

TASCO Berhad
(formerly known as Trans-Asia Shipping Corporation Berhad)
(Company No:20218-T)



Condensed Consolidated Financial Statements
For The Quarter And Year-To-Date Ended
30 June 2010



Condensed Consolidated Statement of Comprehensive Income
For The Quarter And Year-To-Date Ended 30 June 2010

	3 months ended		Cumulative 6 months ended	
	30.06.2010 RM'000 Unaudited	30.06.2009 RM'000 Unaudited	30.06.2010 RM'000 Unaudited	30.06.2009 RM'000 Unaudited
Revenue	112,690	61,582	203,369	114,569
Cost of sales	(89,380)	(49,336)	(160,246)	(88,031)
Gross profit	23,310	12,246	43,123	26,538
Other operating income	1,795	60	1,926	518
General and administrative expenses	(15,988)	(9,264)	(30,184)	(23,787)
Profit from operations	9,117	3,042	14,865	3,269
Investment income	109	93	176	284
Share of profits of associated companies	164	160	331	329
Finance costs	(276)	(20)	(431)	(48)
Profit before taxation	9,114	3,275	14,941	3,834
Tax expense	(2,280)	(918)	(3,951)	(1,069)
Profit for the period	6,834	2,357	10,990	2,765
Other Comprehensive Income:				
Exchange difference on translation of foreign operation	1	(23)	33	(17)
Fair Value adjustment on cash flow hedge	64	-	(232)	-
Total Comprehensive Income	6,899	2,334	10,791	2,748
Profit attributable to:				
Owners of the Company	6,822	2,353	10,963	2,742
Non-controlling Interest	12	4	27	23
Total comprehensive income attributable to:				
Owners of the Company	6,887	2,330	10,764	2,725
Non-controlling Interest	12	4	27	23
Earnings per share (sen) - basic	6.82	2.35	10.96	2.74
- diluted	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position As At 30 June 2010

	As at 30.06.2010 RM'000 Unaudited	As at 31.12.2009 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	123,611	110,992
Goodwill	865	865
Investment in associated company	6,437	6,106
Available for sales investment	1,225	1,225
Prepaid lease payments	36,196	36,464
	-----	-----
Total non-current assets	168,334	155,652
	-----	-----
Current assets		
Inventories	136	55
Trade receivables	59,447	50,105
Other receivables, deposits and prepayments	3,149	3,061
Amounts owing by related companies	8,698	6,240
Current tax asset	6,213	6,218
Fixed deposits with a licensed bank	18,100	19,222
Cash and bank balances	18,565	15,819
	-----	-----
	114,308	100,720
Non-current assets classified as held for sale	7,059	6,999
	-----	-----
Total current assets	121,367	107,719
	-----	-----
TOTAL ASSETS	289,701	263,371
	=====	=====

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position As At 30 June 2010

	As at 30.06.2010 RM'000 Unaudited	As at 31.12.2009 RM'000 Audited
EQUITY AND LIABILITIES		
Equity		
Share capital	100,000	100,000
Share premium	801	801
Revaluation reserve	1,400	1,400
Hedge reserve	(559)	(327)
Exchange translation reserve	15	(18)
Retained profits	98,429	90,466
Dividend payable	3,000	-
	-----	-----
Equity attributable to owners of the Company	203,086	192,322
Non-controlling interest	350	323
	-----	-----
Total equity	203,436	192,645
	-----	-----
Non-current liabilities		
Hire purchase and finance lease liabilities	144	280
Long term bank loan	22,138	12,320
Deferred tax liabilities	7,731	6,444
	-----	-----
Total non-current liabilities	30,013	19,044
	-----	-----
Current liabilities		
Trade payables	23,453	19,695
Other payables, deposits and accruals	15,623	24,107
Amounts owing to related companies	4,242	2,662
Amounts owing to associated companies	1,317	847
Derivative financial liabilities	2,325	799
Hire purchase and finance lease liabilities	487	569
Bank term loan	7,000	2,887
Current tax liabilities	1,805	116
	-----	-----
Total current liabilities	56,252	51,682
	-----	-----
Total liabilities	86,265	70,726
	-----	-----
TOTAL EQUITY AND LIABILITIES	289,701	263,371
	=====	=====
Net Assets per share (RM)	2.03	1.92
	=====	=====

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Changes in Equity For Year-To-Date Ended 30 June 2010

	-----Attributable to Owners of the Company-----									
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Dividend payable RM'000	Total RM'000	Non controlling interests RM'000	Total equity RM'000
Balance at 1 January 2009	100,000	801	1,400	-	(10)	77,906	-	180,097	270	180,367
Total comprehensive income for the period	-	-	-	-	(17)	2,742	-	2,725	23	2,748
Balance at 30 June 2009	100,000	801	1,400	-	(27)	80,648	-	182,822	293	183,115
Balance at 1 January 2010	100,000	801	1,400	(327)	(18)	90,466	-	192,322	323	192,645
Total comprehensive income for the period	-	-	-	(232)	33	10,963	-	10,764	27	10,791
Dividend declared	-	-	-	-	-	(3,000)	3,000	-	-	-
Balance at 30 June 2010	100,000	801	1,400	(559)	15	98,429	3,000	203,086	350	203,436



Condensed Consolidated Statement of Cash Flows
For The Year-To-Date Ended 30 June 2010

	Year-To-Date Ended	
	30.06.2010	30.06.2009
	RM'000	RM'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,941	3,834
Adjustments for:		
Bad debts written off	69	-
Depreciation	6,169	5,690
Gain on disposal of property, plant and equipment	(1,850)	(786)
Amortisation of prepaid lease payments	268	147
Share of profits of associated company, net of tax	(331)	(430)
Interest income	(140)	(247)
Dividend income	(37)	(37)
Interest expense	431	48
Operating profit before working capital changes	19,520	8,219
Net changes in current assets	(12,043)	12,221
Net changes in current liabilities	(9,414)	(33,075)
Cash generated used in operations	(1,937)	(12,635)
Tax paid	(971)	(1,538)
Net cash generated used in operating activities	(2,908)	(14,173)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,363)	(2,715)
Proceeds from disposal of property, plant and equipment	9,150	1,317
Disposal of other investment	-	6
Interest received	140	247
Dividend received from other investment	37	37
Dividend received from an associated company	-	806
Net cash used in investing activities	(10,036)	(302)
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal of term loan	18,200	-
Repayment of term loan	(2,977)	-
Payment of hire purchase and finance lease liabilities	(218)	(1,305)
Interest paid	(431)	(48)
Net cash generated from / (used in) financing activities	14,574	(1,353)

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Cash Flows
For The Year-To-Date Ended 30 June 2010

	<u>Year-To-Date Ended</u>	
	<u>30.06.2010</u>	<u>30.06.2009</u>
	RM'000	RM'000
	Unaudited	Unaudited
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,630	(15,828)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	35,041	46,434
EFFECT OF EXCHANGE RATE CHANGES	(6)	(4)
	-----	-----
CASH AND CASH EQUIVALENTS CARRIED FORWARD	36,665	30,602
	=====	=====
 Represented by:		
Fixed deposits with a licensed bank	18,100	19,058
Cash and bank balances	18,565	11,544
	-----	-----
	36,665	30,602
	=====	=====

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



Notes to the Interim Financial Report

Explanatory Notes In Compliance With Financial Reporting Standards (FRS) 134 Interim Financial Reporting

A1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention.

These interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The figures for the cumulative period in the current quarter of 30 June 2010 have not been audited.

The interim financial report should be read in conjunction with the Company's audited financial statements for the financial year ended (FYE) 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 December 2009.

A2. Adoption of Revised Financial Reporting Standards

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 July 2009 and 1 January 2010. The adoption of these standards, amendments and interpretations have no material impact to these interim financial statements except for the adoption of the "FRS 101 - Presentation of Financial Statements (revised)" which impact the presentation and disclosure aspect of the announcement.

A3. Audit Report

The Audit Report of the Group's annual financial statements for the FYE 31 December 2009 was not subjected to any qualification.

A4. Seasonal or Cyclical Factors

The Group's operations are generally affected by festive seasons.

A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows in the current quarter under review.

A6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter under review.

A7. Issuances, Cancellation, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter under review.



Notes to the Interim Financial Report

Explanatory Notes In Compliance With Financial Reporting Standards (FRS) 134 Interim Financial Reporting

A8. Dividends paid

No interim or final dividends were paid in the current quarter under review.

A9. Segmental Reporting

	<u>Segmental Revenue</u>		<u>Segmental Result (PBT)</u>	
	<u>6 months ended 30.06.2010</u>	<u>6 months ended 30.06.2009</u>	<u>6 months ended 30.06.2010</u>	<u>6 months ended 30.06.2009</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>International Business Solutions</u>				
International Air Freight Division	76,739	39,759	2,576	(475)
International Sea Freight Division	14,294	9,307	1,325	(46)
International Network Solutions Division	1,191	1,017	120	127
	<u>92,224</u>	<u>50,083</u>	<u>4,021</u>	<u>(394)</u>
<u>Domestic Business Solutions</u>				
Forwarding Division	80,031	39,306	9,037	2,135
Trucking Division	29,811	23,743	3,837	1,464
Auto Logistics Division	1,303	1,437	(18)	160
	<u>111,145</u>	<u>64,486</u>	<u>12,856</u>	<u>3,759</u>
Others	-	-	(1,936)	469
Total	<u>203,369</u>	<u>114,569</u>	<u>14,941</u>	<u>3,834</u>

A10. Subsequent Events

There were no material events subsequent to the end of the current quarter except for the following:

(a) On 5 July 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") publicly reprimanded the Company for breach of paragraph 9.16(1)(a) of the Listing Requirement of Bursa Malaysia Securities Berhad ("LR").

The Company had breached paragraph 9.16(1)(a) of the LR in respect of the Company's announcement dated 11 February 2009 on its report for the fourth quarter period 31 December 2008 which failed to take into account the adjustments subsequently disclosed in the Company's announcement dated 30 April 2009.

The Company had reported an unaudited profit after taxation and minority interest of **RM14.9 million** in its fourth quarter report as compared to an audited profit after taxation and minority interest of **RM18.4 million** in its annual audited accounts for the FYE 31 December 2008. The Company understated its profit by RM3.4 million, which represents an understatement of 23.14%. The understatement of profit is mainly contributed by the under recognition of discount on acquisition of a subsidiary and overprovision of taxation.

(b) A tax exempt final dividend of 3% for the financial year ended 31 December 2009, amounting to RM3,000,000 was approved by the shareholders in the Annual General Meeting on 9 June 2010 and paid on 15 July 2010.



Notes to the Interim Financial Report

Explanatory Notes In Compliance With Financial Reporting Standards (FRS) 134 Interim Financial Reporting

A11. Changes in Composition of the Group

There were no changes in the composition of the Group in the current quarter under review.

A12. Contingent Assets and Liabilities

There was no material contingent assets and liabilities since the last annual balance sheet date to the date of this report.

A13. Capital Commitment

	As At 30.06.2010 RM'000	As At 31.12.2009 RM'000
Authorised and contract for - acquisition of property, plant and equipment	2,556	5,359

The Group has accepted an offer to exchange for another piece of leasehold land in Melaka with a fair value of RM1,652,000.

A14. Related Party Disclosures

	6 months ended 30.06.2010 RM'000	6 months ended 30.06.2009 RM'000
Transaction with subsidiary companies		
Rental of trucks paid and payable to subsidiary companies	233	152
Labour charges paid and payable to subsidiary companies	5,619	3,710
Maintenance charges paid and payable to a subsidiary company	2,088	3,594
Handling fees paid and payable to a subsidiary company	331	236
Related logistic services paid to a subsidiary company	12	144
Rental of premises received from a subsidiary company	2	2
Rental of trucks received and receivable from subsidiary company	1,552	922
Purchase of property, plant and equipment and prepaid lease payment from subsidiary companies	50	454
Warehouse rental received and receivables from a subsidiary company	372	558
Transaction with related companies		
Related logistic services received and receivable	30,779	23,929
Related logistic services paid and payable	28,822	16,722
Management fee paid and payable	74	146
Consultancy fees paid and payable	44	106
Transaction with associated company		
Rental of premises paid	564	564



**Disclosure Requirements Pursuant to Part A, Appendix 9B of Bursa Malaysia
Securities Berhad Listing Requirements**

B1. Performance Review (Year-to-date, 2010 vs Year-to-date 2009)

The Group achieved revenue of RM203.4 million for the financial period ended (FPE) 30 June 2010 and it was higher by RM88.8 million or 78% than that of 2009. Both International and Domestic Business Solutions experienced increase in revenue especially International Air Freight Division, Forwarding Division, Trucking Division and International Sea Freight Division which were adversely affected by the global financial crisis during the FPE 30 June 2009.

With the increase of revenue in 2010, the Group achieved profit from operations of RM14.9 million for FPE 30 June 2010 which is higher by RM11.6 million or 355% than that of 2009.

The Group achieved Profit Before Taxation of RM14.9 million for FPE 30 June 2010, an increase of RM11.1 million or 290% compared to FPE 30 June 2009.

B2. Comparison with preceding Quarter's results (Quarter 2, 2010 vs Quarter 1, 2010)

The Group achieved revenue of RM112.7 million for the 2nd quarter ended 30 June 2010 and it was higher by RM22.0 million or 24% than the 1st quarter ended 31 March 2010. International Business Solutions experienced increase in revenue of RM6.8 million whereas Domestic Business Solutions experienced increase in revenue of RM15.2 million. Revenue increase in both International and Domestic Business Solutions mainly attributed by the increase of the overall cargo movement in Malaysia. Based on the past history, the Group normally experience higher volume in the 2nd quarter than in 1st quarter.

Due to the increase of revenue in the 2nd quarter of 2010, the Group achieved profit from operations of RM9.1 million for the 2nd quarter of 2010 which is higher by RM3.4 million or 59% than the 1st quarter ended 31 March 2010.

The Group also achieved a Profit Before Taxation of RM9.1 million in 2nd quarter of 2010, an increase of RM3.3 million or 56% compared to 1st quarter of 2010.

B3. Prospects for the Remaining Period to the End of the Financial Year

With the world economy starting to show improvement in 2010, we foresee the Malaysian economy to benefit from the higher global demand for its products. Bank Negara has forecasted a strong GDP growth for 2010 and we expect the Group to fully leverage this positive economic development to grow the top and bottom line. However, we remain cautious and we will take the necessary measures to ensure that our performance in 2010 is kept on track. We will continue to focus our efforts to service our customers with innovative logistics solutions, extensive logistics network and high qualities. While we reinforce our commitment to a cost discipline culture in 2010, we will also continue to invest which we believe will deliver long term growth and values.

B4. Profit Forecast

Not applicable as there is no forecast / profit guarantee.



**Disclosure Requirements Pursuant to Part A, Appendix 9B of Bursa Malaysia
 Securities Berhad Listing Requirements**

B5. Tax expense

	3 months ended		Cumulative 6 months ended	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Income tax - current year	(1,227)	(838)	(2,664)	(700)
Deferred tax - current year	(1,053)	(80)	(1,287)	(369)
	<u>(2,280)</u>	<u>(918)</u>	<u>(3,951)</u>	<u>(1,069)</u>

The Group's effective tax rate is higher than the statutory tax rate of 25% for the current quarter under review is mainly due to non deductible expenses.

B6. Sale of Unquoted Investments and Properties

There were no disposal of unquoted investments and/or properties for the current quarter under review.

B7. Quoted Investments

There were no purchases or disposals of any quoted investments during the quarter under review.

Investments in quoted securities as at 30 June 2010 are as follows:

	RM'000
Cost	26
Book value	26
Market value	11

B8. Corporate Proposals

There were no new proposals made for the quarter under review.



**Disclosure Requirements Pursuant to Part A, Appendix 9B of Bursa Malaysia
 Securities Berhad Listing Requirements**

B9. Borrowing

	As At 30.06.2010 RM'000	As At 31.12.2009 RM'000
Short term borrowing		
Hire purchase and finance lease liabilities	487	569
Bank term loan (unsecured)	7,000	2,887
Long term borrowing		
Long term bank loan (unsecured)	22,138	12,320
Hire purchase and finance lease liabilities	144	280
	29,769	16,056
	29,769	16,056

The borrowings are denominated in Ringgit Malaysia except for the bank term loan which is denominated in US Dollar.

B10. Off Balance Sheet Financial Instruments

There are no off balance sheet financial instruments as at 30 June 2010.

B11. Litigation

There was no material litigation pending since the last annual balance sheet date to the date of this report.

B12. Dividend Payable

A tax exempt final dividend of 3% for the financial year ended 31 December 2009, amounting to RM3,000,000 was approved by the shareholders in the Annual General Meeting on 9 June 2010 and paid on 15 July 2010.



**Disclosure Requirements Pursuant to Part A, Appendix 9B of Bursa Malaysia
 Securities Berhad Listing Requirements**

B13. Earnings per share

	3 months ended		Cumulative 6 months ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
PAT after non-controlling interest (RM'000)	6,822	2,353	10,963	2,742
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Earnings per share (sen)	6.82	2.35	10.96	2.74
	=====	=====	=====	=====

The Company does not have any dilutive potential ordinary shares outstanding as at 30 June 2010. Accordingly, no diluted earnings per share is presented.

B14. Derivative Financial Instruments

As at 30 June 2010, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional Amount	Cash Paid	Fair value net gains or (loses)	Purpose
	RM'000	RM'000	RM'000	
1. Cross currency swap Contracts:				
- More than 3 years	29,138	-	22	For hedging currency risk in bank term loan
2. Currency forward contracts:				
- Less than 1 year	661	-	-	For hedging currency risk in payables

For the current quarter under review, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

**REPORT TO THE BOARD OF DIRECTORS OF
TASCO BERHAD****ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2010**

We have reviewed the accompanying Condensed Consolidated Statement of Financial Position of TASCO Berhad as of 30 June 2010 and the related Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statements of Changes in Equity and Condensed Consolidated Statement of Cash Flows and the selected explanatory notes for the 3 months then ended as set out in pages 2 through 10 (referred to collectively hereinafter as "the Condensed Consolidated Interim Financial Statements").

The Company's management is responsible for the preparation and fair presentation of the Condensed Consolidated Interim Financial Statements in accordance with the Financial Reporting Standards issued by the Malaysian Accounting Standards Board. Our responsibility is to express a conclusion on the Condensed Consolidated Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Interim Financial Statements do not present fairly, in all material respects, the financial position of TASCO Berhad as at 30 June 2010, and of its financial performance and its cash flows for the 3 months then ended in accordance with Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

**MAZARS**

Kuala Lumpur
17 August 2010