,017	19,498	12,874	11,745
Amortisation of prepaid lease payments	(46)	(66)	(66)	(43)	(48)
Depreciation	(2,769)	(3,079)	(3,142)	(2,138)	(2,396)
Goodwill amortisation/written off	(48)	(48)	(8)	(8)	-
Investment income	542	516	408	207	454
Interest expense	(200)	(647)	(550)	(371)	(314)
Profit after depreciation, amortisation and interest	13,233	13,693	16,140	10,521	9,441
Share of profits of associated companies	872**	885**	843	626	601
PBT	14,105	14,578	16,983	11,147	10,042
Income tax expense	(4,124)**	(3,867)**	(4,572)	(3,202)	(2,665)
Profit for the year/period	9,981	10,711	12,411	7,945	7,377
Attributable to:					
- Shareholders of TASCO	9,976	10,710	12,381	7,940	7,366
- MI	5	1	30	5	11
Profit for the year/period	9,981	10,711	12,411	7,945	7,377
* Included in cost of sales was:-					
Depreciation	943	2,140	3,195	2,026	2,466
Enlarged issued and paid-up share capital ('000)	5,000	45,000	45,000	45,000	45,000
Gross EPS (RM)					
- Basic	0.31***	0.32	0.38	0.25	0.22
- Diluted	0.31***	0.32	0.38	0.25	0.22
Net EPS (RM)					
- Basic	0.22***	0.24	0.28	0.18	0.16
- Diluted	0.22***	0.24	0.28	0.18	0.16
Gross profit margin (%)	18.36	19.66	18.03	18.16	20.60
Net profit margin (%)	3.46	3.72	3.50	3.45	3.45

Notes:-

^ There were no extraordinary or exceptional items during the financial years under review.

** Reclassified to conform with the presentation upon the adoption of FRS101 Presentation of Financial Statements.

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

9. FINANCIAL INFORMATION (Cont'd)

The auditors' report on the financial statements of our Group for the relevant financial years/periods under review did not contain any qualification.

Save as disclosed below, the auditors' report on the financial statements of our Group for the relevant financial years/periods under review did not contain any emphasis of matter :-

- (i) The auditors' report on the financial statements of TASPL for the financial year ended 31 December 2006 and eight (8) months period ended 31 August 2007 pointed out that TASPL's ability to remain as a going concern was dependent on continuing financial support from TASCO; and
- (ii) The auditors' report on the financial statements of NHESB for the three (3) financial years ended 31 December 2006 and eight (8) months period ended 31 August 2007 pointed out that NHESB's ability to remain as a going concern was dependent on continuing financial support from directors, shareholders and creditors.

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9. FINANCIAL INFORMATION (Cont'd)

9.2 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
BALANCE SHEETS AS AT 31 AUGUST 2007
(Prepared for inclusion in the Prospectus)



16 November 2007

The Board of Directors
Trans-Asia Shipping Corporation Berhad
312, 3rd Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

**TRANS-ASIA SHIPPING CORPORATION BERHAD ("TASCO")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2007**

We have reviewed the Proforma Consolidated Balance Sheets of TASCO as at 31 August 2007 together with the notes and assumptions thereon, for which the directors of TASCO are solely responsible, as set out in the accompanying statement which we have stamped for the purpose of identification.

The Proforma Consolidated Balance Sheets have been prepared for inclusion in the Prospectus to be dated **7 DEC 2007** in connection with the following proposals and should not be relied upon for any other purposes:

- (i) Public issue of 25,200,000 new ordinary shares of RM1.00 each at an issue price of RM1.10 per share ("the Public Issue") as follows:
 - (a) 5,000,000 new ordinary shares of RM1.00 each available for application by the Malaysian Public;
 - (b) 5,200,000 new ordinary shares of RM1.00 each available for application by eligible directors, employees and business associates of TASCO and its subsidiary companies; and
 - (c) 15,000,000 new ordinary shares of RM1.00 each available for private placement to selected investors.
- (ii) The listing of and quotation for the entire enlarged issued and paid-up share capital of TASCO, comprising 100,000,000 ordinary shares of RM1.00 each on the Main Board of Bursa Malaysia Securities Berhad.

Chartered Accountants
A member of
Moores Rowland International
an association of independent
accounting firms throughout
the world

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Email: consult@mooresrowland.com.my

9. FINANCIAL INFORMATION (Cont'd)

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- (iii) An employees' share option scheme ("ESOS") is to be established for the granting of options to eligible directors and employees of the TASCOS Group to subscribe for new TASCOS shares representing up to 15% of the enlarged issued and paid-up share capital of TASCOS at any point in time within the duration of the ESOS.

(collectively referred to hereinafter as "the Proposals")

The Proforma Consolidated Balance Sheets have been prepared solely for illustrative purposes only to show the effects on the audited consolidated balance sheet of TASCOS as at 31 August 2007 had the Proposals been completed as at that day.

Our review consisted primarily of:

- agreeing the unadjusted financial information presented to its source, in this case, the audited financial statements for the eight months ended 31 August 2007 on which we have issued an unqualified audit report dated 22 October 2007;
- considering the appropriateness of the adjustments thereto; and
- reviewing the presentation of the Proforma Consolidated Balance Sheets with management.

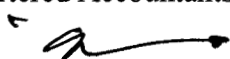
It is our responsibility to form an opinion based on our review and to report our opinion to you.

In our opinion:

- (i) the Proforma Consolidated Balance Sheets have been properly prepared based on audited financial statements of TASCOS as at 31 August 2007 which were prepared in accordance with applicable approved accounting standards for entities other than private entities, issued by the Malaysian Accounting Standards Board; and
- (ii) the Proforma Consolidated Balance Sheets have been properly compiled on the bases and assumptions set out in the accompanying notes, and such bases are consistent with the accounting policies adopted by TASCOS in the preparation of the financial statements for the eight months ended 31 August 2007 and taken into account the effects of complying with *Financial Reporting Standard 2, Share Based Payment*; and
- (iii) the adjustments are appropriate to show the effects of the Proposals.

Yours faithfully


MOORES ROWLAND
No. AF: 0539
Chartered Accountants


TANG KIN KHEONG
No. 1501/9/09 (J/PH)
Partner

9. FINANCIAL INFORMATION (Cont'd)**TRANS-ASIA SHIPPING CORPORATION BERHAD ("TASCO")****PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 AUGUST 2007**

The Proforma Consolidated Balance Sheets of TASCO as set out below is provided for illustrative purposes only to show the effects on the audited consolidated balance sheet of TASCO as at 31 August 2007 had the Proposals been completed as at that day, and should be read in conjunction with the notes and assumptions accompanying thereon.

	(1)	(2)	(3)	(4)
	After the Restricted Bonus Issue RM'000	After (1) and the Bonus Issue RM'000	After (2) and the Public Issue RM'000	After (3) and full exercise options under the ESOS RM'000
Audited as at 31.08.2007 RM'000				
ASSETS				
Non-current assets				
Property, plant and equipment	51,308	51,308	51,308	70,808
Goodwill	865	865	865	865
Investment in associated companies	9,672	9,672	9,672	9,672
Other investments	1,200	1,200	1,200	1,200
Prepaid lease payments	6,110	6,110	6,110	6,110
Total non-current assets	69,155	69,155	69,155	88,655
Current assets				
Inventories	37	37	37	37
Trade receivables	57,054	57,054	57,054	57,054
Other receivables, deposits and prepayments	5,538	5,538	5,538	5,538
Amounts owing by associated companies	2	2	2	2
Current tax asset	5	5	5	5
Fixed deposits with a licensed bank	26,216	26,216	26,216	26,216
Cash and bank balances	9,897	9,897	9,897	15,717
	98,749	98,749	98,749	104,569
Non-current assets classified as held for sale	4,107	4,107	4,107	4,107
Total current assets	102,856	102,856	102,856	125,176
TOTAL ASSETS	172,011	172,011	172,011	213,831



9. FINANCIAL INFORMATION (Cont'd)

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	(1)	(2)	(3)	(4)
	After the Restricted Bonus Issue RM'000	After (1) and the Bonus Issue RM'000	After (2) and the Public Issue RM'000	After (3) and full exercise options under the ESOS RM'000
Audited as at 31.08.2007 RM'000				
EQUITY AND LIABILITIES				
Equity				
Share capital	45,000	46,110	74,800	115,000
Share premium	-	-	-	1,901
Exchange translation reserve	7	7	7	7
Unappropriated profit	82,179	81,069	52,379	52,098
Equity attributable to shareholders of TASC0	127,186	127,186	127,186	169,006
Minority interests	233	233	233	233
Total equity	127,419	127,419	127,419	169,239
Non-current liabilities				
Hire purchase and finance lease liabilities	4,800	4,800	4,800	4,800
Deferred tax liabilities	2,141	2,141	2,141	2,141
Total non-current liabilities	6,941	6,941	6,941	6,941
Current liabilities				
Trade payables	21,906	21,906	21,906	21,906
Other payables, deposits and accruals	9,973	9,973	9,973	9,973
Amounts owing to associated companies	2,167	2,167	2,167	2,167
Hire purchase and finance lease liabilities	2,641	2,641	2,641	2,641
Current tax liabilities	964	964	964	964
Total current liabilities	37,651	37,651	37,651	37,651
Total liabilities	44,592	44,592	44,592	44,592
TOTAL EQUITY AND LIABILITIES	172,011	172,011	172,011	213,831
Net Tangible Assets ("NTA") attributable to shareholders of TASC0	120,211	120,211	120,211	162,031
Net Assets ("NA") attributable to shareholders of TASC0	127,186	127,186	127,186	169,006
Number of shares in issue ('000)	45,000	46,110	74,800	115,000
NTA per share (RM)	2.67	2.61	1.61	1.41
NA per share (RM)	2.83	2.76	1.70	1.47



9. FINANCIAL INFORMATION (Cont'd)**TRANS-ASIA SHIPPING CORPORATION BERHAD (“TASCO”)****NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 AUGUST 2007**

1. The Proforma Consolidated Balance Sheets have been prepared solely for illustrative purposes only to show the effects of the Proposals on the audited consolidated balance sheet of TASCO as at 31 August 2007 as if the Proposals had been completed as at that day.
2. The Proforma Consolidated Balance Sheets, taken into account the effects of complying with *Financial Reporting Standard 2, Share-based Payment*. Otherwise, they have been prepared on a basis consistent with those accounting policies adopted and disclosed by TASCO in its audited financial statements for the eight months ended 31 August 2007.
3. ***Restricted Bonus Issue***

On 24 October 2007, TASCO had undertaken a restricted bonus issue of 1,109,900 new ordinary shares of RM1.00 each to an existing shareholder, namely, Real Fortune Portfolio Sdn Bhd, credited as fully paid up (“the Restricted Bonus Issue”). The Restricted Bonus Issue is effected through the capitalisation of an amount of RM1,109,900 from unappropriated profit of TASCO.
4. ***Bonus Issue***

On 26 October 2007, following the completion of the Restricted Bonus Issue, TASCO had issued 28,690,100 new ordinary shares of RM1.00 each to its existing shareholders, credited as fully paid-up, on the basis of approximately 62 new ordinary shares for every existing 100 ordinary shares held in TASCO (“the Bonus Issue”). The Bonus Issue is effected through the capitalisation of an amount of RM28,690,100 from unappropriated profit of TASCO.
5. ***The Public Issue***

Following the completion of the Restricted Bonus Issue and the Bonus Issue, TASCO will undertake a Public Issue of 25,200,000 new ordinary shares of RM1.00 each at an issue price of RM1.10 per share.



9. FINANCIAL INFORMATION (Cont'd)

- 2 -

The proceeds from the Public Issue totaling RM27,720,000 will be utilised for the following:

	RM'000
Expansion of facilities	18,500
Investment in information technology	1,000
Working capital	5,820
Estimated listing expenses	2,400

	<u>27,720</u>

The estimated expenses for the listing exercise totalling approximately RM2,400,000 are entirely written off against the Share Premium Account and are paid for in cash.

6. The ESOS

Options to subscribe for up to an aggregate of 15,000,000 ordinary shares of RM1.00 each at an exercise price of RM1.10 per share will be granted under the ESOS and it is assuming that these options will be fully exercised.

The fair value of the RM15,000,000 options is 1.87 cents per share under option. The fair value is estimated as at the grant date using the *Binomial option pricing model*, taking into accounts the terms and conditions upon which the options were granted.

The fair value of the options is estimated based on the following input to the model:

Dividend yield	5.00%
Historical volatility	6.16%*
Risk-free interest rate	3.19%
Expected life of option	5 years
Closing share price	1.10

The risk free rate is based on the yield on a 5-year Malaysian government securities rate.

* Source: Bloomberg (based on average highest KLCI index for the years 2003 to 2006 and 4 months up to April 2007)



9. FINANCIAL INFORMATION (Cont'd)
9.3 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION
9.3.1 Segmental Analysis of Revenue and Gross Profit
(a) Analysis by Companies

The table below sets forth the breakdown of our Group's revenue, gross profit and PBTAMI by companies for the respective financial years/periods:

	Financial year ended 31 December			Eight (8) months ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2006 RM'000	2007 RM'000
<u>Revenue</u>					
TASCO	283,595	284,013	352,452	228,984	212,119
BSSB	2,775	3,090	3,442	2,233	2,347
TCLSB	3,433	4,854	3,795	2,490	2,790
TASPL	2,476	2,682	756	463	633
ETSB	1,800	1,795	2,305	1,441	1,753
PKSB	642	1,301	1,821	1,083	1,328
OSSB	226	262	263	140	187
NHESB	-	-	-	-	-
	294,947	297,997	364,834	236,834	221,157
Consolidation adjustments	(6,634)	(9,952)	(9,979)	(6,850)	(7,595)
	288,313	288,045	354,855	229,984	213,562
<u>Gross Profit</u>					
TASCO	49,431	51,342	58,283	38,269	39,774
BSSB	544	628	760	498	570
TCLSB	702	1,308	1,310	865	913
TASPL	858	1,087	543	333	490
ETSB	812	781	983	598	790
PKSB	15	8	84	19	42
OSSB	7	8	8	4	5
NHESB	-	-	-	-	-
	52,369	55,162	61,971	40,586	42,584
Consolidation adjustments	573	1,477	2,002	1,175	1,417
	52,942	56,639	63,973	41,761	44,001
<u>PBTAMI</u>					
TASCO	13,626	11,855	14,600	8,963	7,520
BSSB	529	615	736	484	537
TCLSB	696	1,303	1,318	876	905
TASPL	22	221	(696)	(410)	(345)
ETSB	805	833	986	603	795
PKSB	9	(1)	74	13	32
OSSB	3	3	3	1	(1)
NHESB	-	-	-	(2)	(2)
	15,690	14,829	17,021	10,528	9,441
Consolidation adjustments	(1,590)	(252)	(68)	614	590
	14,100	14,577	16,953	11,142	10,031

9. FINANCIAL INFORMATION (Cont'd)**(b) Analysis by Activities**

The table below sets forth the breakdown of our Group's revenue and gross profit by activities for the respective financial years/period:

	Financial year ended 31 December			Eight (8) months ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2006 RM'000	2007 RM'000
<u>Revenue</u>					
Customs Broking	57,017	43,761	40,287	24,612	30,246
Warehousing	26,545	24,102	27,933	16,378	22,909
Container Haulage	-	5,397	8,826	5,024	8,396
Air Freight Forwarding	131,659	138,702	198,286	133,150	99,838
Trucking	47,837	48,792	49,891	32,261	31,899
Sea Freight Forwarding	20,357	16,956	17,081	10,694	14,619
Automobile Related Services International Buyer	4,898	10,335	12,551	7,865	4,987
Consolidation Services	-	-	-	-	668
	288,313	288,045	354,855	229,984	213,562
<u>Gross Profit</u>					
Customs Broking	8,446	8,381	6,654	4,375	4,910
Warehousing	7,320	7,533	8,417	5,474	7,245
Container Haulage	-	1,526	1,659	904	2,122
Air Freight Forwarding	19,030	19,341	24,648	16,437	13,509
Trucking	14,168	15,370	15,794	10,131	11,443
Sea Freight Forwarding	2,958	3,148	4,107	2,751	3,055
Automobile Related Services International Buyer	1,020	1,340	2,694	1,689	1,494
Consolidation Services	-	-	-	-	223
	52,942	56,639	63,973	41,761	44,001

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9. FINANCIAL INFORMATION (Cont'd)**(c) Analysis by Division**

The table below sets forth the breakdown of our Group's revenue and gross profit by division for the respective financial years/periods:

	Financial year ended 31 December			Eight (8) months ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2006 RM'000	2007 RM'000
<u>Revenue</u>					
Ocean Division	83,562	73,260	77,046	46,014	61,551
Air Division	131,659	138,702	198,286	133,150	99,838
Land Division	47,837	48,792	49,891	32,261	31,899
International Freight Division	20,357	16,956	17,081	10,694	14,619
Auto Logistics Division	4,898	10,335	12,551	7,865	4,987
International Network Solutions Division	-	-	-	-	668
	288,313	288,045	354,855	229,984	213,562
<u>Gross Profit</u>					
Ocean Division	15,766	17,440	16,730	10,753	14,277
Air Division	19,030	19,341	24,648	16,437	13,509
Land Division	14,168	15,370	15,794	10,131	11,443
International Freight Division	2,958	3,148	4,107	2,751	3,055
Auto Logistics Division	1,020	1,340	2,694	1,689	1,494
International Network Solutions Division	-	-	-	-	223
	52,942	56,639	63,973	41,761	44,001

9.3.2 Overview of Revenue and Profit**Financial year ended 31 December 2004**

Revenue in financial year ended 31 December 2004 increased by 14.2% from RM252.4 million in financial year ended 31 December 2003 to RM288.3 million. This was mainly due to the recovery in the volume of air cargo handled, particularly export cargo, which was affected by the outbreak of Severe Acute Respiratory Syndrome and the Iraq war, and the upward revision in freight charges and all related surcharges and disbursements by all airlines towards the end of 2003 and 2004.

Although there was an increase in gross profit by RM5.8 million, the PBTAMI has decreased by RM1.4 million or 9.0% compared to financial year ended 31 December 2003. This was mainly due to the decrease in share of profits of associated companies by RM2.9 million whereby SSCSM ceased to be our associated company in 2003.

9. FINANCIAL INFORMATION (Cont'd)

Financial year ended 31 December 2005

Revenue in financial year ended 31 December 2005 decreased slightly from RM288.3 million in financial year ended 31 December 2004 to RM288.0 million. This was due to lower revenue contributed from SSCSM and Sony EMCS (M) Sdn Bhd which down-sized their operations in 2005.

The increase in PBTAMI by RM0.5 million or 3.3% compared to financial year ended 31 December 2004 was mainly due to increase in gross profit margin from 18.4% to 19.7% compared to financial year ended 31 December 2004. In addition, other operating income has increased by RM0.7 million due to the higher gain on foreign exchange and rental income.

Financial year ended 31 December 2006

Revenue in financial year ended 31 December 2006 increased by 23.2% from RM288.0 million in financial year ended 31 December 2005 to RM354.9 million. This was mainly due to increase in the volume of air cargo handled, particularly during the FIFA World Cup 2006 when the demand for electronic products in Europe and Japan was high.

The increase in PBTAMI by RM2.4 million or 16.3% compared to financial year ended 31 December 2005 was mainly due to the increase in revenue.

Financial period ended 31 August 2007

Revenue in financial period ended 31 August 2007 decreased by 7.13% from RM230.0 million in financial period ended 31 August 2006 to RM213.6 million. This was mainly due to decrease in the volume of air cargo handled in 2007 as compared to that of 2006. However, this decrease of revenue was offset by increase in cargo volume handled and the upward revision of quotations in Ocean Division and International Freight Division.

The decrease in PBTAMI by RM1.1 million or 9.9% compared to financial period ended 31 August 2006 was mainly due to the decrease in revenue.

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9. FINANCIAL INFORMATION (Cont'd)**9.3.3 Information regarding any Other Significant Factor, Including Unusual or Infrequent Events or New Developments, Materially Affecting Our Group's Net Revenue and Operating Profits**

Our Group's net revenue and operating profits are affected by a number of macro economic factors, which includes but not limited to the following:-

(i) Future Growth

With the sustained global growth and resilient domestic demand, the Malaysian economy is projected to expand by 6% in 2007. The global economy is expected to expand more moderately in the first half of the year with a slower growth expected in the US. With the global electronics industry expected to pick up in the second half-year due to higher demand for new products, the Malaysian economy is anticipated to expand more rapidly during that period and the E&E industry is expected to pick up in the later part of the year (*Source: Bank Negara Malaysia Annual Report 2006*).

Our Group is also diversifying and widening its customer base into other industries, thus reducing its exposure to the E&E industry. For instance, our newly established Auto Logistics Division and International Network Solutions Division have successfully secured various projects and these have diversified our services into the automobile and retail industry.

In addition, the growth prospect for the Malaysian cargo logistics industry is favourable, on the back of sustained economic growth and a pick-up in demand for electronics goods, which boosts external trade activities. Please refer to Sections 4.6.10 and 4.6.16 of this Prospectus for further details on the prospects of the cargo logistics industry.

(ii) Oil Prices

An upward trend in oil prices may result in an increase in the cost of fuel, which may affect our Land Division and Container Haulage Department's profits for a short-term period as there is usually a lag effect in passing on the cost to our customers.

However, for the rest of our business divisions, we are able to impute such costs into our rates to our customers.

(iii) Competition

Our Group faces competition from numerous players, such as other TLSPs as well as logistics providers operating within sub-sectors of the cargo logistics industry namely, freight forwarding (air and sea), trucking and warehousing-related activities. The size of our competitors ranges from international logistics solution providers to smaller local transporters and freight forwarding (air and sea) agents. Please refer to Section 4.6.11 of the Prospectus for further details.

As a fully integrated TLSP, our Group's strong global and domestic networks, an established and proven track record, competitive strengths and advantages, the Board of Directors are of the opinion that our Group is well positioned to stand out from the other players in the industry.

9. FINANCIAL INFORMATION (Cont'd)**9.3.4 Impact of Foreign Exchange/Interest Rates on Operating Profits**

Our Group is a party to foreign currency forward contracts, which are not recognised in the financial statements on inception. The foreign currency forward contracts are entered into in the normal course of our business in order to limit our exposure to foreign currency fluctuations. These forward contracts are entered into with a licensed bank to cover the JPY denominated purchases from one of our suppliers, namely YAS. Forward contracts are not entered into for other assets and liabilities denominated in foreign currencies as the amounts involved are immaterial.

The objective of entering into these foreign currency forward contracts is to protect ourselves against unfavourable exchange rate movements for purchases undertaken in foreign currencies. Gains or losses from the forward contracts offset the corresponding foreign exchange losses or gains on trade payables covered by the forward contracts.

It is our Group's policy not to trade in foreign exchange forward contracts.

Our Group's income and operation cash flows are substantially independent of changes in market interest rates. Interest rate exposures arise from our Group's fixed deposits, revolving credits and hire purchase and finance lease liabilities.

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

Our 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. Our Group has a policy to ensure that interest rates obtained are competitive and our Group does not hedge again our interest rate risks.

9.3.5 Tax Consideration

The amount of provision for taxation was adequate to cover all known current tax liabilities due to the IRB and Inland Revenue Authority of Singapore ("IRAS"). The tax submission for our Group has been made up to the year of assessment 2006 for TASCO and its Malaysian subsidiary companies and year of assessment 2006 for TASPL. There were no material matters in dispute with the IRB and IRAS during the financial years under review.

The effective tax rates for financial years ended 31 December 2004, 2005, 2006 and financial period ended 31 August 2007 were higher than the statutory tax rates due to certain expenses which were not deductible for tax purposes.

Based on the tax computation for the year of assessment 2006 for TASCO and its Malaysian subsidiary companies and the draft tax computation for year of assessment 2007 for TASPL, TASCO Group do not has any unutilised tax losses or capital allowances to be carried forward except for TASPL has unutilised tax losses of RM694,000 to be carried forward.

9. FINANCIAL INFORMATION (Cont'd)

Our Company is entitled to claim Investment Tax Allowance of 60% on qualifying capital expenditure on property, plant and equipment within five (5) years from 29 December 2003 to 28 December 2008. The amount so claimed can be utilised to set off up to 70% of the statutory income. The unutilised Investment Tax Allowance can be carried forward indefinitely. As at 31 October 2007, our Company has yet to submit the claim.

9.3.6 Exceptional and Extraordinary Items

There are no exceptional and extraordinary items for the past three (3) financial years ended 31 December 2006.

9.4 TREND INFORMATION

As at 31 October 2007, being the latest practicable date, to the best of our knowledge and belief, our conditions and operations have not been and are not expected to be affected by any of the following:-

- (a) Known trends, demands, commitments, events or uncertainties that have had or that our Company reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in this section and in Section 3 and Section 4.6 of this Prospectus;
- (b) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this section and in Section 3 of this Prospectus;
- (c) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been disclosed in this section and future plans, strategies and prospects as set out in Section 4.7 of this Prospectus;
- (d) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 3 of this Prospectus; and
- (e) Material commitments for capital expenditure save as disclosed in Section 9.8 of this Prospectus.

Our Group's business and financial prospects including significant trends in revenue and costs are discussed in Sections 4.7, 9.3 and 9.10 of this Prospectus. Further discussion on the overview of the logistics industry, its prospects and outlook are elaborated in Section 4.6 of this Prospectus.

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9. FINANCIAL INFORMATION (Cont'd)

9.5 LIQUIDITY AND CAPITAL RESOURCES

9.5.1 Working Capital

The business operations of our Group have been financed through a combination of shareholders' equity, internally generated funds and external borrowings from financial institutions.

As at 31 August 2007, our Group has material unutilised sources of liquidity comprise mainly of cash and bank balances (including fixed deposit) and unutilised short-term borrowings amounting to approximately RM36.1 million, and RM20.0 million respectively.

The Directors of our Company are of the opinion that, after taking into account the consolidated cashflow forecast, our existing unutilised sources of liquidity and the net proceeds from the IPO, our Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

9.5.2 Cash Flow

The following is the summary of our Group's consolidated cash flow statement for the eight (8) months period ended 31 August 2007 based on the consolidated cash flow statement as disclosure in Section 10 of this Prospectus.

	Eight (8) month period ended 31 August 2007 RM'000
Net cash generated from operating activities	8,786
Net cash used in investing activities	(5,062)
Net cash used in financing activities	(4,377)
Net cash outflow for the financial period	(653)
Net decrease in cash and cash equivalents	(653)
Cash and cash equivalents at beginning of the financial period	36,764
Effect of exchange rate changes	2
Cash and cash equivalents at end of financial period	36,113

Net cash generated from operating activities

During financial period ended 31 August 2007, our Group generated net cash from operations before adjustment for working capital of approximately RM14.1 million. After adjustments for the decrease in working capital of approximately RM2.1 million, our Group's cash generated from operations was approximately RM12.0 million. The amount of tax paid during the financial period was approximately RM3.2 million.

9. FINANCIAL INFORMATION (Cont'd)

Net cash generated from investing activities

During financial period ended 31 August 2007, our Group used net cash in investing activities of approximately RM5.0 million. Main outflow is due to the purchase of property, plant and equipment of approximately RM5.9 million. Inflow consists of the repayment from an associated company and interest received for approximately RM0.6 million and RM0.4 million respectively.

Net cash generated from financing activities

Net cash for financing activities during financial period ended 31 August 2007 was approximately RM4.4 million. Main outflow is due to payment for hire purchase and finance lease liabilities for approximately RM4.0 million.

The net decrease of RM0.7 million in cash and cash equivalent for the financial period ended 31 August 2007 is consistent with our future plans of expanding our operations equipment and resources. Please refer to Section 4.7 of the Prospectus for further details.

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9. FINANCIAL INFORMATION (Cont'd)**9.5.3 Borrowings**

As at 31 August 2007, the total outstanding borrowings (which are all interest bearing) of our Group in the form of hire purchase and finance lease amounting to approximately RM7.4 million. The borrowings can be further analysed as follows:-

Borrowings	Amount RM '000
<u>Long Term Borrowings</u>	
• Interest-bearing	4,800
• Non-interest bearing	-
<u>Short term Borrowings</u>	
• Interest-bearing	2,641
• Non-interest bearing	-
Total	7,441
Gearing ratio before IPO ⁽¹⁾ (times)	0.06
Gearing ratio after IPO ⁽²⁾ (times)	0.05

Notes:

- (1) Based on proforma shareholders' fund as at 31 August 2007 at Proforma II prior to IPO of the Proforma Consolidated Balance Sheets set out in Section 9.2 of this Prospectus.
- (2) Based on proforma shareholders' fund as at 31 August 2007 at Proforma III prior to the ESOS Option of the Proforma Consolidated Balance Sheets set out in Section 9.2 of this Prospectus.

Our Group has no foreign currency borrowings and has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout financial year ended 31 December 2006 and up to 31 August 2007.

9.6 KEY FINANCIAL RATIOS

The key financial ratios of our Group are as follows:-

	Financial year ended 31 December			Eight (8) months ended 31 August
	2004	2005	2006	2007
Trade receivable turnover period (months)	2.23	2.46	2.00	2.14
Trade payable turnover period (months)	1.20	1.24	1.14	1.15

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9. FINANCIAL INFORMATION (Cont'd)**9.7 FINANCIAL INSTRUMENTS FOR HEDGING**

Our Group enters into foreign currency forward contracts in the normal course of business in order to limit our exposure to foreign currency fluctuations. These forward contracts are entered into with a licensed bank to cover the JPY denominated purchases from one of our suppliers, namely YAS.

Our Group will continue to monitor our foreign exchange exposure closely in the future and may hedge our material foreign exchange transactions after considering the foreign currency amount, exposure period and transaction costs.

9.8 MATERIAL CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATION**9.8.1 Material Capital Commitments**

Save as disclosed below, as at 31 August 2007, the Directors of our Company are not aware of any material capital commitments for capital expenditure, which upon becoming enforceable, may have a material effect on the financial position of the Group: -

Material Commitments	Amount RM' 000
Contracted and authorised acquisition of property, plant and equipment not provided for in the financial statements	6,598
Non-cancellable operating lease commitments due*:-	
• Not later than one year	154
• Later than one year but not later than 5 years	206
Total	6,958

Note:-

* *The operating leases are in respect of office cum warehouses rented by our Group as at the end of the year*

Our Group funds the above capital commitments from internally generated funds or bank borrowings.

9.8.2 Material Contingent Liabilities

As at 31 October 2007 (being the latest practicable date prior to the issuance of this Prospectus), the Directors of our Company are not aware of any material contingent liabilities incurred by our Company or our subsidiary companies, which upon becoming enforceable, may have a material effect on the financial position of our Company or our subsidiary companies.

9. FINANCIAL INFORMATION (Cont'd)

9.8.3 Material Litigation/Arbitration

Save as disclosed in Section 14.5, as at 31 October 2007 (being the latest practicable date prior to the issuance of this Prospectus), neither our Company nor any of our subsidiary companies are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiary companies and the Directors of our Company are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company or our subsidiary companies.

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9. FINANCIAL INFORMATION (*Cont'd*)

9.9 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST
(*Prepared for inclusion in the Prospectus*)



16 November 2007

The Board of Directors
Trans-Asia Shipping Corporation Berhad
312, 3rd Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Partners/Directors
Dato' Koay Soon Eng
Ong Eng Loo
David Wong Siew Chow
Tang Kin Kheong
Jean Gan Morn Ghuat
Tang Chin Fook
Francis Hii Joon Teck
Tan Yen Yeow

Dear Sirs

TRANS-ASIA SHIPPING CORPORATION BERHAD ("TASCO")

- **CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007 ("Consolidated Profit Estimate")**
- **CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2008 ("Consolidated Profit Forecast")**

We have reviewed the consolidated profit estimate and consolidated profit forecast of TASCO and its subsidiary companies ("the TASCO Group"), as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with *International Standard on Assurance Engagements - AI 3400 : The Examination of Prospective Financial Information* applicable to the review of estimate and forecast.

The consolidated profit estimate and consolidated profit forecast have been prepared for inclusion in the Prospectus to be dated **7 DEC 2007** in connection with the following proposals and should not be relied upon for any other purposes:

- (i) Public issue of 25,200,000 new ordinary shares of RM1.00 each at an issue price of RM1.10 per share ("the Public Issue") as follows:
 - (a) 5,000,000 new ordinary shares of RM1.00 each available for application by the Malaysian Public;
 - (b) 5,200,000 new ordinary shares of RM1.00 each available for application by eligible directors, employees and business associates of TASCO and its subsidiary companies; and
 - (c) 15,000,000 new ordinary shares of RM1.00 each available for private placement to selected investors.
- (ii) The listing of and quotation for the entire enlarged issued and paid-up share capital of TASCO, comprising 100,000,000 ordinary shares of RM1.00 each on the Main Board of Bursa Malaysia Securities Berhad.

9. FINANCIAL INFORMATION (Cont'd)

- 2 -

- (iii) An employees' share option scheme ("ESOS") is to be established for the granting of options to eligible directors and employees of the TASCOS Group to subscribe for new TASCOS shares representing up to 15% of the enlarged issued and paid-up share capital of TASCOS at any point in time within the duration of the ESOS.

(collectively referred to hereinafter as "the Proposals")

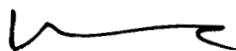
Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit estimate and consolidated profit forecast, in all material respects, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with those accounting policies adopted and disclosed by the TASCOS Group in their audited financial statements for the eight months ended 31 August 2007. The directors are solely responsible for the preparation and presentation of the consolidated profit estimate and consolidated profit forecast and the assumptions on which the consolidated profit estimate and consolidated profit forecast are based.

Estimate and forecast, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which the directors expect to take place and the actions which the directors expect to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the estimate and forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matter stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit estimate and consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit estimate and consolidated profit forecast, in so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with those accounting policies adopted and disclosed by the TASCOS Group in their audited financial statements for the eight months ended 31 August 2007.

Yours faithfully



MOORES ROWLAND
No. AF: 0539
Chartered Accountants



TANG KIN KHEONG
No. 1501/9/09 (J/PH)
Partner

9. FINANCIAL INFORMATION (Cont'd)

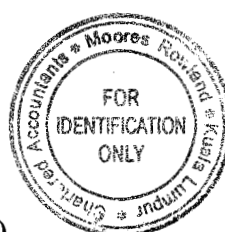
TRANS-ASIA SHIPPING CORPORATION BERHAD ("TASCO")

**CONSOLIDATED PROFIT ESTIMATE
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007
("Consolidated Profit Estimate")**

**CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2008
("Consolidated Profit Forecast")**

The directors estimate and forecast that, in the absence of any unforeseen circumstances, the consolidated profit for the years ending 31 December 2007 and 31 December 2008, based on the assumptions set out below, will be as follows:

	Estimate 2007 RM'000	Forecast 2008 RM'000
Revenue	325,700	361,000
Cost of sales	(258,150)	(284,659)
Gross profit	<u>67,550</u>	<u>76,341</u>
TASCO Group's profit before taxation	16,520	19,880
Share of profits of associated companies		
• Precious Fortune Sdn Bhd ("PFSB")	189	-
• Agate Electro Supplies Sdn Bhd	614	612
Profit before taxation	<u>17,323</u>	<u>20,492</u>
Taxation	(4,509)	(5,669)
Profit after taxation	<u>12,814</u>	<u>14,823</u>
Minority interests	(14)	(23)
Profit after taxation and minority interests	<u>12,800</u>	<u>14,800</u>
Weighted average number of shares in issue ('000)	74,800	100,000
Gross earnings per share ("EPS") (RM)		
- Basic	0.23	0.20
- Diluted	0.23	0.20
Net EPS (RM)		
- Basic	0.17	0.15
- Diluted	0.17	0.15
Net Price-Earnings Multiple based on issue price of RM1.10 per share (times)	<u>6.43</u>	<u>7.43</u>



9. FINANCIAL INFORMATION (Cont'd)

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The consolidated profit estimate and consolidated profit forecast have been prepared on bases and accounting principles consistent with those accounting policies adopted and disclosed by the TASC0 Group in their audited financial statements for the eight months ended 31 August 2007.

The specific bases and assumptions made in the preparation of the consolidated profit estimate and consolidated profit forecast are set out as follows:

- The Proposals will be completed in December 2007.
- The proceeds from the Public Issue totaling RM27,720,000 are expected to be received by end of December 2007 and will be utilised as follows:

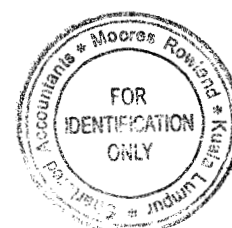
	RM'000
Expansion of facilities	18,500
Investment in information technology	1,000
Estimated listing expenses	2,400
Working capital	5,820

	27,720
	=====

The estimated expenses for the listing exercise totalling approximately RM2,400,000 are entirely written off against the Share Premium Account in 2007.

- The TASC0 Group is expected to generate gross profit from the following division in 2007 and 2008: -

	----- Estimate -----		----- Forecast -----	
	----- 2007 -----		----- 2008 -----	
	RM'000	%	RM'000	%
Ocean division	23,519	34.82	28,404	37.21
Air division	25,995	38.48	24,410	31.97
Land division	12,196	18.05	15,303	20.05
International freight division	5,323	7.88	5,162	6.76
Auto logistics division	317	0.47	2,677	3.51
International network solutions division	200	0.30	385	0.50
	-----	-----	-----	-----
	67,550	100.00	76,341	100.00
	=====	=====	=====	=====



9. FINANCIAL INFORMATION (Cont'd)

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4. There will be no share options granted under the ESOS in 2007 and 2008, and no employee cost arising from the *Financial Reporting Standard 2, Share-based Payment* is recognised in the income statement during 2007 and 2008.

The ESOS will only be implemented after 2008.

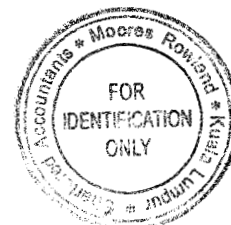
5. Capital expenditure programmes will be implemented on schedule and there will be no material acquisitions or disposals of property, plant and equipment other than those planned.

The major planned acquisition of property, plant and equipment comprises as follows:

	Estimate 2007 RM'000	Forecast 2008 RM'000
Land and buildings	8,300	33,000
Motor vehicles	1,200	5,000
Computers	500	500
	----- 10,000 =====	----- 38,500 =====

These assets will be depreciated over the respective estimated useful life of the assets concerned.

6. There are no plans to acquire any investments.
7. There will be no impairment loss on other investments and no dividend income on these investments is expected to be received in 2007 and 2008 except for the dividend income from an unquoted investment, Hitachi Transport Systems Sdn Bhd amounting to RM73,200 is expected to be received in 2007.
8. There will be no impairment loss on goodwill on consolidation and accordingly, no expense on impairment loss is charged to the income statement in 2007 and 2008.
9. There will be no share of PFSB's profit in 2008 as PFSB will cease operations after the disposal of its warehouse in 2008. No gain or loss will be recognised by PFSB as it is assumed that the warehouse will be disposed of at its net book value.
10. Statutory tax rate will at 27% for 2007 and 26% for 2008.



9. FINANCIAL INFORMATION (Cont'd)

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The general bases and assumptions upon which the consolidated profit estimate and consolidated profit forecast have been prepared are set out below:

1. There will be no material changes in the principal activities, structure and key personnel of the TASCOS Group. Additionally, the accounting and operating policies currently adopted by the TASCOS Group will remain unchanged.
2. The operations of the TASCOS Group will not be adversely affected by industrial disputes or any other unexpected factors or changes.
3. There will be no significant changes in the terms and arrangements with principals and suppliers which will adversely affect operations.
4. There will be no significant changes in the sales mix and pricing for logistics services charged to customers.
5. There will be no significant incidences of bad debts or the other abnormal circumstances which will affect the operations of the TASCOS Group.
6. There will be no significant changes in the economic and political conditions currently prevailing in Malaysia and elsewhere, especially those conditions that affect the total logistics industry, which will have a direct or indirect adverse effect on the performance of the TASCOS Group.
7. There will be no significant changes in the present legislation or government regulations including tariffs, duties, rates and the bases of taxation which will adversely affect the operations of the TASCOS Group or the market in which they operate.
8. There will be no significant changes in administrative and overhead expenses from current levels other than normal increases which are in line with inflation and changes which are in line with management plans.
9. Existing credit facilities will remain available with no major changes to the interest rates and terms. The TASCOS Group will also be able to obtain the necessary additional financing facilities at interest rates approximating those currently prevailing.



9. FINANCIAL INFORMATION (Cont'd)

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10. The domestic inflation rate, interest rates and the exchange rates of the Ringgit against the relevant foreign currencies will not change materially from current levels.
11. The TASCOS Group will not engage in any material litigation and there will be no legal proceedings against the TASCOS Group which will adversely affect the activities or performance of the TASCOS Group or give rise to any additional contingent liabilities which will materially affect the financial position or business of the TASCOS Group. There will be no material claims against the TASCOS Group which have not already been recorded.
12. All existing licenses, permits and approvals granted to the TASCOS Group will not be withdrawn and will be renewed by the relevant authorities. All licenses, permits and approvals required by the TASCOS Group in respect of future operations will be obtained.
13. There will be no impairment loss on property, plant and equipment and no revaluation of property, plant and equipment will be carried out.



9. FINANCIAL INFORMATION (Cont'd)

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APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated

13 NOV 2007

Signed on behalf of the Board of Directors



**LEE CHECK POH
DIRECTOR
TRANS-ASIA SHIPPING CORPORATION BERHAD**



**AHMAD BIN ISMAIL
DIRECTOR
TRANS-ASIA SHIPPING CORPORATION BERHAD**

9. FINANCIAL INFORMATION (Cont'd)**9.10 DIRECTORS' ANALYSIS AND COMMENTARY ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST****Estimate for financial year ending 31 December 2007:**

Revenue for financial year ending 31 December 2007 is estimated to decrease by 8.2% to RM325.7 million as compared to financial year ended 31 December 2006. This is mainly due to lower volume of air cargo expected to be handled in 2007 as compared to that of 2006. However, the decrease of revenue is expected to be offset by higher cargo volume handled in Ocean Division and International Freight Division for the financial year ending 31 December 2007.

Despite lower revenue expected in 2007, our gross profit for financial year ending 31 December 2007 is estimated to increase by 5.6% to RM67.6 million as compared to financial year ended 31 December 2006. The higher gross profit is mainly due to the revenue mix whereby higher margin divisions namely Ocean Division and International Freight Division are expected to achieve higher sales for the financial year ending 31 December 2007.

With higher gross profit expected in 2007, TASCO Group is estimated to achieve PBT and PATAMI of RM17.3 million and RM12.8 million respectively for the financial year ending 31 December 2007.

Forecast for financial year ending 31 December 2008:

Revenue for financial year ending 31 December 2008 is forecasted to increase by 10.8% to RM361.0 million as compared to financial year ending 31 December 2007. This is mainly due to the expected increase in revenue from Ocean Division, Auto Logistics Division and Land Division.

Our gross profit for financial year ending 31 December 2008 is forecasted to achieve RM76.3 million or gross profit margin of 21.15% which is slightly higher than the gross profit margin of 20.74% expected to achieve for financial year ending 31 December 2007. The increase is due to the favourable financial impact from the use of IPO proceeds and expansion of equipment and resources.

With higher gross profit expected in 2008, TASCO Group is forecasted to achieve PBT and PATAMI of RM20.5 million and RM14.8 respectively for the financial year ending 31 December 2008.

Our Directors confirm that the consolidated profit estimate and forecast of our Group for financial years ending 31 December 2007 and 31 December 2008 and the underlying bases and assumptions set out in Section 9.9 of the Prospectus, have been reviewed by our Directors after due and careful enquiries, and that our Directors, having taken into account the future prospects of the logistics industry, the expansion plans and strategies of our Group, the low level of gearing, the level of liquidity and working capital requirements of our Group, are of the opinion that the consolidated profit estimate and forecast are achievable, and the assumptions made are reasonable.

Nevertheless, these bases and assumptions cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside the control of our Group. Therefore, certain assumptions used in the preparation of the consolidated profit estimate and forecast may differ significantly from the actual situation.

9. FINANCIAL INFORMATION (Cont'd)

9.11 DIVIDEND FORECAST AND POLICY

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Directors and any final dividend for the year is subject to shareholders' approval. Notwithstanding that it is our Company's intention to pay dividends to shareholders in the future, in order to allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group. In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account, amongst others, the following factors:-

- (a) The availability of adequate distributable reserves and cash flows of the Company;
- (b) The availability of sufficient tax credits under Section 108 of the Malaysian Income Tax Act, 1967 to enable the Company to distribute dividends to the shareholders without incurring any tax liability;
- (c) The operating cash flow requirements, financing commitments and level of indebtedness; and
- (d) Our projected levels of capital expenditure and other investment plans.

Our Directors have not forecasted any dividends to be declared for financial years ending 31 December 2007 and 31 December 2008 as our Board wishes to conserve our Group's earnings for capital expansion plans as well as working capital. Barring unforeseen circumstances, our Board intends to declare a gross dividend of 5.0 sen per Share or 5.0% per Share for financial year ending 31 December 2009, based on the enlarged issued and paid-up share capital of 100,000,000 Shares.

You should note that any future dividends proposed and declared, may vary depending on the financial performance and cash flow of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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10. ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus)



16 November 2007

The Board of Directors
Trans-Asia Shipping Corporation Berhad
312, 3rd Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

**TRANS-ASIA SHIPPING CORPORATION BERHAD (“TASCO”)
ACCOUNTANTS' REPORT**

1. INTRODUCTION

This report has been prepared by Moores Rowland, approved company auditors, for the purpose of inclusion in the Prospectus to be dated **7 DEC 2007** in connection with the following:

- (i) Public issue of 25,200,000 new ordinary shares of RM1.00 each in TASCO at an issue price of RM1.10 per share as follows:
 - (a) 5,000,000 new ordinary shares of RM1.00 each available for application by the Malaysian Public;
 - (b) 5,200,000 new ordinary shares of RM1.00 each available for application by eligible directors, employees and business associates of TASCO and its subsidiary companies (“Group”) or (“TASCO Group”); and
 - (c) 15,000,000 new ordinary shares of RM1.00 each available for private placement to selected investors.
- (ii) The listing of and quotation for the entire enlarged issued and paid-up share capital of TASCO, comprising 100,000,000 ordinary shares of RM1.00 each on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Securities”).
- (iii) An employees’ share option scheme (“ESOS”) is to be established for the granting of options to eligible directors and employees of the TASCO Group to subscribe for new TASCO shares representing up to 15% of the enlarged issued and paid-up share capital of TASCO at any point in time within the duration of the ESOS.

Partners/Directors
Dato' Koay Soon Eng
Ong Eng Loo
David Wong Siew Chow
Tang Kin Kheong
Jean Gan Morn Ghuat
Tang Chin Fook
Francis Hii Joon Teck
Tan Yen Yeow

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10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***2. GENERAL INFORMATION****2.1 Background**

TASCO was incorporated in Malaysia under the Companies Act, 1965 as a private company limited by shares on 10 September 1974 under the name of Trans-Asia Shipping Corporation Sdn Bhd. TASCO was converted into a public company limited by shares and assumed its present name on 14 December 2001.

TASCO is principally engaged in business as a total logistics solutions provider.

2.2 Listing scheme

In conjunction with, and as an integral part of the listing of and quotation for its entire enlarged issued and paid-up share capital on the Bursa Securities, TASCO undertook the following transactions which have been approved by the relevant authorities:

- (i) Restricted bonus issue of 1,109,900 new ordinary shares of RM1.00 each to an existing shareholder, namely, Real Fortune Portfolio Sdn Bhd, credited as fully paid-up, by the capitalisation of an amount of RM1,109,900 from unappropriated profit of TASCO; and
- (ii) Bonus issue of 28,690,100 new ordinary shares of RM1.00 each to its existing shareholders, credited as fully paid-up, on the basis of approximately 62 new ordinary shares for every existing 100 ordinary shares held, by the capitalisation of an amount of RM28,690,100 from unappropriated profit of TASCO; and

2.3 Authorised share capital

The authorised share capital of TASCO since its incorporation is as follows:

Date of creation	Number of shares created	Cumulative authorised share capital RM
10.09.1974	100,000	100,000
05.11.1985	900,000	1,000,000
24.01.1991	2,500,000	3,500,000
16.10.1995	6,500,000	10,000,000
16.12.2005	40,000,000	50,000,000
24.10.2007	150,000,000	200,000,000

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***2.4 Issued and fully paid-up share capital**

The movements in the issued and paid-up share capital of TASCOS since the date of incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration	Cumulative issued and paid-up share capital RM
10.09.1974	4	Subscribers' shares	4
05.11.1975	49,996	Cash at par	50,000
06.06.1977	50,000	Cash at par	100,000
05.11.1985	300,000	Bonus issue on the basis of 3 new ordinary shares of RM1.00 each for every ordinary share of RM1.00 each held	400,000
25.06.1990	600,000	Cash at par	1,000,000
10.08.1991	1,000,000	Cash at par	2,000,000
25.11.1992	1,500,000	Cash at par	3,500,000
18.03.1996	1,500,000	Cash at par	5,000,000
16.12.2005	40,000,000	Bonus issue on the basis of 8 new ordinary shares of RM1.00 each for every ordinary share of RM1.00 each held	45,000,000
24.10.2007	1,109,900	Restricted bonus issue	46,109,900
26.10.2007	28,690,100	Bonus issue on the basis of approximately 62 new ordinary shares of RM1.00 each for every 100 ordinary shares of RM1.00 each held	74,800,000

Upon completion of Public Issue of 25,200,000 new ordinary shares of RM1.00 each at an issue price of RM1.10 per share, the issued and fully paid-up share capital of TASCOS will be enlarged to RM100,000,000 comprising of 100,000,000 ordinary shares of RM1.00 each.

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***2.5 Information on subsidiary companies**

As of the date of this report, the subsidiary companies of are as follows:

Name of company	Date and country of incorporation	----- Share capital -----		Effective equity interest %	Principal activities
		Authorised	Issued and paid-up		
Baik Sepakat Sdn Bhd ("BSSB")	25.08.1994 Malaysia	RM100,000	RM100,000	100.00	Truck rental and insurance agency business
Tunas Cergas Logistik Sdn Bhd ("TCLSB")	26.09.1994 Malaysia	RM100,000	RM100,000	100.00	Truck rental, provision of truck repair and maintenance and provision of logistic related services
Trans-Asia Shipping Pte Ltd ("TASPL")	16.02.2001 Singapore	-	SGD100,000	100.00	Forwarding, handling agents and freight forwarders
Emulsi Teknik Sdn Bhd ("ETSB")	01.09.1994 Malaysia	RM100,000	RM100,000	100.00	Truck rental
NYK Harimau Express (Malaysia) Sdn Bhd ("NHESB")	27.05.2003 Malaysia	RM100,000	RM2	100.00	Dormant
Piala Kristal (M) Sdn Bhd ("PKSB")	11.05.2000 Malaysia	RM250,000	RM205,000	51.22	Provision of services related to freight forwarding
Omega Saujana Sdn Bhd ("OSSB")	09.06.2000 Malaysia	RM250,000	RM205,000	51.22	Provision of services related to freight forwarding

TASCO, BSSB, TCLSB, TASPL, ETSB, NHESB, PKSB and OSSB are hereinafter collectively referred to as "the TASCO Group".

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***2.6 Information on associated companies**

As of the date of this report, the associated companies, all incorporated in Malaysia, are as follows:

Name of company	Date of incorporation	----- Share capital -----		Effective equity interest %	Principal activities
		Authorised RM	Issued and paid-up RM		
Precious Fortunes Sdn Bhd ("PFSB")	01.03.1990	8,000,000	8,000,000	32.50	Warehouse rental
Agate Electro Supplies Sdn Bhd ("AESSB")	27.06.1990	5,000,000	4,354,350	50.00	Warehouse rental

3. AUDITORS AND AUDITED FINANCIAL STATEMENTS

The financial statements of TASCOS, BSSB, TCLSB, ETSB, PKSB and OSSB for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007 were audited by us.

The financial statements of TASPL for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007 were audited by Messrs Mazars Moores Rowland LLP, Singapore.

The financial statements of NHESB for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007 were audited by Leong Yip Ong & Co.

The respective auditors' reports on the financial statements of TASCOS and its subsidiary companies for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007 did not contain any qualification.

The auditors in their report on the financial statements for the financial year ended 31 December 2006 and the eight months ended 31 August 2007 pointed out that TASPL's ability to remain as a going concern was dependent on continuing financial support from TASCOS.

The auditors in their report on the financial statements for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007 pointed out that NHESB's ability to remain as a going concern was dependent on continuing financial support from directors, shareholders and creditors.

Other than these occasions, the respective auditors' report on the financial statements of TASCOS and its subsidiary companies for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007 covered by this report did not include any emphasis of matter.

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***4. ACCOUNTING POLICIES AND STANDARDS**

This report is based on the audited financial statements which have been prepared in accordance with the provisions of the Malaysian Companies Act, 1965 and applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") in the case of companies incorporated in Malaysia, and in accordance with the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards in the case of TASPL which is incorporated in Singapore.

This report is prepared on a basis consistent with the accounting policies normally adopted by the TASCO Group.

On 1 January 2006, the TASCO Group adopted the following new/revised Financial Reporting Standards ("FRSs") which are relevant to its 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 Financial Reporting Standards ("FRSs") which are relevant to its 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:

(a) 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.

10. ACCOUNTANTS' REPORT (Cont'd)

(Prepared for inclusion in the Prospectus)

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 TASCOS 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 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.

For business combinations entered prior to that date, the transitional provisions of *FRS 3* require the TASCOS 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.

(b) 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 TASCOS 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.

10. ACCOUNTANTS' REPORT (Cont'd)

(Prepared for inclusion in the Prospectus)

(c) 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 TASCOS and to minority interests.

Prior to 1 January 2006, the TASCOS Group's share of the total tax expense of the associated companies accounted for using the equity method was included as part of the TASCOS 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 TASCOS Group's income tax expense but is deducted in arriving at the share of profits or losses included in the TASCOS Group's profit or loss before taxation.

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

(d) 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.

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)**(e) FRS 121 The Effects of Changes in Foreign Exchange Rates*

Prior to 1 January 2006, TASPL was considered by TASCOS 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 amounts reported for 2005 or prior periods.

5. DIVIDENDS

Except as set out below, no dividend has been paid or declared by TASCOS or by the subsidiary companies during the financial periods covered by this report.

<u>Company</u>	<u>Financial period</u>	<u>Dividend per share</u>	<u>Tax rate</u> %	<u>Net dividend paid</u> RM'000
ETSB	31 December 2003	RM 29.59	28	2,131
		RM 19.61	Tax exempt	1,961

6. TASCOS GROUP CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the TASCOS Group for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007 have been prepared based on the audited consolidated financial statements of the TASCOS Group for such periods. The audited consolidated financial statements for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007 were prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards issued by the MASB.

The auditors' reports which were issued on the financial statements of the TASCOS Group and of TASCOS for the financial years ended 31 December 2004, 2005 and 2006 and the eight months ended 31 August 2007 are set out in Appendix 1, Appendix 2, Appendix 3 and Appendix 4.

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***6.1 TASC0 GROUP****CONSOLIDATED INCOME STATEMENTS (AUDITED)
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005, AND 2006
AND THE EIGHT MONTHS ENDED 31 AUGUST 2007****CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006**

	Note	----- 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
Revenue	7.4	288,313	288,045	354,855	213,562	229,984
Cost of sales*		(235,371)	(231,406)	(290,882)	(169,561)	(188,223)
Gross profit		52,942	56,639	63,973	44,001	41,761
Other operating income	7.5	553	1,198	532	294	556
Administrative and other operating expenses		(37,741)	(40,820)	(45,007)	(32,550)	(29,443)
Profit before depreciation, amortisation, interest and taxation	7.6	15,754	17,017	19,498	11,745	12,874
Amortisation of prepaid lease payments		(46)	(66)	(66)	(48)	(43)
Depreciation		(2,769)	(3,079)	(3,142)	(2,396)	(2,138)
Goodwill amortisation/written off		(48)	(48)	(8)	-	(8)
Investment income	7.7	542	516	408	454	207
Interest expense	7.8	(200)	(647)	(550)	(314)	(371)
Profit after depreciation, amortisation and interest		13,233	13,693	16,140	9,441	10,521
Share of profits of associated companies	7.9	872**	885**	843	601	626
Profit before taxation		14,105	14,578	16,983	10,042	11,147
Income tax expense	7.10	(4,124)**	(3,867)**	(4,572)	(2,665)	(3,202)
Profit for the year/period		9,981	10,711	12,411	7,377	7,945
Attributable to:						
Shareholders of TASC0		9,976	10,710	12,381	7,366	7,940
Minority interests		5	1	30	11	5
Profit for the year/period		9,981	10,711	12,411	7,377	7,945
* Included in cost of sales was: -						
Depreciation		943	2,140	3,195	2,466	2,026
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)		0.31 [#]	0.32	0.38	0.22	0.25
Net earnings per share (RM)		0.22 [#]	0.24	0.28	0.16	0.18
Gross profit margin (%)		18.36	19.66	18.03	20.60	18.16
Profit after tax margin (%)		3.46	3.72	3.50	3.45	3.45
Effective tax rate (%)		31.16	28.24	28.33	28.23	30.43
Interest coverage ratio (times)		71.53	23.53	31.88	32.98	31.05

Notes:[^] Not audited and is included for comparison purposes only.

** Reclassified to conform with the presentation upon the adoption of FRS101 Presentation of Financial Statements.

Calculated after taking into the effect of 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.

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***6.2 TASCO GROUP****CONSOLIDATED BALANCE SHEETS (AUDITED)****AS AT 31 DECEMBER 2004, 2005, AND 2006 AND AS AT 31 AUGUST 2007**

	Note	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	7.12	30,839**	43,371**	48,503**	51,308
Goodwill	7.13	913	865	865	865
Investment in associated companies	7.14	8,754	8,855	9,071	9,672
Other investments	7.15	1,156	1,156	1,200	1,200
Prepaid lease payments	7.16	9,569**	9,329**	6,452**	6,110
Total non-current assets		51,231	63,576	66,091	69,155
Current assets					
Inventories	7.17	22	60	84	37
Trade receivables	7.18	53,698	59,058	59,159	57,054
Other receivables, deposits and prepayments	7.19	2,754	3,403	3,967	5,538
Amounts owing by associated companies	7.20	-	-	631	2
Current tax assets		14	-	-	5
Fixed deposits with a licensed bank	7.21	19,580	13,110	13,635	26,216
Cash and bank balances	7.22	7,631	14,096	23,177	9,897
		83,699	89,727	100,653	98,749
Non-current assets classified as held for sale	7.23	-	-	3,463	4,107
Total current assets		83,699	89,727	104,116	102,856
TOTAL ASSETS		134,930	153,303	170,207	172,011
EQUITY AND LIABILITIES					
Equity					
Share capital	7.24	5,000	45,000	45,000	45,000
Exchange translation reserve		-	-	11	7
Unappropriated profit		91,722	62,432	74,813	82,179
Equity attributable to shareholders of TASCO		96,722	107,432	119,824	127,186
Minority interests		191	192	222	233
Total equity		96,913	107,624	120,046	127,419

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

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***CONSOLIDATED BALANCE SHEETS (AUDITED) (CONT'D)
AS AT 31 DECEMBER 2004, 2005 AND 2006 AND AS AT 31 AUGUST 2007**

	Note	As at			
		31.12.2004 RM'000	31.12.2005 RM'000	31.12.2006 RM'000	31.8.2007 RM'000
Non-current liabilities					
Hire purchase and finance lease liabilities	7.25	1,855	4,888	4,095	4,800
Deferred tax liabilities	7.26	1,699	2,104	2,212	2,141
Total non-current liabilities		3,554	6,992	6,307	6,941
Current liabilities					
Trade payables	7.27	22,718	22,552	24,993	21,906
Other payables, deposits and accruals	7.28	5,455	7,389	9,393	9,973
Amounts owing to associated companies	7.29	728	1,088	2,449	2,167
Hire purchase and finance lease liabilities	7.25	1,628	4,633	5,556	2,641
Revolving credits	7.30	3,000	2,500	-	-
Bank overdraft (<i>unsecured</i>)	7.31	-	-	48	-
Current tax liabilities		934	525	1,415	964
Total current liabilities		34,463	38,687	43,854	37,651
Total liabilities		38,017	45,679	50,161	44,592
TOTAL EQUITY AND LIABILITIES		134,930	153,303	170,207	172,011
Net tangible assets ("NTA")		86,240	97,238	112,507	120,211
Net assets ("NA")		96,722	107,432	119,824	127,186
Number of shares in issue ('000)		5,000	45,000	45,000	45,000
NTA per share (RM)		17.25	2.16	2.50	2.67
NA per share (RM)		19.34	2.39	2.66	2.83
Current ratio (times)		2.43	2.32	2.37	2.73
Total interest-bearing borrowings		6,483	12,021	9,699	7,441
Gearing ratio (times)		0.07	0.11	0.08	0.06
After-tax return on shareholders' funds (%)		10.32	9.97	10.36	5.80

10. ACCOUNTANTS' REPORT (Cont'd)

(Prepared for inclusion in the Prospectus)

6.3 TASC0 GROUP

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

	Attributable to shareholders of TASC0				Total equity RM'000
	Share capital RM'000	Exchange translation reserve RM'000	Unappropriated profit RM'000	Total RM'000	
Balance at 1 January 2004	5,000	-	81,746	86,746	86,932
Profit for the year	-	-	9,976	9,976	9,981
Balance at 31 December 2004	5,000	-	91,722	96,722	96,913
Profit for the year	-	-	10,710	10,710	10,711
Issue of shares pursuant to Bonus Issue of 8-for-1	40,000	-	(40,000)	-	-
Balance at 31 December 2005	45,000	-	62,432	107,432	107,624
Net income recognised directly in equity					
- Exchange differences on translating foreign operation	-	11	-	11	11
Profit for the year	-	-	12,381	12,381	12,411
Balance at 31 December 2006	45,000	11	74,813	119,824	120,046
					Minority interests RM'000
					186
					5
					191
					1
					192
					30
					222

10. ACCOUNTANTS' REPORT (Cont'd)

(Prepared for inclusion in the Prospectus)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (AUDITED) (CONT'D)
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005 AND 2006 AND THE EIGHT MONTHS ENDED 31 AUGUST 2007
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006**

	Attributable to shareholders of TASCOT				Minority interests	Total equity
	Share capital RM'000	Exchange translation reserve RM'000	Unappropriated profit RM'000	Total RM'000		
Balance at 1 January 2007	45,000	11	74,813	119,824	222	120,046
Net expense recognised directly in equity						
- Exchange differences on translating foreign operation	-	(4)	-	(4)	-	(4)
Profit for the period	-	-	7,366	7,366	11	7,377
Balance at 31 August 2007	45,000	7	82,179	127,186	233	127,419
(Unaudited)						
Balance at 1 January 2006	45,000	-	62,432	107,432	192	107,624
Net income recognised directly in equity						
- Exchange differences on translating foreign operation	-	14	-	14	-	14
Profit for the period	-	-	7,940	7,940	5	7,945
Balance at 31 August 2006	45,000	14	70,372	115,386	197	115,583

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***6.4 TASCO GROUP****CONSOLIDATED CASH FLOW STATEMENTS (AUDITED)
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005 AND 2006
AND THE EIGHT MONTHS ENDED 31 AUGUST 2007****CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006**

	Note	----- 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		14,105	14,578	16,983	10,042	11,147
Adjustments for:						
Bad and doubtful debts		25	153	235	-	-
Depreciation		3,712	5,219	6,337	4,862	4,164
Gain on disposal of property, plant and equipment		(255)	(172)	(151)	(81)	(61)
Property, plant and equipment written off		9	-	-	3	-
Amortisation of prepaid lease payments		46	66	66	48	43
Impairment loss on prepaid lease payments		62	-	-	-	-
Gain on disposal of other investments		(150)	-	-	-	-
Goodwill on acquisition amortised		48	48	-	-	-
Goodwill on acquisition written off		-	-	8	-	8
Share of profits of associated companies		(872)	(885)	(843)	(601)	(626)
Interest income		(319)	(370)	(408)	(381)	(207)
Dividend income		(73)	(146)	-	(73)	-
Interest expense		200	647	550	314	371
Unrealised gain on foreign exchange		-	(7)	-	-	-
Operating profit before working capital changes		16,538	19,131	22,777	14,133	14,839
Changes in inventories		(22)	(38)	(24)	47	(17)
Changes in receivables		1,418	(6,130)	(922)	642	9,674
Changes in payables		(976)	2,123	5,796	(2,864)	(4,370)
Cash generated from operations		16,958	15,086	27,627	11,958	20,126
Tax paid		(3,485)	(3,816)	(3,574)	(3,172)	(2,094)
Net cash generated from operating activities		13,473	11,270	24,053	8,786	18,032

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

10. ACCOUNTANTS' REPORT (Cont'd)*(Prepared for inclusion in the Prospectus)***CONSOLIDATED 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****CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) (CONT'D)
FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006**

	Note	----- 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
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	7.32	(20,587)	(8,077)	(5,948)	(5,865)	(3,351)
Proceeds from disposal of property, plant and equipment	7.33	1,442	182	214	24	97
Net cash outflow from acquisition of a new subsidiary company	7.34	(1,270)	-	-	-	-
Purchase of other investments		-	-	(44)	-	-
Proceed from disposal of other investments		150	-	-	-	-
Additions to prepaid lease payments		(9,349)	-	(652)	(350)	(652)
Proceed from disposal of leasehold land		-	174	-	-	-
Deposits received from disposal of leasehold land		392	-	-	68	-
(Advances to)/Repayment from an associated company		-	-	(627)	627	-
Interest received		319	370	408	381	207
Dividends received from an associated company		-	784	627	-	-
Dividends received from other investments		27,175	105	-	53	-
Net cash used in investing activities		<u>(1,728)</u>	<u>(6,462)</u>	<u>(6,022)</u>	<u>(5,062)</u>	<u>(3,699)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of revolving credits		(500)	(500)	(2,500)	-	(2,500)
Payment of hire purchase and finance lease liabilities		(1,545)	(3,673)	(5,427)	(4,063)	(3,392)
Interest paid		(200)	(647)	(550)	(314)	(371)
Net cash used in financing activities		<u>(2,245)</u>	<u>(4,820)</u>	<u>(8,477)</u>	<u>(4,377)</u>	<u>(6,263)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
		9,500	(12)	9,554	(653)	8,070
CASH AND CASH EQUIVALENTS BROUGHT FORWARD						
		17,711	27,211	27,206	36,764	27,206
EFFECT OF EXCHANGE RATE CHANGES						
		-	7	4	2	7
CASH AND CASH EQUIVALENTS CARRIED FORWARD						
		<u>27,211</u>	<u>27,206</u>	<u>36,764</u>	<u>36,113</u>	<u>35,283</u>
Represented by:						
Fixed deposits with a licensed bank		19,580	13,110	13,635	26,216	22,629
Cash and bank balances		7,631	14,096	23,177	9,897	12,654
Bank overdraft		-	-	(48)	-	-
		<u>27,211</u>	<u>27,206</u>	<u>36,764</u>	<u>36,113</u>	<u>35,283</u>

[^] Not audited and is included for comparison purposes only.