TASCO
NYK GROUP COMPANY

MOVING FORWARD

ANNUAL REPORT 2012

CONTENTS

Cautionary Statement With Regard To Forward - Looking Statements

Certain of the statements made in the Annual Report are forward-looking statements, which involve certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which are valid only as of the date thereof. TASCO Berhad undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date thereof or to reflect the occurrence of unanticipated events.

OUR VISION, MISSION & VALUES

OUR VISION

To be the leading logistics enterprise, distinguished by the quality of our services.

OUR MISSION

To deliver measurable benefits to customers by providing worldclass logistics solutions built on:

- A dedication to customers and their businesses.
- An outstanding quality, operational excellence and advanced information management.
- A superior global network that integrates diverse assets and expertise.
- A flexible, agile and innovative organisation.
- A highly trained and professional workforce.

OUR VALUES

A set of previously unwritten principles that have been a part of our culture for over 30 years - the corporate spirit that we have come to cherish over these decades - codifying strengths that have made us what we are today and will keep us a truly global company filled with talented individuals who remain dedicated to our customers. We call these principles Our Values:

INTEGRITY
誠意

Be respectful and considerate to our customers and colleagues. Stay warm, cordial, courteous and caring.

INNOVATION
創意

Continuously think of new ideas for improvement, even when conditions appear satisfactory. Remain open to betterment.

INTENSITY
熱意

Carry through and accomplish our tasks. Never give up. Overcome challenges. Remain motivated.

OUR COMPANY PROFILES

DOMESTIC LOGISTICS SOLUTIONS

TASCO

CONTRACT LOGISTICS DIVISION

- Customs Clearance
- Haulage Transportation
- Warehousing Services
- Warehouse Inplant Services
- Pre-delivery Inspection

HARIMAU EXPRESS

TRUCKING DIVISION

- Domestic Trucking
- Cross Border Trucking

About TASCO Berhad ("TASCO")

TASCO was incorporated on 10 September 1974 and listed on the Main Market of Bursa Malaysia Securities Berhad on 28 December 2007. TASCO is a subsidiary of Yusen Logistics Co. Ltd., which in turn is a subsidiary of Nippon Yusen Kabushiki Kaisha.

TASCO offers logistics solutions covering air, sea and land transportation. It serves as a one stop logistics centre to handle domestic and international shipments for the customers.

TASCO has more than 30 logistics centres and 1,500 employees in Malaysia. It is also affiliated with more than 400 logistics centres and 29,000 employees under the global network.

TASCO has categorised its services into International Logistics Solutions and Domestic Logistics Solutions.

INTERNATIONAL LOGISTICS SOLUTIONS

Yusen Logistics

AIR FREIGHT FORWARDING DIVISION

- **Air Freight Services**

OCEAN FREIGHT FORWARDING DIVISION

- **Sea Freight Services**

ORIGIN CARGO ORDER & VENDOR MANAGEMENT DIVISION

- **Buyer Consolidation Services**

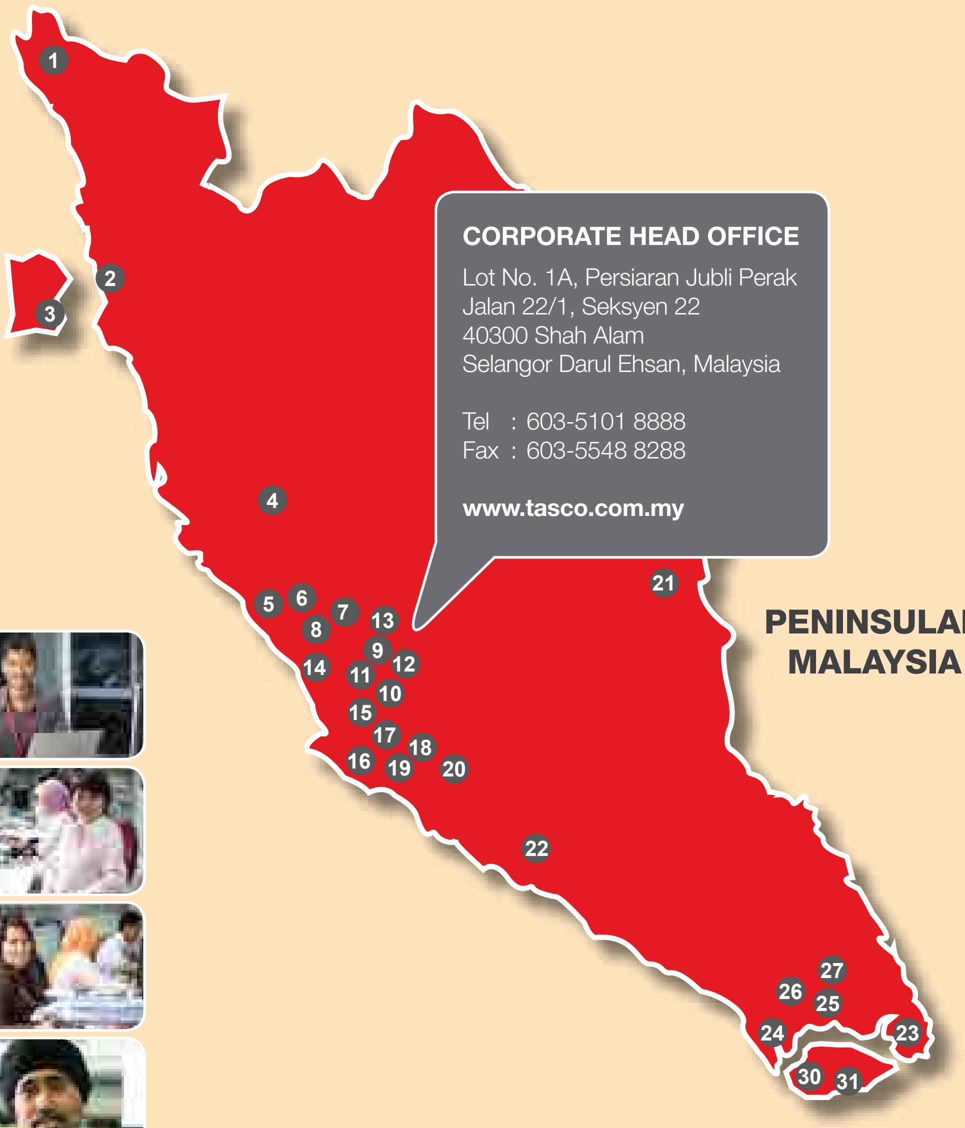
About Nippon Yusen Kabushiki Kaisha ("NYK")

- NYK is listed on the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange;
- NYK is a Global Fortune 500 company (rank 481 in 2012) and has more than 29,000 employees worldwide; and
- NYK's major businesses consist of Shipping Business (Liner and Bulk), Logistics Business, Terminal and Harbour Transport Business, Cruise Business and Air Cargo Transportation.

About Yusen Logistics Co. Ltd. ("YLK")

- YLK is listed on the Tokyo Stock Exchange and is a subsidiary of NYK;
- YLK has more than 400 logistics centres and 13,000 employees in 37 countries;
- YLK is one of the leading international air freight forwarders in Japan; and
- Pursuant to a corporate re-structuring exercise within the NYK Group, YLK became the immediate holding company of TASCO on 2 April 2012. NYK remain the ultimate holding company of TASCO.

DOMESTIC NETWORK



LOGISTICS CENTRES

PENINSULAR MALAYSIA

NORTHERN REGION

01 Padang Besar Logistics Centre
02 Penang Prai Logistics Centre
03 Penang Air Freight Logistics Centre

CENTRAL REGION

04 Ipoh Logistics Centre
05 Port Klang Logistics Centre I
06 Port Klang Logistics Centre II
07 Port Klang Pre-Delivery Inspection
08 Port Klang Container Depot
09 Shah Alam Logistics Centre A
10 Shah Alam Logistics Centre B/C/D
11 Shah Alam Logistics Centre E
12 Shah Alam Logistics Centre F
13 Shah Alam Container Depot
14 North Port Logistics Centre
15 Sungai Way Logistics Centre

DOMESTIC NETWORK

"More than
30 Logistics Centres &
more than
1,500 Employees
in Malaysia"

- 16 Bangi Container Depot
- 17 Bangi Pre-Delivery Inspection
- 18 Bangi Logistics Centre I
- 19 Bangi Logistics Centre II
- 20 KLIA Air Freight Logistics Centre
- 21 Kuantan Port Logistics Centre
- 22 Melaka Logistics Centre

SOUTHERN REGION

- 23 Pasir Gudang Logistics Centre
- 24 Tanjung Pelepas Logistics Centre
- 25 Johor Bahru Causeway Office
- 26 Senai Seelong Logistics Centre
- 27 Senai Air Freight Office

EAST MALAYSIA

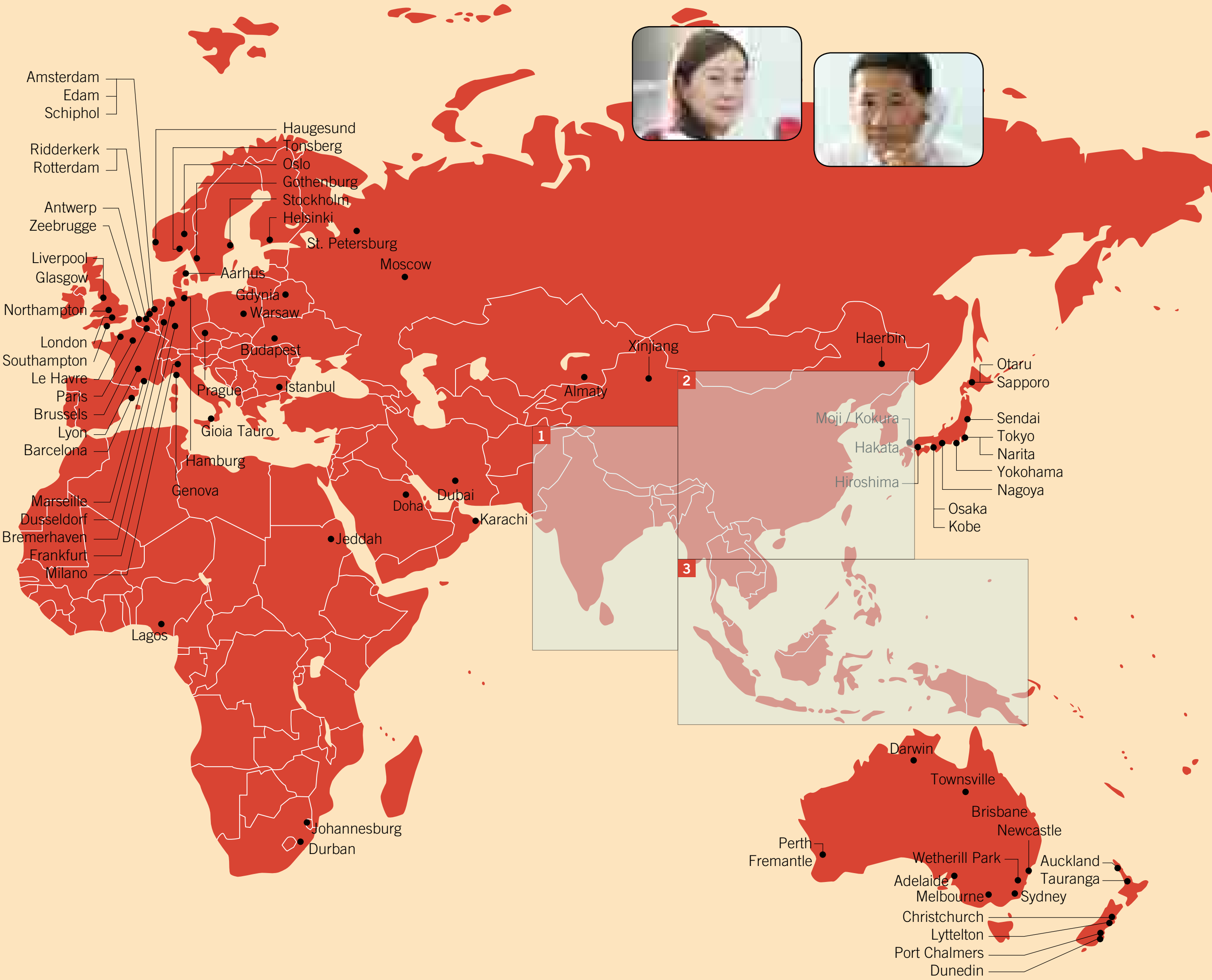
- 28 Kuching Air Freight Logistics Centre
- 29 Kota Kinabalu Logistics Centre

SINGAPORE

- 30 Singapore Truck Centre I
- 31 Singapore Truck Centre II

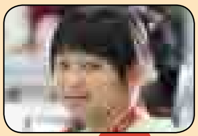
A GROWING PRESENCE OF NYK ACROSS THE WORLD

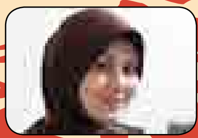
The NYK Group—Operating Worldwide



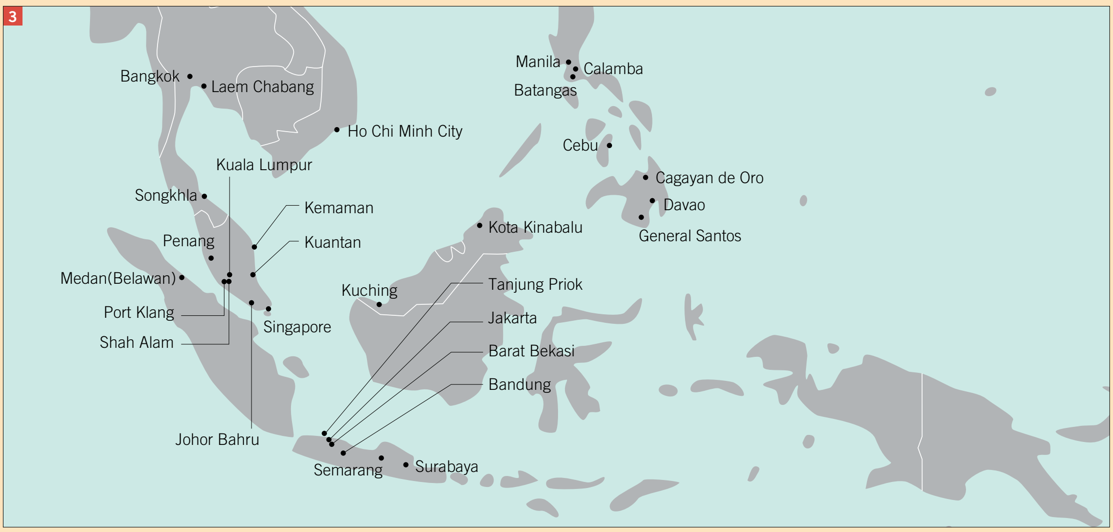
● Main NYK Group Offices

A GROWING PRESENCE OF NYK ACROSS THE WORLD





“More than
400 Logistics Centres & 29,000 Employees
in 37 countries”

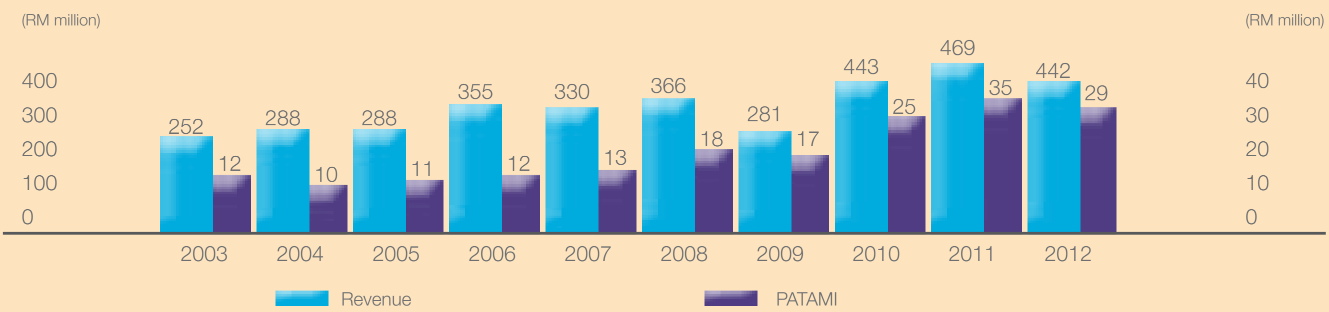


CONSOLIDATED FINANCIAL HIGHLIGHTS

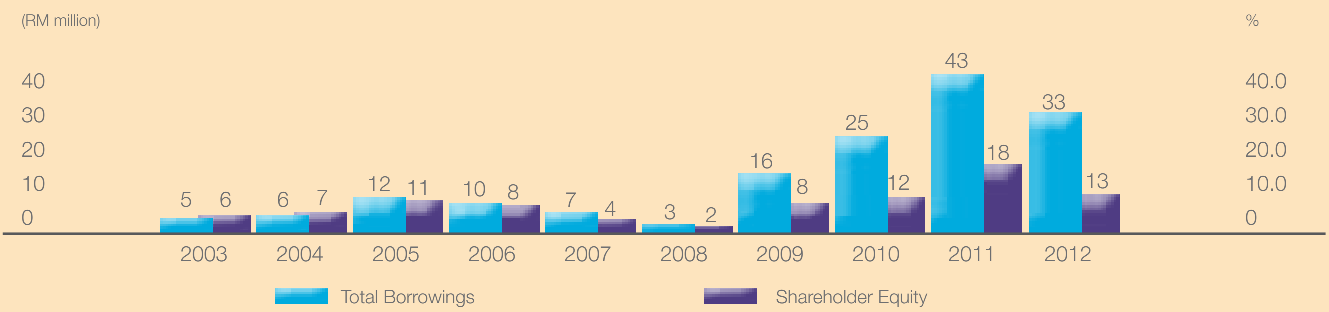
Year ended 31 December	2003	2004	2005	2006
Results of operation (RM'000)				
Revenue	252, 360	288, 313	288, 045	354, 855
PBTAMI[1]	17, 034	14, 485	14, 578	16, 953
PATAMI[2]	12, 039	9,975	10, 711	12, 381
Capital expenditures	21, 217	18, 009	17, 789	12, 157
Financial position at year end (RM'000)				
Share capital (ordinary shares of RM1.00 each)	5, 000	5, 000	45, 000	45, 000
Total assets	139, 648	134, 929	153, 303	170, 207
Cash and bank balances	17, 710	27, 211	27, 206	36, 812
Total liabilities	52, 717	38, 017	45, 679	50, 161
Total borrowings	5, 029	6, 483	12, 022	9, 699
Shareholder equity	86, 746	96, 722	107, 432	119, 825
Amount per share (sen)				
Earnings per share[3]	12.04	9.98	10.71	12.38
Dividend per share (Annual)[4]	-	-	-	-
Ratios (%)				
Shareholder equity ratio	62.1	71.7	70.1	70.4
Return on equity	13.9	10.3	10.0	10.3
Return on assets	8.6	7.4	7.0	7.3
Current ratio	199.5	242.9	231.9	229.5
Gearing ratio	5.8	6.7	11.2	8.1
Dividend payout ratio[5]	-	-	-	-

Notes :
1 Profit before taxation after minority interest.
2 Profit after taxation after minority interest.
3 Calculated based on the total issued and fully paid up capital of 100,000,000 shares.
4 Inclusive of final dividend subject to the shareholders' approval.
5 Calculated based on gross dividend divided by PATAMI.

REVENUE AND PATAMI



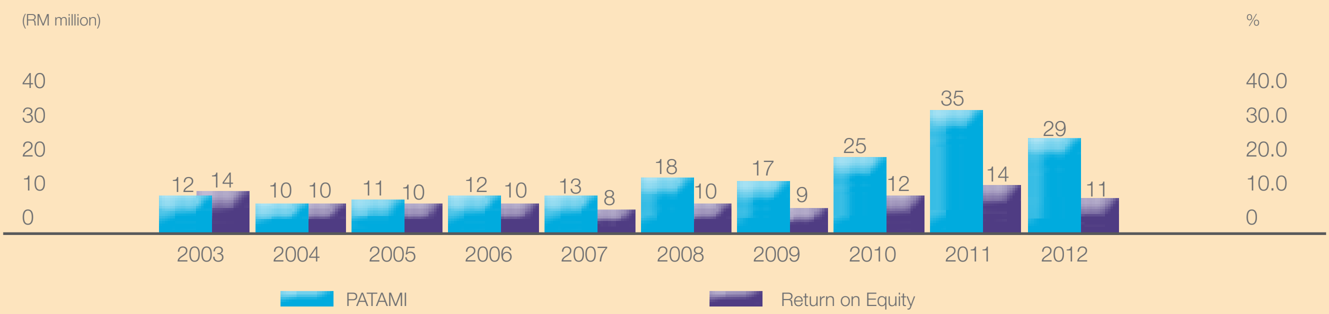
TOTAL BORROWINGS AND GEARING RATIO



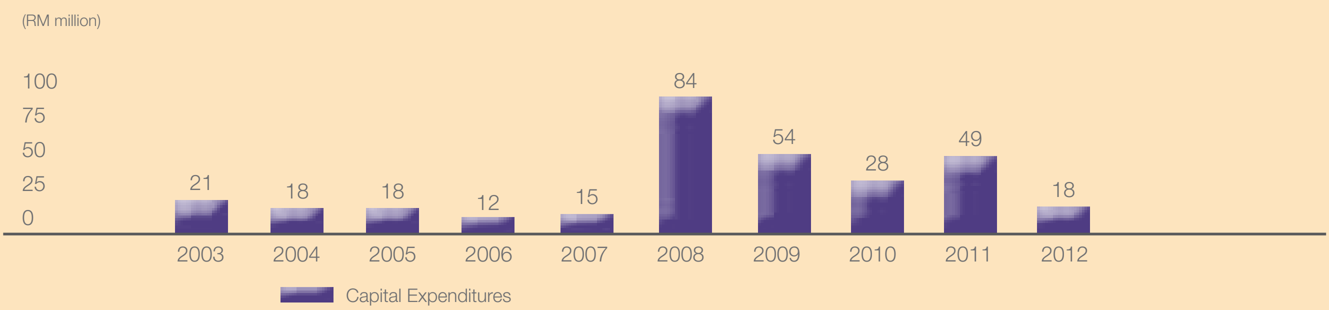
CONSOLIDATED FINANCIAL HIGHLIGHTS

2007	2008	2009	2010	2011	2012
329, 844	366, 456	280, 630	443, 362	469, 211	442, 448
18, 312	22, 548	14, 160	32, 724	37, 278	35, 228
13, 157	18, 358	16, 560	24, 776	34, 590	28, 889
14, 663	84, 323	53, 579	27, 834	49, 399	18, 056
100, 000	100, 000	100, 000	100, 000	100, 000	100, 000
208, 476	246, 209	263, 371	295, 897	347, 262	344, 402
62, 187	46, 434	35, 041	46, 927	49, 280	52, 699
49, 251	65, 841	70, 724	81, 757	106, 085	88, 368
6, 951	2, 728	16, 056	25, 133	42, 923	32, 853
158, 982	180, 097	192, 323	213, 763	240, 714	255, 485
13.16	18.36	16.56	24.78	34.59	28.89
-	-	7.00	9.13	12.90	12.01
76.3	73.1	73.0	72.2	69.3	74.2
8.3	10.2	8.6	11.6	14.4	11.3
6.3	7.5	6.3	8.4	10.0	8.39
291.8	187.0	208.4	231.6	233.0	237.6
4.4	1.5	8.3	11.8	17.8	12.9
-	-	42.3	36.9	37.3	41.57

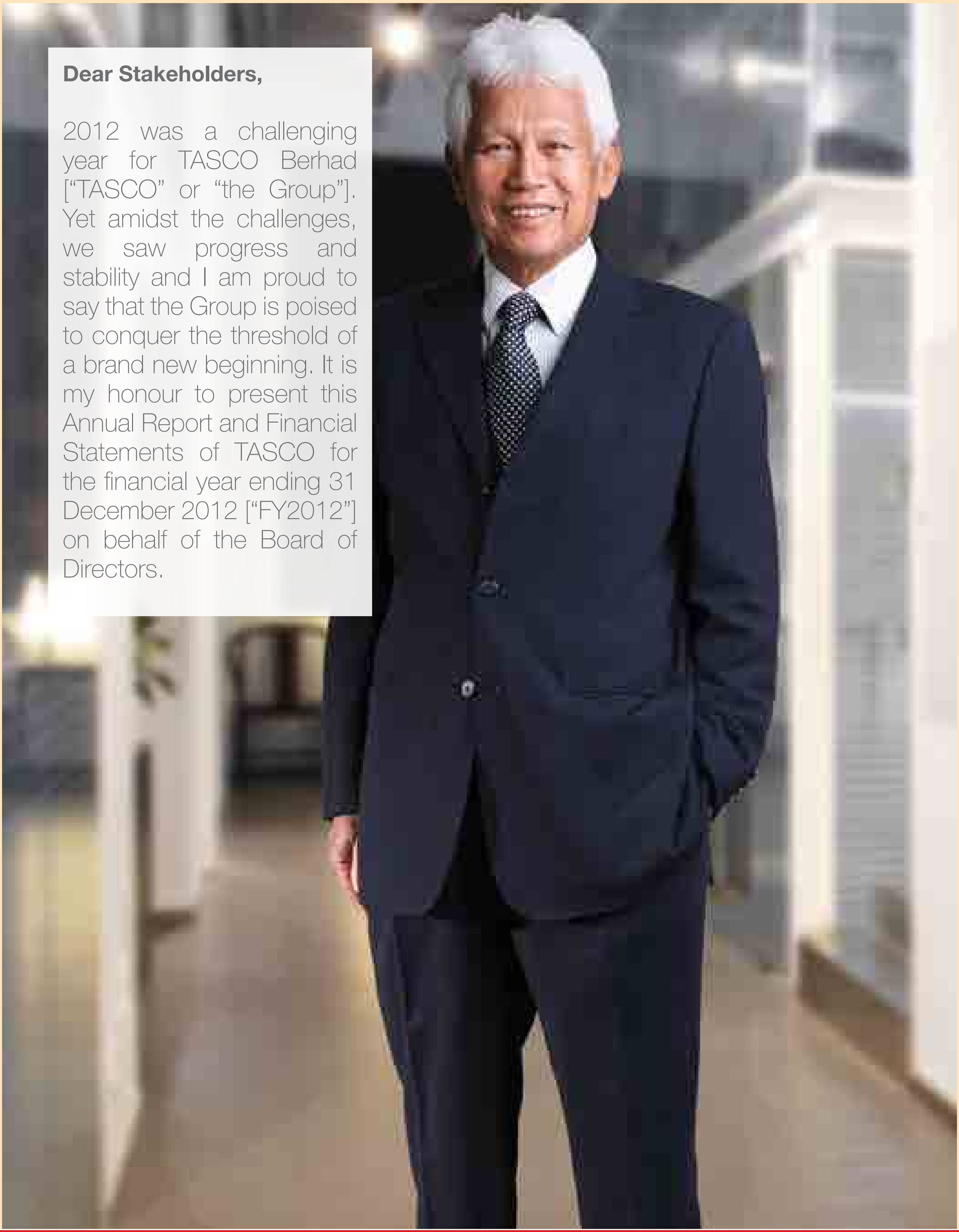
PATAMI AND RETURN ON EQUITY



CAPITAL EXPENDITURES



CHAIRMAN'S STATEMENT



Dear Stakeholders,

2012 was a challenging year for TASCO Berhad ["TASCO" or "the Group"]. Yet amidst the challenges, we saw progress and stability and I am proud to say that the Group is poised to conquer the threshold of a brand new beginning. It is my honour to present this Annual Report and Financial Statements of TASCO for the financial year ending 31 December 2012 ["FY2012"] on behalf of the Board of Directors.

CHAIRMAN'S STATEMENT

OVERVIEW OF THE GROUP PERFORMANCE 2012

When TASCO ushered in a new beginning in 2012, the Group entered a new phase of development after its final year of tax incentive benefit in 2011. 2011 ended well, breaking all the Group's records in revenue in its 38 years of history.

However, in 2012 the Group recorded a revenue of RM442.4 million for FY2012, a 5.7% (RM26.8 million) decrease in revenue. The Group's profit before taxation for FY2012 is recorded at RM35.3 million, with a decrease of 5.6% (RM2.1 million) from the year 2011. This drop in revenue was mainly contributed by the Group's Air Freight Forwarding Business's struggle in the turbulent global economic conditions with lower export and import shipments from our major customers in all sectors.

The reduced profit before taxation was also due mainly to the lower revenue posted, as well as the one-time write-off of goodwill on consolidation of RM0.9 million in 2011. As for the reduction in profit for the year, it was caused largely by the expiry of our integrated Logistics Services investment tax incentive scheme that the Group enjoyed in 2011.

Performance By Business Segment

Today, the Group is successful in establishing our presence in many parts of the world therefore our business is very much dependable on global economy conditions. As the global financial crisis hampers demand, a slower economic growth in most major markets caused a significant drop in our revenue in our International Business Solutions segment, posting a 13.9% (RM26.8 million) drop in revenue. This is also strongly felt in the International Business Solutions especially within the Air Freight Forwarding division. The division registered a drop of 18.3% (RM29.3 million) due to lower export shipments from major clients in the manufacturing sectors. This drop however was mitigated by a 7.3% (RM2.4 million) increase in revenue registered by the Ocean Freight Forwarding division.

I am glad to note that our Domestic Business Solutions segment had a less stormy sea to conquer. Despite a difficult year of generally unfavourable global economy, the Domestic Business Solutions department remained buoyant and managed to maintain the performance of the previous year and posted a revenue of RM276.5 million. The domestic market has always been stable for the Group. This is because we have reinforced our competitive pricing and a mid-long term contract with major clients, ensuring stability for our client's businesses. However, within the Domestic Business Solutions, the Contract Logistics division reported a 5.1% (RM10.6 million) decrease in revenue due to the drop in custom clearance and warehouse business segment. On a happier note, the Auto CBU and Haulage business division posted an 17.5% (RM5.3 million) increase in revenue. The Trucking division within the Domestic Business Solutions segment also reported an increase of 15.7% (RM10.7 million) in revenue.

Strategies For Growth

Based on the current market conditions, the Group is exploring multi-pronged strategies to maximise value for our customers and also to meet their evolving needs. The Group's headquarters in Japan (YLK) have plans in the pipeline to expand its international divisions via its global network. YLK is prepared to negotiate a better rate with counterparts in the business to expand this business to 1 million TEUs for ocean freight and to carry 500 thousand tonnes a year for air freight by 2016.

The Group is steadily evolving from a product-oriented company that principally focuses on air, ocean, road freights and other logistic services to an organisation that provides a more holistic solution for different client segments. At the same time, the Group is also planning to expand its client base and sectors to increase our revenues in the coming financial year.

It is also within our plans to build more warehouses to increase space and also to increase the numbers of trucks in its current fleets to meet the demands of our clients. TASCO is also in the midst of considering a rebranding exercise to change its name to YUSEN to secure even more partnerships with international clients.

Shareholder Value Creation

Despite a tough financial year, the Group has proposed a final dividend of 6.67 sen less 25% tax in respect of the financial year ended 31 December 2012 (subject to shareholders' approval at the upcoming Annual General Meeting). For financial year ended 31 December 2012, the total gross dividend of 12.01 sen declared was slightly lower than financial year ended 2011 which was 12.90 sen.

The Group will work towards in bringing higher value to shareholders in 2013.

CHAIRMAN'S STATEMENT

Corporate Social Responsibility

The Group believes that promoting Corporate Social Responsibility (CSR) is essential to the creation and enhancement of operation base by providing safe logistical services while protecting the environment. The Group has established a Safety Committee to educate employees on occupational safety and health, to formulate policies, action plans and budgets for safety plans. The Committee is also in charge of training forklift operators and truck drivers to increase productivity and minimise injuries and accidents. In 2012, more than 200 forklift operators have undergone a special programme to test operating skills and theoretical knowledge. More than 300 truck drivers also went through the Defensive Driving Training and 211 drivers given the Accident Prevention Trainings.

Recognising the importance of human resources, we are also committed to assist in the development of our employees by sending them for yearly training on a continuous basis to increase their skills and knowledge. We also ensure that all our major branches maintain the ISO 9001:2008 certified status. In line with our green agenda, the Group has also implemented several programmes such as recycling at major stations; vehicles maintained to reduce smoke and noise pollution; purchase of new trucks with EURO engine specifications to reduce smoke emission; purchase of office equipment with energy saving features and maintaining only minimum lighting and air conditioning during lunch hour.

Moving Into 2013

2012 was a turbulent year and the Group is looking forward to a more stable 2013. The Malaysian Institute of Economic Research has made a forecast of 5.6% GDP growth in Malaysia despite of the modest macro outlook. This means domestic demand will remain resilient and will continue to pick up the slack of the weak international demand.

The prospects of the Group's businesses are very much dependant on the outlooks of the Malaysian and world economy as the health of the manufacturing and international trade are directly impacted by these factors. The Group has been achieving credible results over the last two years despite the unfavourable external economic demand. We expect the first half of 2013 to be another challenging year in view of the uncertain global economic outlook.

Nevertheless the Group has managed to excel particularly in the Domestic Business Solutions Segment (in particular, the Contract Logistics division) and will look into key growth areas on the domestic front to be the driver on growth in the immediate future. We will continue to maintain our strategies to remain focused on servicing our customers with innovative logistics solutions and to expand our logistics capacity when it is advantageous to do so while putting in force a strict cost control regime.

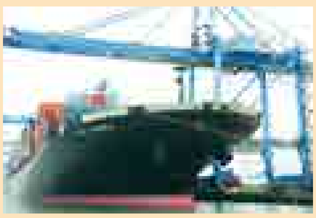
We are confident that once again the Group will weather the storm as track records have proven we have managed during the tough times.

Gratitude To Our Human Capital

In TASCO, we recognise that the human capital is the driver of our business and we would like to thank each and every one of our employees that make up the Group. It is because of these valuable employees that things are possible in TASCO. Their can-do attitude and loyalty towards the Group is invaluable. The Group would also like to thank all our clients for their continuous support through the years. We strive to give you a better experience every time.

Thank you.

Tan Sri Asmat Bin Kamaludin
Chairman



FROM OUR GROUP MANAGING DIRECTOR

"Having enjoyed a tremendous year of success in 2011 and 2012, TASCO is delighted to usher in a new beginning. Despite the economic challenges in 2013, the company remains buoyant and optimistic. Moving forward, we will be taking bold steps to ensure positive growth and good return in value for our shareholders."

FROM OUR GROUP MANAGING DIRECTOR

TASCO'S PERFORMANCE IN THE FINANCIAL YEAR 2012

Compared to the FY2011, the FY2012's return dipped a minor 5.7% (RM26.8 million) due to the uncertain and turbulent economy that year. The Group's profit before tax declined from RM37.4 million to RM35.3 million which is equivalent to a 5.6% (RM2.1 million) drop.

This revenue drop was mainly contributed by the Air Freight Forwarding Business (RM29.3 million) due to the impact of the struggle in the global economic conditions with lower export and import shipments from our major clients in all sectors. The lower revenue posted however did make an impact in the profit before tax and another key reason for this was our one-time write-off of goodwill on consolidation of RM0.9 million.

However, the Domestic Business – Contract Logistics have successfully weathered the storm while maintaining the performance of FY2011 with a revenue of RM276.5 million.

Why Was The Domestic Business Solutions Segment More Stable Than The International Business Solutions Segment Even During The Global Economic Turbulence?

The freight forwarding business depends very much on the traffic flow of the world and in the event of any economic ups or downs, the International Business Solutions segment would be the first category in the industry to be affected. In the FY2012, not only did the world economy slowed down, also noted that there were no international events like the World Cup, resulting in a significantly lower traffic.

However the Domestic Business Solutions segment emerged considerably stable despite the challenges of the gloomy macro-economic outlook in the FY2012. The segment managed to maintain its revenue as compared to FY2011. This is because the Group is always committed in providing competitive services and rates for customers' stability, earning us their unwavering trust and dependable long-term relationships. This has also led to a binding contract of up to six years with our domestic partners.

What Are Our Strategies Towards A Better 2013?

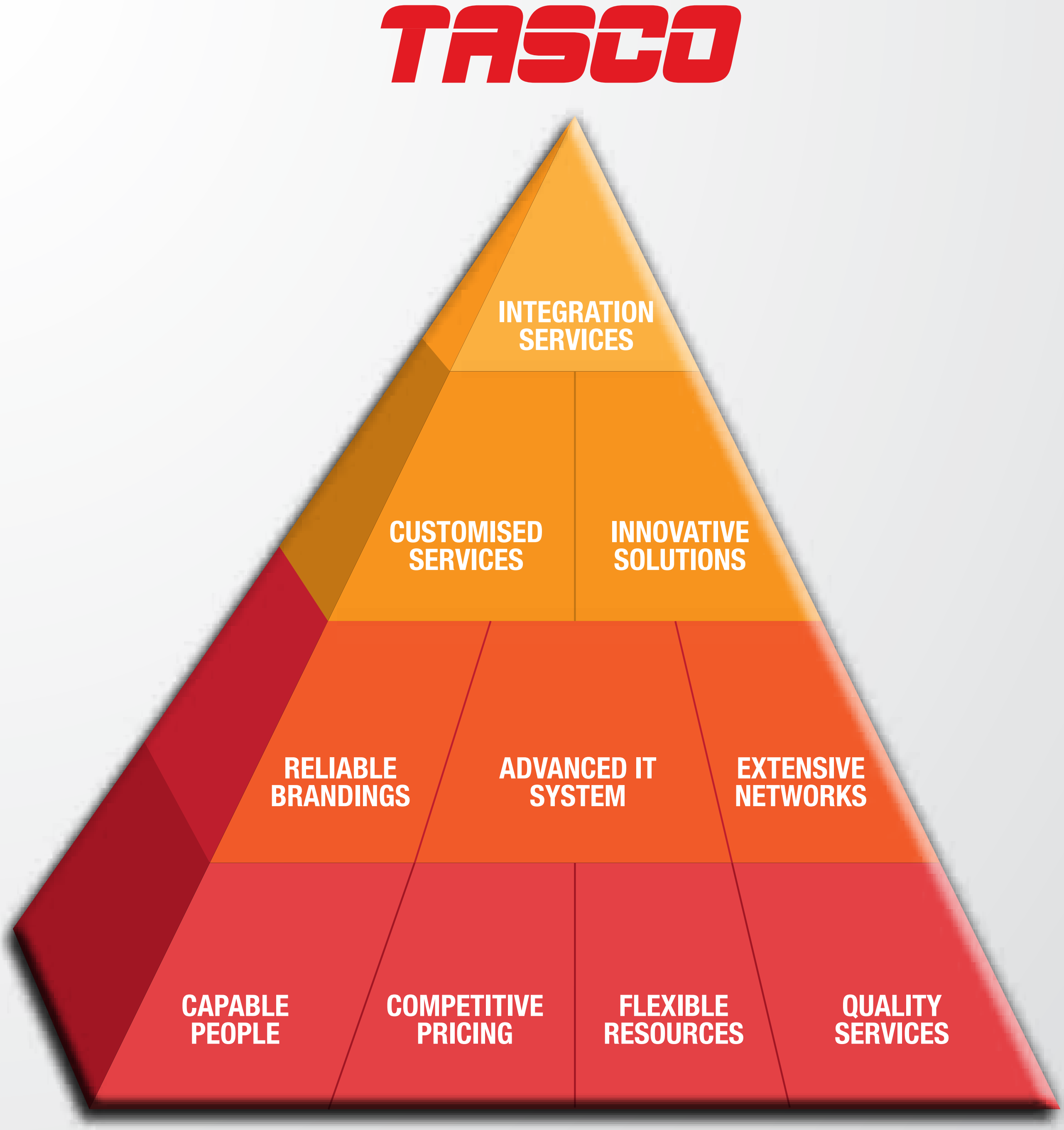
TASCO will continue to provide quality one-stop integrated logistics solutions services to all our clients. We have confidence on our Domestic Business – Contract Logistics which will still remain the profit driven prime mover for our business due to our extensive domestic network and our strategically-located facilities. We foresee that the market will still remain very competitive but we will ensure positive growth by implementing Kaizen and cost reduction activities.

It is also because of the improvement of the global economy, particularly in the USA and Japan, and the expansion scale of our Air Freight and Sea Freight Business globally, we expect to negotiate better rates for our core carrier thus able to expand our international businesses. Our headquarters in Japan (YLK) are looking forward to embracing a common goal to be one of the top logistics companies in the world and work towards achieving 1 million TEUs for ocean freight per year and 500 thousand tonnes per year for air freight by 2016.

We will be celebrating the Group's 40th anniversary next in 2014 and having enjoyed 38 years of tremendous success, TASCO is delighted to usher in a new beginning despite the tough economic challenges of the financial year 2013. The company remains buoyant and optimistic. We will keep moving forward and we will be taking bold steps to ensure we can achieve our targets and good return value for our shareholder.




TASCO BASIC CORE FUNDAMENTALS



THE SECRETS TO OUR SUCCESS

"...are to focus on the 10 Basic Core Fundamentals that we have built and developed throughout the years. We realised the importance of these fundamentals and we will continue to leverage on these core fundamentals to strengthen our market position and to enhance our shareholders' values..."

BUSINESS AT A GLANCE

	REVENUE RATIO 2012	REVENUE 2012
AIR FREIGHT FORWARDING DIVISION • Air Freight Services	29%	RM130.5 million
OCEAN FREIGHT FORWARDING DIVISION • Sea Freight Services	7%	RM33.0 million
ORIGIN CARGO ORDER & VENDOR MANAGEMENT DIVISION • Buyer Consolidation Services	1%	RM2.4 million
CONTRACT LOGISTICS DIVISION • Customs Clearance • Haulage Transportation • Warehousing Services • Warehouse Inplant Services • Pre-Delivery Inspection	45%	RM197.7 million
TRUCKING DIVISION • Domestic Trucking • Cross Border Trucking	18%	RM78.8 million

Notes:

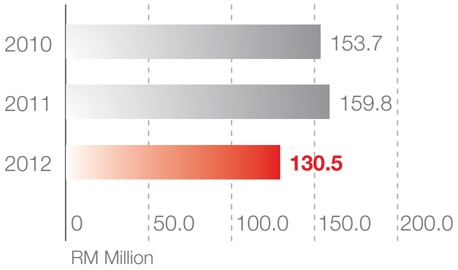
1. **Characteristics of International Business Solutions:**
   Minimum capital investment; Not highly regulated; Requires extensive international networks; Collaboration with foreign agents under a common IT system.
2. **Characteristics of Domestic Business Solutions:**
   High capital investment; Highly regulated; Requires extensive domestic networks; Support with proper resource planning under multiple IT systems.

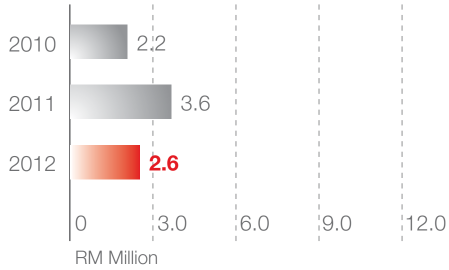
BUSINESS AT A GLANCE

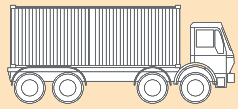
REVENUE 2010 - 2012

PROFITS FROM OPERATIONS 2010 - 2012

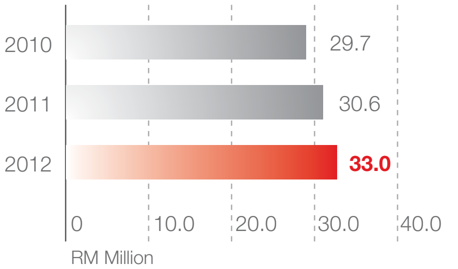
RESOURCE FACILITIES

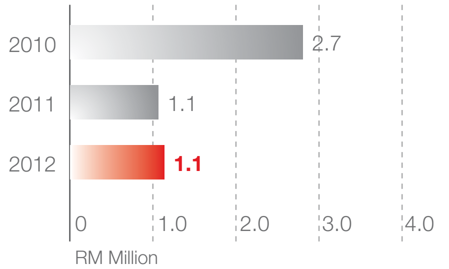


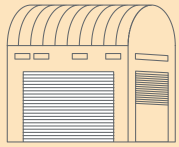




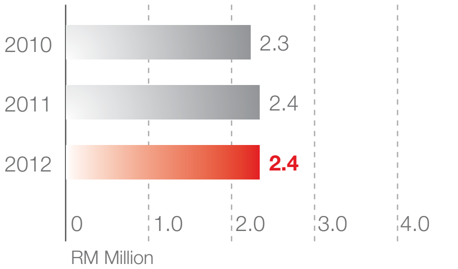
>250 Units
Prime Movers & Trucks

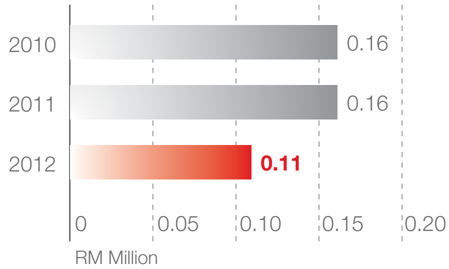


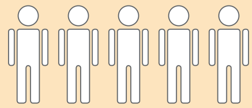




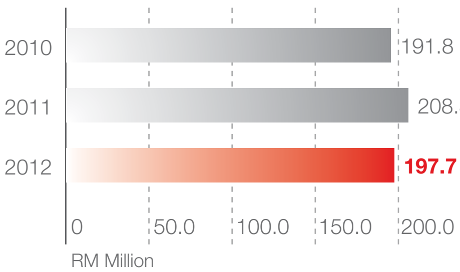
>200,000m²
Warehouse Space

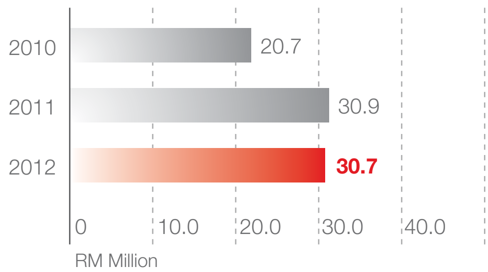




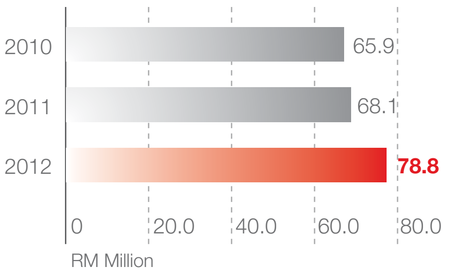


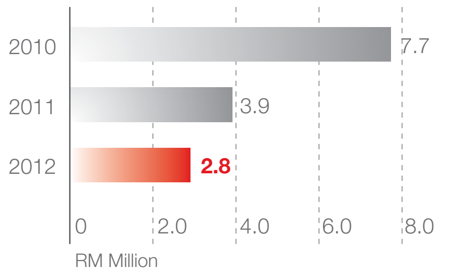
Domestic: >1,500
Worldwide: >29,000*
Employees





>30 Logistics Centres
Domestic Networks





>400 Logistics Centres in 37 countries
International Networks

Under the international logistics network of NYK Group.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Asmat Bin Kamaludin
Non-Executive Chairman

Lee Check Poh
Group Managing Director

Tan Kim Yong
Deputy Managing Director

Lim Jew Kiat
Deputy Managing Director

Tomoaki Handa
Executive Director

Muneaki Saito
Non-Executive Director

Kwong Hoi Meng
Independent Non-Executive Director

Raymond Cha Kar Siang
Independent Non-Executive Director

Raippan s/o Yagappan @ Raiappan Peter
Independent Non-Executive Director

COMPANY SECRETARIES

Kang Shew Meng

Seow Fei San (Ms)

Loh Lai Ling (Ms)

REGISTERED OFFICE

802, 8th Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-78031126
Fax : 03-78061387

REGISTRARS

Securities Services (Holdings) Sdn Bhd
Level 7 Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03-20849000
Fax : 03-20949940

AUDITORS

Mazars
Chartered Accountants
Wisma Selangor Dredging
7th Floor, South Block
142-A Jalan Ampang
50450 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Berhad

Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad

HSBC Bank Malaysia Berhad

STOCK EXCHANGE

Main Market
Bursa Malaysia Securities Berhad
Stock Code : 5140

AUDIT COMMITTEE

Kwong Hoi Meng
Independent Non-Executive Director
Chairman

Raymond Cha Kar Siang
Independent Non-Executive Director
Member

Raippan s/o Yagappan @ Raiappan Peter
Independent Non-Executive Director
Member

NOMINATING COMMITTEE

Raymond Cha Kar Siang
Independent Non-Executive Director
Chairman

Kwong Hoi Meng
Independent Non-Executive Director
Member

Raippan s/o Yagappan @ Raiappan Peter
Independent Non-Executive Director
Member

REMUNERATION COMMITTEE

Raippan s/o Yagappan @ Raiappan Peter
Independent Non-Executive Director
Chairman

Raymond Cha Kar Siang
Independent Non-Executive Director
Member

Lee Check Poh
Group Managing Director
Member

BOARD OF DIRECTORS

Front row (From left to right)

TOMOAKI HANDA
Non-Independent Executive Director
Aged 55, Japanese

TAN SRI ASMAT BIN KAMALUDIN
Non-Independent Non-Executive Chairman
Aged 69, Malaysian

LEE CHECK POH
Non-Independent Group Managing Director
Aged 64, Malaysian

MUNEAKI SAITO
Non-Independent Non-Executive Director
Aged 50, Japanese

Second row (From left to right)

RAYMOND CHA KAR SIANG
Independent Non-Executive Director
Aged 42, Malaysian

KWONG HOI MENG
Independent Non-Executive Director
Aged 45, Malaysian

LIM JEW KIAT
Non-Independent Deputy Managing Director
Aged 52, Malaysian

RAIPPAN S/O YAGAPPAN @ RAIAPPAN PETER
Independent Non-Executive Director
Aged 69, Malaysian

TAN KIM YONG
Non-Independent Deputy Managing Director
Aged 51, Malaysian

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1. No Director has any family relationships with any other Directors and/or major shareholders of the Company.
2. Other than the related party transactions disclosed in the Annual Report, no Director has any conflict of interest with the Company.
3. No Director has been convicted of any offences within the past 10 years other than traffic offences, if any.

PROFILE OF BOARD OF DIRECTORS

Date of Appointment
- 1 January 2005

Qualification
- Bachelor of Arts in Economics (University Malaya)
- Diploma in European Economic Integration (University Amsterdam)

Chairman of
- UMW Holdings Berhad
- Panasonic Manufacturing Malaysia Berhad
- Symphony House Berhad
- Scomi Group Berhad
- Scomi Energy Services Berhad
- Compugates Holdings Berhad

Other Directorship in Public Company
- YTL Cement Berhad (Vice Chairman)
- Malaysian Pacific Industries Berhad
- Lion Industries Corporation Berhad
- Permodalan Nasional Berhad
- The Royal Bank of Scotland Berhad

Experience
- Currently appointed as the Chairman of the Group
- Appointed as Director in 2005
  Worked with The Ministry of Trade and Industry (now known as the Ministry of International Trade and Industry or MITI) between 1996 to 2001

Training
- New Corporate Governance Blueprint and Regulatory Updates
- 4th Annual Corporate Governance - KL2012 - Bringing Asia Onto The Board
- Leaders Luncheon Talk by YB Dato' Idris Jala – Sustaining Progress in the Face of Economic Uncertainty
- Mandatory Accreditation Programme (MAP)
- Optimising IFRS MFRS Convergence
- Financial Institutions Directors' Education Programme (FIDE Training)
- PNB ½ Day Conference

TAN SRI ASMAT BIN KAMALUDIN
Non-Independent Non-Executive Chairman
Aged 69, Malaysian

PROFILE OF BOARD OF DIRECTORS

Lee Check Poh
Non-Independent Group Managing Director
Aged 64, Malaysian

Date of Appointment
- 24 April 1989

Qualification
- Bachelor of Arts in Economics (Hosei University, Japan)
- Master of Arts in Economics (Lakehead University, Canada)

Other Directorship in Public Company
- None

Experience
- Currently appointed as the Group Managing Director and a member of the Remuneration Committee
- Joined the Group in the year 1977 and appointed as a Director and the Managing Director in the year 1989 and 1998 respectively
- Also appointed as an Executive Director and later as the Managing Director of Sony Logistics (M) Sdn Bhd (now known as Sony Supply Chain Solutions Sdn Bhd) between 1989 to 2004

Training
- Green Technology Awareness Programme
- Anti-Trust Training

Date of Appointment
- 17 February 2011

Qualification
- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Fellow member of the Association of Chartered and Certified Accountants, United Kingdom (ACCA)
- Institute of Chartered Secretaries & Administrator (completed professional examinations)

Other Directorship in Public Company
- None

Experience
- Currently appointed as the Deputy Managing Director in charge of Corporate Strategy Group
- Joined the Group in 1996 and appointed as a Deputy Managing Director in 2011
- Prior to his joining the Group he was in the auditing line, handled project accounting for a construction company and held the post of Financial Controller in an engineering company and in a German multinational company

Training
- Anti-Trust Training
- Minimum Wages Order 2012

Tan Kim Yong
Non-Independent Deputy Managing Director
Aged 51, Malaysian

PROFILE OF BOARD OF DIRECTORS

Lim Jew Kiat
Deputy Managing Director
Aged 52, Malaysian

Date of Appointment
- 17 February 2011

Qualification
- Malaysia Certificate of Education

Other Directorship in Public Company
- None

Experience
- Currently appointed as the Deputy Managing Director in charge of Business Strategy Group
- Joined the Group in 1991 and appointed as Deputy Managing Director in 2011
- Assigned to various business divisions of the Group
- Prior to his joining our Group he was involved in sales, dealing in courier services, chemicals and computers

Training
- Anti-Trust Training
- Minimum Wages Order 2012

Date of Appointment
- 3 April 2012

Qualification
- Bachelor of Economics (Hitotsubashi University, Japan)

Other Directorship in Public Company
- None

Experience
- Joined the NYK group in 1986
- Was assigned to Indonesia as Director from 1999 to 2003
- Was assigned to Singapore as General Manager from 2003-2005
- Recall to NYK, Japan in 2005 and was again assigned to Singapore in April 2012 where he was appointed as a Director of YLKSG
- Appointed as our Non-Executive Director in April 2012

Training
- Mandatory Accreditation Programme

Muneaki Saito
Non-Independent Non-Executive Director
Aged 50, Japanese

PROFILE OF BOARD OF DIRECTORS

Tomoaki Handa
Non-Independent Executive Director
Aged 55 , Japanese

Date of Appointment
- 22 April 2009

Qualification
- Bachelor of Business Administration, Senshu University of Business Administration, Japan

Other Directorship in Public Company
- None

Experience
- Currently appointed as the Director in charge of the International Air Freight Division and a corporate representative of YLK
- Joined the Group and appointed as a Director in year 2009.
- Assigned by YLK between 1981 and 2009 to handle various branches and business divisions in Japan and seconded to Hong Kong and Shanghai to lead the oversea operations

Training
- Case Studies for Boardroom Excellence – Fraud Detection & Prevention – A Necessity, Not A Choice

Date of Appointment
- 30 October 2007

Qualification
- Ordinary member of Malaysian Institute of Certified Public Accountants (MICPA)
- Chartered Accountant of Malaysian Institute of Accountants (MIA)
- Approved Company Auditor

Other Directorship in Public Company
- None

Experience
- Appointed as an Independent Director in year 2007 and also the Chairman of the Audit Committee and a member of the Nominating Committee
- Became an ordinary member of the MICPA and a Chartered Accountant of the MIA in 1994 and an Approved Auditor in 2006
- Currently an Audit Partner of Messrs Kwong & Wong

Training
- MFRS/IFRS Guide for Audit Committees and Internal Auditors – Adding Values
- Budget 2013 Highlights on Tax Changes and its Implications on Business

Kwong Hoi Meng
Independent Non-Executive Director
Aged 45, Malaysian

PROFILE OF BOARD OF DIRECTORS

Raymond Cha Kar Siang
Independent Non-Executive Director
Aged 42, Malaysian

Date of Appointment
- 30 October 2007

Qualification
- LLB (Hons) Malaya (University of Malaya)

Other Directorship in Public Company
- None

Experience
- Appointed as an Independent Director in year 2007 and also the Chairman of the Nominating Committee, a member of the Audit Committee and Remuneration Committee
- Admitted to the Malaysia bar as an Advocate and Solicitor of the High Court of Malaya in 1996 and currently appointed as the Managing Partner of Putra Ray & Partners

Training
- Enterprise Risk Management – What A Director Must Know

Raippan s/o Yagappan @ Raiappan Peter
Independent Non-Executive Director
Aged 69, Malaysian

Date of Appointment
- 30 October 2007

Qualification
- Bachelor of Arts in History and Economics (University of Malaya)

Other Directorship in Public Company
- None

Experience
- Appointed as an Independent Director in year 2007 and also the Chairman of the Remuneration Committee, a member of the Nominating Committee and Audit Committee
- Served in the Ministry of Labour (now known as the Ministry of Human Resource) between 1967 and 1994 and currently the Managing Consultant of Inforite IR Consultancy

Training
- MFRS/IFRS Guide for Audit Committees and Internal Auditors – Adding Values
- The key components of establishing and maintaining world-class audit committee reporting capabilities
- What keeps an audit committee up at night?

CORPORATE GOVERNANCE STATEMENT

To earn the trust of stakeholders – not only shareholders but also customers, business partners and the regional communities in which TASCO maintains a presence – and meet their expectations, the Group strives to build and further enhance a management structure optimised for management transparency and efficiency.

GUIDELINES

The Board of Directors ("Board") is committed in ensuring that the principles and best practices on corporate governance are observed and practised throughout the Group as the fundamental part of discharging its responsibilities to protect and enhance shareholders' value.

The Malaysian Code on Corporate Governance 2012 ("Code") sets out the principles and best practices on structures and processes that the Group may use towards achieving its optimal governance framework.

Set out below is the manner in which the Group has applied the principles of corporate governance and the extent to which it has complied with the best practices set out in the Code.

INTERNAL ORGANISATION STRUCTURE

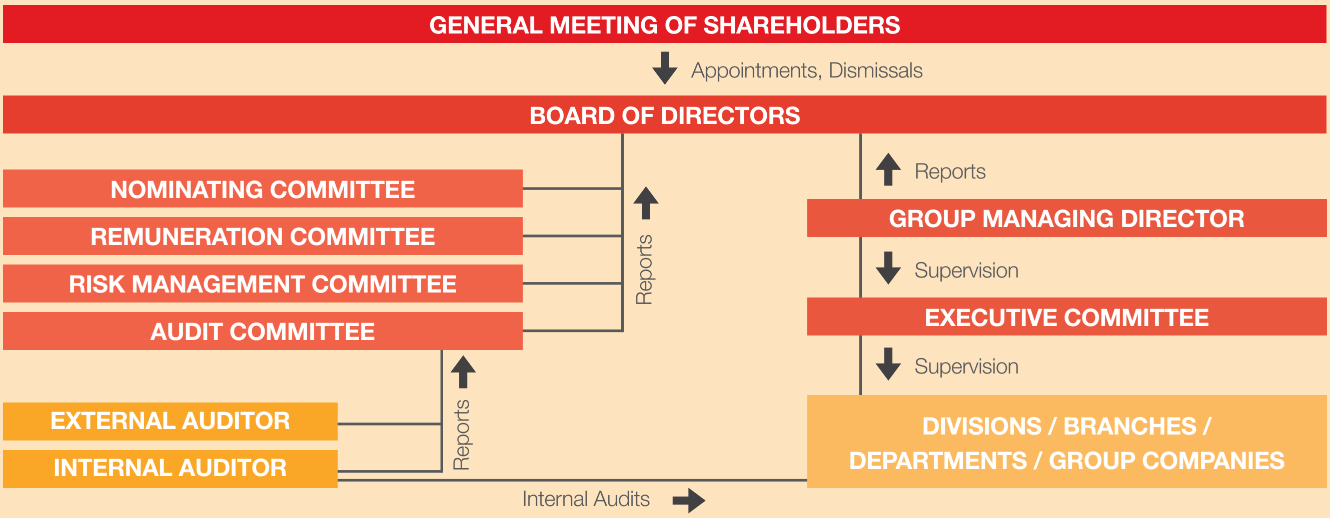
As at 31 December 2012, the Board comprises 9 members, including 1 Non-Executive Director and 3 Independent Non-Executive directors. The Board had also established the following Board Committees to assist the Board in carrying out its fiduciary duties:

(a) Nominating Committee
(b) Remuneration Committee
(c) Risk Management Committee
(d) Audit Committee

These Board Committees deliberate on particular issues and report their findings and recommendations to the Board. However, the ultimate responsibility for all decisions lies with the entire Board.

The Executive Committee headed by the Group Managing Director comprises 8 members including Executive Directors from the Board and senior level staff. The Executive Committee is responsible to discuss matters of particularly critical importance from the prospective of day to day management and operation strategies.

Overall, our internal organisation structure is designed to clarify lines of authority and responsibility for the business and operation strategies, promote fast and accurate decisions, and enhance management transparency and efficiency.



CORPORATE GOVERNANCE STATEMENT

BOARD CHARTER AND DIRECTORS' CODE OF CONDUCT AND ETHICS

The Board has formally adopted a Board Charter, which provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance. The Board Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodic reviews to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board is also committed to conducting business in accordance with the highest standards of business ethics and compliance with applicable laws, rules and regulations. The Directors' Code of Conduct and Ethics provide guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during their appointment.

The Board Charter and Directors' Code of Conduct and Ethics are made available for reference in the Company's website www.tasco.com.my.

BOARD OF DIRECTORS

The Board comprises the following members and the details of attendance of each member at the Board meetings held during the financial year ended 31 December 2012 are as follows:

Name	Status of Directorship	Independent	Meeting Attended
Tan Sri Asmat Bin Kamaludin (Chairman)	Non-Executive	No	4/4
Lee Check Poh (Group Managing Director)	Executive	No	4/4
Tan Kim Yong (Deputy Managing Director)	Executive	No	4/4
Lim Jew Kiat (Deputy Managing Director)	Executive	No	4/4
Muneaki Saito	Non-Executive	No	3/3
Tomoaki Handa	Executive	No	4/4
Raymond Cha Kar Siang	Non-Executive	Yes	4/4
Kwong Hoi Meng	Non-Executive	Yes	4/4
Raippan s/o Yagappan @ Raiappan Peter	Non-Executive	Yes	4/4

The Group is headed by an experienced Board comprising professionals, ex-civil servants, long serving staff and entrepreneurs with diverse skills from a wide range of business, financial and legal backgrounds. The Board effectively controls the direction and provides leadership for the Group by setting appropriate objectives and strategic directions and is responsible for the overall operations and management of the Group.

The Board reviews and adopts a strategic plan, which covers the core business of the Group. The various strategies and objectives identified in the plan are monitored and evaluated during the implementation. In addition, the Board implements a risk management system which identifies the principal risks and ensures the implementation of the management of those risks to mitigate the impact of any such risks. Its other responsibilities include reviewing the adequacy and integrity of the Group's internal control systems and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines as well as development and implementation of the succession planning for senior management and investor relations programme for the Group.

The positions of the Chairman and the Group Managing Director are held by 2 individuals. There is a clear division of responsibilities between the Chairman and the Group Managing Director, which will ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and workings of the Board. The Group Managing Director is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies.

CORPORATE GOVERNANCE STATEMENT

The Board considers that the current size of the Board is adequate and facilitates effective decision making. The Board also reviews on an annual basis the appropriateness of its size.

The Board's composition complies with the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") that requires at least 1/3 of the Board to comprise Independent Non-Executive Directors.

There is a balance in the Board because of the presence of Independent Non-Executive Directors who bring strong independent judgment, knowledge, skills and experience to the Board's deliberations during the decision making process. The Independent Non-Executive Directors ensure that the interest of the minority shareholders and other stakeholders are given due consideration in the deliberations of the various issues and matters affecting the Group.

During the year, 4 board meetings were held and all Directors fulfilled the requirement stipulated by Bursa Malaysia in relation to their attendance at the Board meetings.

Board meetings are structured with a pre-set agenda. The agenda and the Board papers are circulated to Directors in time to enable the Directors to effectively discharge their responsibilities. Any additional information requested by Directors is readily available. Reports on the performance of the Group are also circulated to the Directors for their perusal and comments. The Board also has a formal schedule of matters reserved to it for deliberation and decision such as the approval of annual and interim results, major capital expenditure, budgets, major investments, strategic issues affecting the business of the Group, corporate policies and procedures and corporate plans.

In addition, on important matters that require the Board's decisions, prior briefings, if necessary, are provided or conveyed by Executive Directors to other Board members to ensure full knowledge and understanding thus enhancing the members' comprehension of Board papers before deliberations.

The Board is also notified of any corporate announcements to be released to Bursa Malaysia and is kept informed of updates issued by the various regulatory authorities.

All proceedings of the Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provision of Section 156 of the Companies Act, 1965.

In the furtherance of their duties, the Directors have access to all information pertaining to the Group as well as to seek independent professional advice at the Company's expense, if necessary. The Directors also have access to the advice and services of the Company Secretary who must ensure that all necessary information is obtained from Directors both for the Company's own records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements and other regulatory requirements. The Board acknowledges the fact that the Chairman is entitled to the positive support of the Company Secretary in ensuring the effective functioning of the Board. The appointment and removal of the Company Secretary shall be within the purview of the Board.

All Directors have attended and successfully completed the Mandatory Accreditation Programme. The Board assumes the onus of determining or overseeing the training needs of the Directors. The Directors are encouraged to attend relevant seminars and courses to keep themselves updated on the various issues facing the changing business environment, regulatory and corporate governance developments to enhance their professionalism and knowledge to effectively discharge their duties and obligations. During the year all the Directors have attended training listed under their respective individual director profile. This is in compliance with paragraph 15.08(2) of the LR.

For new Directors, a familiarization programme will be conducted for them. This includes a presentation of the Group's operations, meetings with senior management and site visits, where appropriate, to facilitate their understanding of the Group.

NOMINATING COMMITTEE

The Nominating Committee comprises the following members and the details of attendance of each member at the Nominating Committee meetings held during the financial year ended 31 December 2012 are as follows:

Name	Status of Directorship	Independent	Meeting Attended
Raymond Cha Kar Siang (Chairman)	Non-Executive	Yes	2/2
Kwong Hoi Meng	Non-Executive	Yes	2/2
Raippan s/o Yagappan @ Raiappan Peter	Non-Executive	Yes	2/2

The Nominating Committee, set up on 6 December 2007, is responsible for recommending the right candidate for appointment to the Board or Board Committees. The Nominating Committee is also responsible for the annual review of the required mix of skills and experience and core competency which Non-Executive Directors should bring to the Board and the annual assessment of the effectiveness of the Board as a whole, the Board Committees and the performance of each existing Director.

The terms of reference of the Nominating Committee have been approved by the Board and comply with the recommendations of the Code.

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by the shareholders at the first Annual General Meeting after their appointment. Further, subsequent to the first Annual General Meeting, 1/3 of the existing Directors including the Managing Director are required to retire by rotation at the Annual General Meeting held annually. A Director who is over 70 years old is required to submit himself for re-appointment annually in accordance to Section 129 (6) of the Companies Act, 1965.

The Nominating Committee met twice on 30 March 2012 and 22 November 2012. In the meeting held on 30 March 2012, the members met to discuss the resignation of Mr Kimio Maki who was recalled to Japan for a new assignment. Mr Muneaki Saito was proposed to replace Mr Kimio Maki and the members vetted Mr Saito's profile and experience. Mr Saito has the necessary experience and qualifications to be appointed to the Board and after deliberation the members recommended Mr Saito for appointment to the Board of Directors.

The Nominating members met on 22 November 2012 to review the mix of skills, experience and qualities of the Board members as well as the appropriate size of the Board and found to be suitable for the Company. The members also assessed the effectiveness of the Board, the Board Committees and their contribution.

The Board will monitor the Company's performance in meeting the target and shall review the policy and target set to achieve gender diversity in the boardroom as and when needed.

The Board has established a nomination process of board members to facilitate and provide a guide for Nominating Committee to identify, evaluate, select and recommend to the Board the candidate to be appointed as a director of the Company.

The nomination and election process of board members can be found at the Company's website at www.tasco.com.my.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the following members and the details of attendance of each member at the Remuneration Committee meetings held during the financial year ended 31 December 2012 are as follows:

Name	Status of Directorship	Independent	Meeting Attended
Raippan s/o Yagappan @ Raiappan Peter (Chairman)	Non-Executive	Yes	1/1
Raymond Cha Kar Siang	Non-Executive	Yes	1/1
Lee Check Poh	Executive	No	1/1

A Remuneration Committee, set up on 6 December 2007, is responsible for recommending to the Board the remuneration of the Executive Directors, in all forms. The determination of the remuneration of the Non-Executive Directors as well as the Executive Directors will be a matter to be determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on the decisions regarding his individual remuneration.

The terms of reference of the Remuneration Committee have been approved by the Board and comply with the recommendations of the Code.

The levels of remuneration of the Directors should reflect the rate to attract and retain their services taking into consideration the prevailing market pay and employment conditions within the industry. In the case of Executive Directors, the remuneration should comprise components to cover rewards linking corporate performance and individual contribution towards the overall results. Reasonable allowances and fees are paid to the Non-Executive Directors to commensurate with their experience and skills.

The Board has established a remuneration policy and procedure to facilitate the Remuneration Committee to review, consider and recommend to the Board for decision/approval the remuneration packages of the Executive Directors.

The details of the remuneration of Directors of the Company for the year ended 31 December 2012 by category and in bands of RM50,000 are as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	-	1
RM200,001 to RM250,000	1	-
RM400,001 to RM450,000	2	-
RM750,001 to RM800,000	1	-

The remuneration are further analysed by fees and salaries and other emoluments:

Name	Fees RM	Salaries and other emoluments RM	Total RM
Executive Directors	Nil	1,908,870	1,908,870
Non-Executive Directors	228,000	Nil	228,000

CORPORATE GOVERNANCE STATEMENT

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises 6 members of senior level staff who are responsible to ensure that there is a risk management programme in place to identify and manage the major or significant operational, financial and market risks associated with the Group's businesses.

The Risk Management Committee seeks to improve the administration and operation of the Company by adopting the following Risk Tabulation Table to identify and evaluate its risk exposure, focusing on its operational processes. Appropriate measures will be taken to mitigate these risks in the future.

Risk Tabulation Table

LIKELIHOOD				
	High			
	Medium			
	Low			
		Minor	**Moderate**	**Major**
	IMPACT			

The terms of reference of the Risk Management Committee have been approved by the Board.

AUDIT COMMITTEE

The Audit Committee comprises the following members and the details of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2012 are as follows:

Name	Status of Directorship	Independent	Meeting Attended
Kwong Hoi Meng (Chairman)	Non-Executive	Yes	4/4
Raymond Cha Kar Siang	Non-Executive	Yes	4/4
Raippan s/o Yagappan @ Raiappan Peter	Non-Executive	Yes	4/4

The Audit Committee, set up on 6 December 2007, is responsible to assist the Board to review the adequacy and integrity of the Group's internal control systems and all financial statements before their submission to the Board for approval.

The terms of reference of the Audit Committee have been approved by the Board and complied the recommendations of the Code.

The terms of reference of the Audit Committee together with its report are presented on pages 34 to 36 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT

INTERNAL CONTROL SYSTEM

The Directors recognise their ultimate responsibility for the Group's system of internal controls and the need to review the adequacy and the integrity of the internal control systems.

The Directors also take cognisance of the importance of identifying principal risks and having an appropriate risk management system. The Group has an internal audit function, which reports to the Audit Committee and assists the Board in monitoring and managing risks and internal controls. Information on the Group's internal controls is presented in the Statement on Risk Management and Internal Control as set out on page 37 and 38 of the Annual Report.

INTERNAL AUDIT FUNCTION

The Internal Audit Function is outsourced to an Audit Firm and reports to the Audit Committee. The Internal Auditor prepares and tables an Annual Internal Audit Plan for the consideration and approval of the Audit Committee. The Internal Auditor adopts a risk-based approach in preparing its audit strategy and annual plan based on the risk profiles of the business operations. The scope of the internal audit is based on the audit plan. The Internal Auditor reports to the Audit Committee on a quarterly basis and provides the Audit Committee with independent views on the adequacy, integrity and effectiveness of the system of internal control after its reviews.

The Group incurred RM50,026 of internal audit costs during the financial year ended 31 December 2012.

FINANCIAL REPORTING

In presenting its quarterly results and annual financial statements to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Company has established an appropriate and transparent relationship with its external auditors through the Audit Committee. The Audit Committee and the Board also review the information to be disclosed before the release to Bursa Malaysia.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards, and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year. In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensure that all applicable accounting standards have been followed; and
- Prepared the financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility of ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE STATEMENT

INVESTOR RELATIONSHIPS

The Board values its dialogue with both institutional shareholders and private investors and recognises that timely and equal dissemination of relevant information be provided to them. In this regard, it adheres to the disclosure requirements of Bursa Malaysia by making announcements via the Bursa Malaysia's website at www.bursamalaysia.com. Information of the Company is also disseminated through the following channels:

a) Annual Report;
b) Circular to Shareholders; and
c) Company's website at www.tasco.com.my.

Any enquiry regarding the Company and its group of companies may be conveyed to the following personnel:

Mr. Lee Check Poh
(Group Managing Director)
Telephone number : 03-51018888
Fax number : 03-55488288
Email address : cplee@tasco.com.my

Mr. Tan Kim Yong
(Deputy Managing Director)
Telephone number : 03-51018888
Fax number : 03-55488288
Email address : kytan@tasco.com.my

A copy of the annual report is sent to all our shareholders and is available upon request. By making various announcements through Bursa Malaysia in particular the timely release of the quarterly results, members of the public can also obtain the full financial results and the announcements from the Bursa Malaysia website.

The Board encourages shareholders' active participation at the Company AGM. The AGM remains the principal forum for dialogue with shareholders where it provides an opportunity for the shareholders to seek clarifications on the Group's operations. The Chairman and members of the Board will undertake to provide the shareholder with a written answer to any significant question that cannot be readily answered. The external auditors will also be present to provide their professional and independent clarification on issues and concerns raised by the shareholders, if any.

The Board takes note of the recommendation by the Code on the adoption of electronic voting and encourage poll voting to facilitate greater shareholders' participation. The shareholders are informed of their rights to demand a poll vote prior to the commencement of general meeting and the Board will ensure that any vote of shareholders taken at the general meeting on the resolution approving related party transactions is taken on a poll. Announcement will also be made on the detailed results showing the number of votes cast for and against each resolution.

The Board ensures that each item of special business included in the Notice of AGM or Extraordinary General Meeting must be accompanied by an explanation of the effects of the proposed resolution.

SUSTAINABILITY POLICY

The Board is committed to operate its business in accordance with environmental, social and economic responsibility. These include working within the law in order to be innovative and demonstrate initiative to meet the requirements of various stakeholders.

The Company strives to achieve sustainable long term balance between meeting its business goals and preserving the environment, its commitments with respect to sustainability are in the core areas of workplace, marketplace, community and environment.

The strategies to promote sustainability and its implementation can be found at the Company's website at www.tasco.com.my.

COMPLIANCE WITH THE CODE

The Board strives to ensure that the Company complies with the Principles and Best Practices of the Code. The Board will endeavor to improve and enhance the procedures from time to time.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2012.

PRIMARY PURPOSES

The Audit Committee ("AC") shall:

1. Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for the Group.
2. Improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group's reported results.
3. Maintain through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
4. Enhance the independence of both the external and internal auditors functions through active participation in the audit process.
5. Strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Group through their participation in the AC.
6. Act upon the Board's request to investigate and report on any issues or concerns with regard to the management of the Group.

COMPOSITION AND ATTENDANCE

The AC has 3 members, all of whom are Independent Directors. This meets the requirements of the Corporate Governance Code. The members of the AC and their meeting attendance are presented on page 30 of the Annual Report.

The AC Chairman, Mr Kwong Hoi Meng is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants which complies with paragraph 15.09(1)(c)(i) of the LR.

AUTHORITY

The AC shall be in accordance with the procedures determined by the Board and at the cost of the Group:

a. have explicit authority to investigate any matter within its terms of reference;
b. have the resources which are required to perform its duties;
c. have full and unrestricted access to any information pertaining to the Group;
d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
e. able to obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
f. able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

FUNCTIONS AND DUTIES

The functions of the AC are as follows:

1. To do the following, in relation to the internal audit function:
    a. review the adequacy of the scope, competency and resources of the internal audit functions;
    b. review the internal audit programme and results of the internal audit process or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the internal audit function;
    c. review any appraisal or assessment of the performance of members of the internal audit function; and
    d. approve any appointment or termination of senior staff members of the internal audit function.

2. To do the following, in relation to the external audit function:
    a. consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
    b. discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
    c. review the quarterly results and year end financial statements, prior to the approval by the Board;
    d. review the external auditors' audit report and any management letter sent by the external auditors to the Group and the management's response to such letter;
    e. discuss problems and reservations arising from the interim and final audits;
    f. review the adequacy of existing external auditors audit arrangements, with particular emphasis on the scope and quality of the audit;
    g. review the assistance given by the employees of the Group to the external auditors; and
    h. review all areas of significant financial risks and the arrangements in place to contain those risks to acceptable levels.

3. To consider any related party transactions and potential conflict of interests situations that may arise within the Company and the Group.

4. To consider the major findings of internal investigations and management response.

5. To meet with the external auditors without executive board members present at least twice (2) a year.

6. To carry out any other function that may be mutually agreed upon by the AC and the Board, which would be beneficial to the Group and ensure the effectiveness discharge of the AC's duties and responsibilities.

7. To review and verify the allocation of share options to eligible persons as being in compliance with the by-laws approved by the Board and shareholders of the Company.

8. The AC actions shall be reported to the Board with such recommendations as the AC deemed appropriate.

9. To report to Bursa Malaysia on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia.

AUDIT COMMITTEE REPORT

RETIREMENT AND RESIGNATION

In the event of any vacancy in the AC, the Company shall fill in the vacancy within 2 months, but in any case not later than 3 months.

SECRETARY

The Company Secretary or other appropriate senior official shall be the Secretary to the AC.

MEETINGS

The AC met 4 times in 2012. A quorum of 2 independent directors was always met for the AC meetings.

The lead audit partner of the External Auditors responsible for the Group attended 2 AC meetings in 2012 to present the auditors' report on the annual audited financial statements for the financial year ended ("FYE") 31 December 2011 and their Audit Planning Memorandum before commencement of the audit of the Group for the FYE 31 December 2012. The AC also met the External Auditors on 22 February 2012 and 22 November 2012, without the presence of the Board of Directors ("Board"), management or Internal Auditors. At these meetings the AC enquired about the management cooperation with the External Auditors, access to information in their course of audit and proficiency in financial reporting. The External Auditors were also invited to raise any matter that is of importance to the AC.

INTERNAL AUDIT

The Group Internal Audit Function that was outsourced to an Audit Firm conducted the audit activities as planned in the Internal Audit Memorandum 2012 approved on 9 November 2011. Their scope of audit also covers Recurrent Related Party Transactions.

The Group Internal Auditor presented their findings and report to the AC members at all the AC meetings held during the year 2012. Their reports cover the status and progress of their assignments, audit recommendations and management response. Follow up audit reports were also presented to the AC.

SUMMARY OF ACTIVITIES

The AC carried out the following activities during the financial year under review:

a. Reviewed and assessed the adequacy of the scopes and functions of the Internal Audit Plan and Risk Management for the Company and the Group and authorised resources to address risk areas that have been identified.
b. Reviewed the External Audit Plan for the Company and the Group with the external auditors to ensure the audit scope and activities is adequately covered.
c. Reviewed quarterly and annual financial reports for the Company and the Group prior to submission to the Board for consideration and approval, focusing particularly on the following:
   (i) significant and unusual events;
   (ii) changes in or implementation of major accounting policy; and
   (iii) compliance with accounting standards and other legal requirements.
d. Reviewed the related party transactions and ensured that they are not more favourable to the related parties than those generally available to the public and complies with the Bursa Malaysia LR.
e. Reviewed the policies, procedures and processes established for related party transactions.
f. Reviewed and approved the proposed final audit fees for the external auditors and internal auditors in respect of their audit of the Company and the Group.
g. Considered the re-appointment of the external auditors and renewal of internal audit engagement.
h. Met with the external auditors twice a year without the presence of the executive Board members and the management.
i. Reviewed the Statement on Internal Control prior to submission to the Board for consideration and approval for insertion into the Annual Report 2011.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control. The system of risk management and internal control is designed to manage and minimize the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The adequacy and effectiveness of the Group's risk management, internal control and governance process are reviewed and monitored by the Audit Committee, which receives regular reports from the internal auditors. Formal procedures are in place for actions to be taken to remedy any significant failings or weaknesses in these reports.

The Board has also received assurance from the Group Managing Director and Deputy Managing Director (Finance) that the Group's risk management and internal control system are operating adequately and effectively in all material aspect based on the risk management and internal control system of the Group.

Based on the foregoing, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system.

The Group's system of risk management and internal control does not apply to its associated company because the Group does not have full management control over it.

The internal control system of the Group has three components as described below. The system has been put in place for the financial year under review and up to date of approval of the Annual Report and Financial Statements.

CONTINUOUS PROCESS

The Board takes cognisance of the continuous process for identifying, evaluating and managing the significant risks faced by the Group. The key elements of the Group's internal control system covers the following:

- Organisation structure with clearly defined delegation of responsibilities to the Board;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- 6 branches in the Group were accredited ISO 9001:2008 certification on quality management system. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted twice a year by assessors of the ISO certification body to ensure that the system is adequately implemented;
- Documented guidelines on operating procedures have been put in place for relevant departments;
- Regular information are provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports;
- Budgeting and forecasting system governed by Group's policies;
- Regular internal audit visits and other specific assignments, if the need arises, assigned by the Audit Committee; and
- The Audit Committee holds regular meetings with the management on the actions taken on internal control issues identified through reports prepared by the internal auditors, external auditors and/or management.

There are no material losses incurred during the financial year as a result of weaknesses in internal control. The management will continue to take adequate measures to strengthen the control environment in which the Group operates.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT

The Group has an Internal Audit Function, which reports to the Audit Committee and assists the Board in the monitoring and managing of risks and internal controls. The Internal Auditor provides an independent, objective assurance and advisory services that add value and improve the operations by:

- Ensuring the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- Ensuring the adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- Promoting risk awareness and the value and nature of an effective internal control system;
- Ensuring compliance with laws, regulations, corporate policies and procedures; and
- Assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the effectiveness of risk management, control and governance processes within the Group's operations.

The Internal Audit Function focused on high priority activities determined by risk assessment and in accordance with the audit planning memorandum approved by the Audit Committee.

RISK MANAGEMENT

The Group seeks to respond to the risks inherent in its business operations through supervisory departments, which address operating risks in each business division, and through the establishment of internal rules geared to each risk. The Board has set up Risk Management Committee to underpin an integrated internal control system appropriate for the entire organisation and continues to enhance risk management practices where necessary by ascertaining the status of such practices on a regular basis. Activities of Risk Management Committee include:

- Ensuring the Company implements a comprehensive system of risk identification, assessment and management;
- Forms an integral part of the Group's structure and design to identify, assess, monitor and manage risks;
- Regularly reviews the risks factors applicable to the Group; and
- Ensuring that procedures, which effectively and efficiently manage these risks within the particular context of the Group's business strategy and the environment in which the Group operates, are set in place.

ADDITIONAL COMPLIANCE INFORMATION

MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Other than the related party transactions disclosed in the Annual Report, there were no material contracts entered into by the Group during the year which involved the interests of Directors or substantial shareholders.

RECURRENT RELATED PARTY TRANSACTION

The recurrent related party transactions of a revenue or trading nature of the Group conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2012 are as follows:

No.	Nature of Transactions	Transacting Parties	Interested Related Parties	Aggregate Value (RM'000)
1	Various agency agreement entered into between TASCO and the respective NYK Group's subsidiaries to act as the handling agents In the respective countries and facilitate the operations of each other.	TASCO/NYK Group	Kimio Maki[1], Tomoaki Handa[2] , Muneaki Saito[3] and NYK Group[4]	Sales: 56,109 Purchases: 52,901
2	Various staff secondment agreements entered into between TASCO and the NYK Group's subsidiaries whereby NYK Group's subsidiaries agree to second and TASCO agrees to engage the expatriate who shall be regarded as a member of TASCO's staff and shall be subject to TASCO's rules and regulations.	TASCO/NYK Group	Kimio Maki[1], Tomoaki Handa[2], Muneaki Saito[3] and NYK Group[4]	290
3	Software agreement entered into between TASCO and the NYK Group's subsidiaries to grant TASCO for the use of computer software for its various logistics services.	TASCO/NYK Group	Kimio Maki[1], Tomoaki Handa[2], Muneaki Saito[3] and NYK Group[4]	500
4	Management service agreements entered into between TASCO and the NYK Group's subsidiaries for the provision of business development, sales, marketing and related activities by NYK Group to TASCO.	TASCO/NYK Group	Kimio Maki[1], Tomoaki Handa[2], Muneaki Saito[3] and NYK Group[4]	798
5	Provision of freight services by NYK Group's subsidiaries to TASCO.	TASCO/NYK Group	Kimio Maki[1], Tomoaki Handa[2], Muneaki Saito[3] and NYK Group[4]	4,611
6	Various lease agreements entered into between TASCO and the respective NYK Group's subsidiaries for the usage of the NYK Group's office/warehouse facilities by TASCO and also for the usage of Tasco's office by NYK Group's subsidiaries. a) Rental paid b) Rental received	TASCO/NYK Group	Kimio Maki[1], Tomoaki Handa[2], Muneaki Saito[3] and NYK Group[4]	 983 300

Notes:
1. Kimio Maki was seconded to TASCO from NYK and is our Executive Director. He resigned on 3 April 2012.
2. Tomoaki Handa was seconded to TASCO from YLK and is our Executive Director.
3. Muneaki Saito was seconded to TASCO from YLK and is our Non-Executive Director.
4. NYK Group includes NYK, its subsidiary companies and affiliates.

CALENDAR OF EVENTS IN 2012

1 FEBRUARY 2012

A Chinese New Year dinner event was organised in Corporate Head Office. Two lions dance to the beat of the drum and cymbal to usher the year of the Dragon.

11 FEBRUARY 2012

A closing session ceremony was held in our Penang Prai Logistics Centre for 41 participants of "Basic Customs Procedure and Law" which was held from March 2011 to December 2011 conducted by the Penang Royal Customs Department.

27 MARCH 2012

Our Company organised a farewell dinner for our Executive Director, Mr Kimio Maki who has tendered his resignation with effect from 3 April 2012 after having served as a director since 30 October 2007. Mr Maki was seconded from NYK, Japan and he was recalled to Japan for another assignment.

13 JUNE 2012

The 37th Annual General Meeting of our Company was held in our Corporate Head Office. Our Deputy Managing Director, Mr K Y Tan made a presentation on the Company performance and overview of our Company before the meeting proper commenced. The shareholders actively participated in the meeting.

CALENDAR OF EVENTS IN 2012

12-13 JULY 2012

Our Company was chosen to host the South Asia and Oceania Regional Managing Director meeting of Yusen Logistics Group at our Corporate Head Office.

11 SEPTEMBER 2012

In conjunction with Hari Raya Puasa, our Corporate Head Office staff organised a lunch in the office.

19-21 SEPTEMBER 2012

Our Company hosted the South Asia and Oceania Region Logistics Quality meeting of Yusen Logistics Group.

21 NOVEMBER 2012

Staff in our Corporate Head Office organised a Deepavali lunch. A classical Indian dance was presented during the event.

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

As one of the leading logistics companies in Malaysia, the Group undertakes to transport customers' products whether by sea, land or air to their destinations as timely, safely and efficiently as possible. The Group believes that promoting Corporate Social Responsibility (CSR) is essential to the creation and enhancement of operation base by providing safe logistical services while protecting the environment. In this regard, the Group's CSR activity programs focus on quality, environment and safety with the emphasis of preventing work place and road accidents. As the Group desires for all employees to remain aware of the importance of CSR as they perform their daily duties, the Group establishes the following philosophies for the employees:

Sales Philosophy:
Globally Dedicated, Locally Focused

Operation Philosophy:
5 "R"- Right Place, Right Time, Right Person, Right Quantity and Right Condition

People Philosophy
One Team, One Mind, One Direction

With these philosophies, the Group strives to promote the highest safety standards and quality logistics operations to maintain customers' satisfaction and trust.

Risk management respecting safety and security has always been the main focus of the Group, especially with the development and acquisition of warehouse facilities and acquisition of trucks and trailers under the Group's expansion plan.

SAFETY

The Group has established the Safety Committee to formulate policies, action plans, and budgets for the implementation of road and work place safety programs. The following includes some of the activities that had been carried out:

a) Occupational Safety and Health

Meetings were held by the Safety Committee meetings to tackle major safety issues at work place and audits were conducted to ensure that safety guidelines and policies are being followed.

The fire fighting systems and back-up generators of our major warehouses were inspected periodically by external fire contractors to ensure that they are in good operational condition.

The hazardous areas in our major warehouses and offices were identified, updated, mapped and displayed in the buildings.

During the year 2012, fire drill exercises involving emergency response teams were conducted in our various major warehouses/offices attended by more than 70 participants.

b) Certification of Forklift Operators

The Safety Committee carried out training programs for all forklift operators to ensure the best practices of forklift operations in the warehouses are adopted with an ultimate aim to increase productivity and minimize bodily injuries or damages to customers' goods.

CORPORATE SOCIAL RESPONSIBILITY

Under the programmes, all forklift operators were required to undergo comprehensive trainings sessions, supervised by certified trainers and placed under a probation period of three months. Upon completion of the trainings, the operators' operating skills and theoretical knowledge were tested. The operators who passed the tests were then certified to operate the machines and entitled for monthly special allowances as long as they maintain clean safety records. In year 2012, more than 200 forklift operators have undergone such certification programmes.

c) Safety and Security Training

Safety and security trainings programmes were conducted at all the branches/ warehouses aimed at creating awareness and to promote safety and security among the employees and the customers.

d) Defensive Driving Training

As part of the continuous training programmes, our Safety Committee organised a series of defensive driving training programs for our truck drivers aimed at achieving zero vehicular accident and thereby reducing bodily injuries, loss of life and/or damage to customers' goods or third party properties. The trainings were conducted by external qualified instructors and all drivers will be trained and retrained to be mindful of road safety awareness at all times. Internal audits were also carried out by the Safety Committee to monitor the compliance of safety and security policies and procedures. More than 300 truck drivers from all branches or regions have undergone the programmes.

In year 2012, an Accident Prevention Trainings by external trainer were provided to more than 211 drivers from all major branches in northern, central and southern regions.

e) Schedule Maintenance of Trucks

Our fleets of trucks are subject to scheduled preventive maintenance by our in-house workshop to ensure their roadworthy condition, thereby reducing the likelihood of vehicle breakdown or causing road accidents which may result in bodily injuries or loss of human lives or damage to customers' goods or public property.

WORKPLACE

Recognising that human resources is an important asset and in line with our quality policy which include development of all our employees and maximize their potential to the greatest extent so that they may benefit by growing with the Group, extensive yearly training needs analysis covering all levels of employee has been carried out and appropriate training program provided on a continuous basis to increase their skills and knowledge.

QUALITY AND ENVIRONMENT

In order to provide and maintain quality services to our customers, all our major branches are fully committed in maintaining ISO 9001:2008 certified status.

As a testament to our commitmental to provide quality services to our customers, we were presented with various quality and appreciation awards from our customers as well as from the Royal Malaysian Customs over the years.

The Group is also concerned with the environmental issues and the following are being carried out:

- Recycling of waste is conducted at all major stations.
- Maintenance of trucks are scheduled to keep the engines in good condition thereby reducing smoke emission.
- Use of battery operated handling equipment and gas powered forklifts to reduce noise and pollution.
- Purchase of new trucks that have EURO engine specifications to lower smoke emission levels.
- Use or purchase of office equipment with energy saving features.
- Maintaining only minimum lightings and air conditionings during lunch hour.

Financial Statements

CORPORATE INFORMATION

DOMICILE	:	Malaysia
LEGAL FORM AND PLACE OF INCOPORATION	:	Public company limited by way of shares incorporated in Malaysia under the Companies Act 1965
REGISTERED OFFICE	:	802, 8th Floor Block C, Kelana Square 17 Jalan SS7/26 47301 Petaling Jaya Selangor Darul Ehsan
PRINCIPAL PLACE OF BUSINESS	:	Lot No.1A, Persiaran Jubli Perak Jalan 22/1, Seksyen 22 40300 Shah Alam Selangor Darul Ehsan

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in business as a total logistics solutions provider. The principal activities of the subsidiary companies are indicated in note 4 to the financial statements.

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

RESULTS

	Group	Company
	RM	RM
Profit for the year attributable to:-		
Owners of the Company	28,889,232	29,186,548
Non-controlling interests	86,626	-
	28,975,858	29,186,548

DIVIDENDS

During the financial year, the Company paid:

- a final dividend comprising a tax exempt portion of 1.30 sen and a franked portion of 11.60 sen less 25% income tax per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2011; and

- an interim dividend of 5.34 sen less 25% income tax per ordinary share of RM1.00 in respect of financial year ended 31 December 2012.

The directors propose a final dividend of 6.67 sen per share less 25% income tax per ordinary share of in respect of the financial year ended 31 December 2012.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the statements of changes in equity set out on pages 58 and 59.

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

The directors in office since the date of the last report are:
Tan Sri Asmat Bin Kamaludin
Mr Lee Check Poh
Mr Raymond Cha Kar Siang
Mr Kwong Hoi Meng
Mr Raippan s/o Yagappan @ Raiappan Peter
Mr Tomoaki Handa
Mr Tan Kim Yong
Mr Lim Jew Kiat
Mr Muneaki Saito (Appointed on 3 April 2012)
Mr Kimio Maki (Resigned on 3 April 2012)

In accordance with Article 77 of the Company's Article of Association, Mr Tan Kim Yong, Mr Lim Jew Kiat and Mr Raippan s/o Yagappan @ Raiappan Peter retire from the board at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

The following directors who held office at the end of the financial year had an interest in shares in the Company and the related corporations during the financial year required to be disclosed in accordance with Section 169 (6)(g) of the Companies Act 1965, as follows:

	<--------- **No. of ordinary shares of RM1 each** -------->			
	At 1.1.2012	**Bought**	**Sold**	**At 31.12.2012**
The Company				
Mr Lee Check Poh - deemed interest	9,830,438	-	-	9,830,438
Mr Tan Kim Yong - direct interest	69,900	-	-	69,900
Mr Lim Jew Kiat - direct interest	60,000	-	-	60,000
Mr Raymond Cha Kar Siang - direct interest	11,000	-	-	11,000
Mr Kwong Hoi Meng - direct interest	11,000	-	-	11,000
Mr Raippan s/o Yagappan @ Raiappan Peter - direct interest	11,000	-	-	11,000
Subsidiary - Omega Saujana Sdn Bhd				
Mr Lee Check Poh - direct interest	49,000	-	-	49,000
Subsidiary - Piala Kristal (M) Sdn Bhd				
Mr Lee Check Poh - direct interest	49,000	-	-	49,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and adequate allowance had been made for doubtful debts; and

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

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

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

  (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

(c) At the date of this report, there does not exist:

  (i) any charge on the assets of the Company or its subsidiaries which has arisen since the end of the financial year which secures the liabilities of any other person, or

  (ii) any contingent liability of the Company or its subsidiaries which has arisen since the end of the financial year.

(d) No contingent or other liability of the Company or its subsidiaries has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiaries to meet their obligations as and when they fall due.

(e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the directors:

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

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ULTIMATE HOLDING COMPANY

The directors regard Nippon Yusen Kabushiki Kaisha ("NYK"), a company incorporated in Japan, as the ultimate holding company.

AUDITORS

The auditors, Mazars, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the directors in accordance with a directors' resolution dated 21 February 2013

LEE CHECK POH	**TOMOAKI HANDA**
Director	Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TASCO BERHAD

(INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of TASCO Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 111.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors and which is indicated in Note 4 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 39 on page 112 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. As stated in Note 1 to the financial statements, TASCO Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MAZARS
No. AF: 1954
Chartered Accountants

TANG KIN KHEONG
No. 1501/09/13 (J/PH)
Chartered Accountant

Kuala Lumpur

Date: 21 February 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM
ASSETS			
Non-current assets			
Property, plant and equipment	2	196,237,393	194,305,421
Goodwill	3	-	864,854
Investment in associated company	5	4,650,611	5,137,989
Other investments	6	1,230,104	1,225,104
Total non-current assets		202,118,108	201,533,368
Current assets			
Inventories	7	102,017	241,202
Trade receivables	8	63,284,015	67,882,779
Other receivables, deposits and prepayments	9	9,267,684	4,413,416
Amounts owing by related companies	11	8,532,083	9,359,207
Amounts owing by associated company	20	54,037	-
Current tax asset		8,345,831	14,551,647
Fixed deposits with licensed banks	12	39,950,655	29,639,415
Cash and bank balances	13	12,747,898	19,640,534
Total current assets		142,284,220	145,728,200
TOTAL ASSETS		344,402,328	347,261,568

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	14	100,000,000	100,000,000
Share premium		801,317	801,317
Revaluation reserve		1,400,591	1,400,591
Hedge reserve		(355,207)	(285,227)
Exchange translation reserve		(80,298)	(36,932)
Retained earnings		153,718,848	138,834,616
Equity attributable to owners of the Company		255,485,251	240,714,365
Non-controlling interests		549,328	462,702
Total equity		256,034,579	241,177,067
Non-current liabilities			
Hire purchase and finance lease liabilities	15	19,907	310,704
Long term bank loans	16	19,742,484	30,117,553
Deferred tax liabilities	17	8,730,592	13,104,587
Total non-current liabilities		28,492,983	43,532,844
Current liabilities			
Trade payables	18	26,177,846	27,341,468
Other payables, deposits and accruals	19	14,545,155	16,890,354
Amount owing to related companies	11	5,994,072	5,441,924
Amounts owing to associated company	20	-	322,163
Hire purchase and finance lease liabilities	15	290,797	294,784
Bank term loans	16	12,799,996	12,199,996
Current tax liabilities		66,900	60,968
Total current liabilities		59,874,766	62,551,657
Total liabilities		88,367,749	106,084,501
TOTAL EQUITY AND LIABILITIES		344,402,328	347,261,568

Notes to the financial statements are set out on pages 62 to 111
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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM
ASSETS			
Non-current assets			
Property, plant and equipment	2	198,247,820	196,229,338
Investment in subsidiary companies	4	14,262,565	14,262,565
Investment in associated company	5	3,000,000	3,000,000
Other investments	6	1,230,104	1,225,104
Total non-current assets		216,740,489	214,717,007
Current assets			
Trade receivables	8	60,377,952	64,119,712
Other receivables, deposits and prepayments	9	5,345,838	3,471,509
Amounts owing by subsidiary companies	10	9,441,084	9,642,735
Amounts owing by related companies	11	8,530,602	9,359,207
Amounts owing by associated company	20	54,037	-
Current tax asset		8,259,306	14,511,278
Fixed deposits with licensed banks	12	39,950,655	29,639,415
Cash and bank balances	13	10,096,522	16,057,520
Total current assets		142,055,996	146,801,376
TOTAL ASSETS		358,796,485	361,518,383

STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	14	100,000,000	100,000,000
Share premium		801,317	801,317
Hedge reserve		(355,207)	(285,227)
Retained earnings		131,128,122	115,946,574
Total equity		231,574,232	216,462,664
Non-current liabilities			
Hire purchase and finance lease liabilities	15	19,907	310,704
Long term bank loans	16	19,742,484	30,117,553
Deferred tax liabilities	17	8,358,425	12,713,000
Total non-current liabilities		28,120,816	43,141,257
Current liabilities			
Trade payables	18	23,808,647	24,382,034
Other payables, deposits and accruals	19	13,212,798	15,776,116
Amounts owing to subsidiary companies	10	42,996,608	43,497,445
Amount owing to related companies	11	5,992,591	5,441,924
Amounts owing to associated company	20	-	322,163
Hire purchase and finance lease liabilities	15	290,797	294,784
Bank term loans	16	12,799,996	12,199,996
Total current liabilities		99,101,437	101,914,462
Total liabilities		127,222,253	145,055,719
TOTAL EQUITY AND LIABILITIES		358,796,485	361,518,383

Notes to the financial statements are set out on pages 62 to 111
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STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		2012	2011	2012	2011
		RM	RM	RM	RM
Revenue	21	442,448,402	469,210,794	432,409,407	452,728,314
Cost of sales		(330,397,306)	(361,073,671)	(324,470,873)	(348,013,868)
Gross profit		112,051,096	108,137,123	107,938,534	104,714,446
Other income	23	2,171,493	1,863,891	3,198,332	2,874,609
Administrative and general expense		(77,880,016)	(71,791,561)	(74,549,721)	(70,342,692)
Profit from operations	22	36,342,573	38,209,453	36,587,145	37,246,363
Finance costs	24	(1,628,636)	(1,438,913)	(1,628,636)	(1,438,913)
Share of net profits of associated company		601,209	593,934	-	-
Profit before tax		35,315,146	37,364,474	34,958,509	35,807,450
Taxation	25	(6,339,288)	(2,688,114)	(5,771,961)	(2,052,174)
Profit for the year		28,975,858	34,676,360	29,186,548	33,755,276
Other comprehensive income:					
Exchange difference on translation of foreign operation		(43,366)	(40,197)	-	-
Fair value adjustment on cash flow hedge		(69,980)	398,197	(69,980)	398,197
Other comprehensive (loss)/income for the year, net of tax		(113,346)	358,000	(69,980)	398,197
Total comprehensive income for the year		28,862,512	35,034,360	29,116,568	34,153,473

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Profit attributable to:					
Owners of the Company		28,889,232	34,590,436	29,186,548	33,755,276
Non-controlling interests		86,626	85,924	-	-
Profit for the year		28,975,858	34,676,360	29,186,548	33,755,276
Total comprehensive income attributable to:					
Owners of the Company		28,775,886	34,948,436	29,116,568	34,153,473
Non-controlling interests		86,626	85,924	-	-
Total comprehensive income for the year		28,862,512	35,034,360	29,116,568	34,153,473
Basic earnings per share attributable to owners of the Company (sen per share)	26	28.89	34.59		

Notes to the financial statements are set out on pages 62 to 111
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

		<------- Attributable to owners of the Company								
		<------- Non distributable				------->	Distributable			
	Note	Share capital RM	Share premium RM	Revaluation reserve RM	Hedge Reserve RM	Exchange translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group										
Balance at 1 January 2011		100,000,000	801,317	1,400,591	(683,424)	3,265	112,241,684	213,763,433	376,778	214,140,211
Total comprehensive income for the year		-	-	-	398,197	(40,197)	34,590,436	34,948,436	85,924	35,034,360
Dividend paid	27	-	-	-	-	-	(7,997,504)	(7,997,504)	-	(7,997,504)
Balance at 31 December 2011		100,000,000	801,317	1,400,591	(285,227)	(36,932)	138,834,616	240,714,365	462,702	241,177,067
Total comprehensive income for the year		-	-	-	(69,980)	(43,366)	28,889,232	28,775,886	86,626	28,862,512
Dividends paid	27	-	-	-	-	-	(14,005,000)	(14,005,000)	-	(14,005,000)
Balance at 31 December 2012		100,000,000	801,317	1,400,591	(355,207)	(80,298)	153,718,848	255,485,251	549,328	256,034,579

Notes to the financial statements are set out on pages 62 to 111
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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	<------- Non distributable		------>	Distributable	
		Share capital RM	Share premium RM	Hedge reserve RM	Retained earnings RM	Total equity RM
Company						
Balance at 1 January 2011		100,000,000	801,317	(683,424)	90,188,802	190,306,695
Total comprehensive income for the year		-	-	398,197	33,755,276	34,153,473
Dividend paid	27	-	-	-	(7,997,504)	(7,997,504)
Balance at 31 December 2011		100,000,000	801,317	(285,227)	115,946,574	216,462,664
Total comprehensive income for the year		-	-	(69,980)	29,186,548	29,116,568
Dividends paid	27	-	-	-	(14,005,000)	(14,005,000)
Balance at 31 December 2012		100,000,000	801,317	(355,207)	131,128,122	231,574,232

Notes to the financial statements are set out on pages 62 to 111
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STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		35,315,146	37,364,474	34,958,509	35,807,450
Adjustments for:					
Bad debts written off		-	215,094	-	215,094
Reversal of allowance for doubtful debt		(155,066)	-	(155,066)	-
Depreciation		16,009,471	15,388,107	15,916,830	15,365,741
Gain on disposal of property, plant and equipment		(661,324)	(20,641)	(661,324)	(20,641)
Impairment of goodwill		864,854	-	-	-
Property, plant and equipment written off		-	500	-	-
Share of net profits of an associated company		(601,209)	(593,934)	-	-
Interest income		(967,972)	(671,490)	(967,972)	(671,490)
Dividend income		(41,619)	(38,467)	(1,130,206)	(1,127,054)
Interest expense		1,628,636	1,438,913	1,628,636	1,438,913
Unrealised gain on foreign exchange		94,056	(344,560)	94,056	(344,560)
Operating profit before working capital changes		51,484,973	52,737,996	49,683,463	50,663,453
Changes in current assets		880,004	(5,552,984)	(182,207)	(5,635,632)
Changes in current liabilities		(2,172,403)	3,408,316	(465,969)	4,238,351
Cash generated from operations		50,192,574	50,593,328	49,035,287	49,266,172
Tax paid		(4,501,535)	(8,489,889)	(3,874,564)	(7,754,884)
Net cash generated from operating activities		45,691,039	42,103,439	45,160,723	41,511,288
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	28	(18,235,601)	(48,727,084)	(18,232,718)	(48,822,261)
Proceeds from disposal of property, plant and equipment		779,030	49,550	779,030	49,550
Purchase of other investments		(5,000)	-	(5,000)	-
Payment from/(Advances to) subsidiary companies		-	-	3,140,904	(1,333,180)
Interest received		967,972	671,490	967,972	671,490
Dividends received		41,619	38,467	41,619	38,467
Net cash used in investing activities		(16,451,980)	(47,967,577)	(13,308,193)	(49,395,934)

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loan		3,000,000	26,764,524	3,000,000	26,764,524
Repayment of term loan		(12,845,049)	(8,507,272)	(12,845,049)	(8,507,272)
Advances from subsidiary companies		-	-	(1,728,819)	1,987,913
Payment of hire purchase and finance lease liabilities		(294,784)	(561,330)	(294,784)	(561,330)
Interest paid		(1,628,636)	(1,438,913)	(1,628,636)	(1,438,913)
Dividends paid		(14,005,000)	(7,997,504)	(14,005,000)	(7,997,504)
Net cash generated from financing activities		(25,773,469)	8,259,505	(27,502,288)	10,247,418
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,465,590	2,395,367	4,350,242	2,362,772
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		49,279,949	46,927,034	45,694,935	43,332,163
EFFECT OF EXCHANGE RATE CHANGES		(46,986)	(42,452)	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD		52,698,553	49,279,949	50,045,177	45,694,935
Represented by:					
Fixed deposits with a licensed bank		39,950,655	29,639,415	39,950,655	29,639,415
Cash and bank balances		12,747,898	19,640,534	10,096,522	16,057,520
		52,698,553	49,279,949	50,047,177	45,696,935

Notes to the financial statements are set out on pages 62 to 111
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), and the Companies Act, 1965 in Malaysia and with International Financial Reporting Standards ("IFRS"). These are the Group's and the Company's first financial statements prepared in accordance with MFRS. MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, has been applied.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The adoption of MFRS effective from financial periods beginning on or after 1 January 2012 has no impact on the financial performance and financial position of the Group and the Company for the current and prior years.

The accounting policies set out in Note 1 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 December 2012, together with the comparative information as at and for the year ended 31 December 2011 and the opening statement of financial position as at 1 January 2011 (the Group's and Company's date of transition to MFRS). No statement of financial position as at 1 January 2011 is presented, as there is no adjustment made to the amounts reported previously in the financial statements prepared in accordance with FRS in Malaysia, upon adoption of MFRS.

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

(b) Standards issued but not yet effective

The Group and the Company have not applied the following standards, amendments and interpretations that have been issued by the MASB but are not yet effective.

New/Revised MFRSs, Amendments to MFRSs, IC Interpretations and Amendments to IC Interpretation		Effective for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
MFRS 141	Agriculture	1 January 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Standards issued but not yet effective (Cont'd)

New/Revised MFRSs, Amendments to MFRSs, IC Interpretations and Amendments to IC Interpretation		Effective for financial periods beginning on or after
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 1	Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendment to MFRS 101	Annual Improvements 2009 - 2011 Cycle	1 January 2013
Amendment to MFRS 116	Annual Improvements 2009 - 2011 Cycle	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendment to MFRS 132	Annual Improvements 2009 - 2011 Cycle	1 January 2013
Amendment to MFRS 134	Annual Improvements 2009 - 2011 Cycle	1 January 2013
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendment to IC Interpretation 2	Annual Improvements 2009 - 2011 Cycle	1 January 2013

- MFRS 9, Financial Instruments

  The Standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments.

  MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  For financial liabilities, the standard retains most of the FRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  The Group has yet to assess the full impact of MFRS 9 and intends to adopt MFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases of MFRS 9 when completed by the Board.

- MFRS 12, Disclosure of Interests in Other Entities

  The Standard includes the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of this MFRS will have no effect to the results and financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Standards issued but not yet effective (Cont'd)

- MFRS 13, Fair Value Measurement

  The Standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. This MFRS explains how to measure the fair value of assets, liabilities and equity but does not introduce new fair value measurement requirements.

  The Group has yet to assess the full impact of MFRS 13 and intends to adopt MFRS 13 no later than the accounting period beginning on or after 1 January 2013.

The adoption of the above MFRSs, Amendments to MFRSs, IC Interpretations and Amendments to IC Interpretation are not expected to have significant impact on the financial statements of the Group and of the Company.

(c) Significant accounting estimates and judgements

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful life of these assets to be from 5 to 50 years.

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 December 2012 were RM196,237,393 and RM198,247,820 (2011 : RM194,305,421 and RM196,229,338), respectively.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant accounting estimates and judgements (Cont'd)

(ii) Impairment of loans and receivables

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

The carrying amounts of the Group's and Company's trade and other receivables as at 31 December 2012 were RM76,933,906 and RM82,840,662 (2011 : RM79,924,194 and RM85,226,293), respectively.

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, a considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least once a year and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

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

The net carrying amount of the Group's goodwill as at 31 December 2012 was nil (2011 : RM864,854).

(iv) Income taxes

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

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

The carrying amounts of the Group's and Company's tax assets as at 31 December 2012 were RM8,345,831 and RM8,259,306 (2011: RM14,551,647 and RM14,511,278), respectively.

The carrying amounts of the Group's tax liabilities as at 31 December 2012 were RM66,900 (2011 : RM60,968).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the Company has the power to govern the financial and operating policies of another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amounts of the subsidiaries disposed of is taken to profit or loss.

(e) Basis of consolidation

(i) Transactions eliminated on consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting polices for like transactions and events in similar circumstances.

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

(ii) Accounting for business combinations

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

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In previous years, if the Group retained any interest in previous subsidiaries, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

Goodwill is accounted for in accordance with the accounting policy set out in (i) below.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Basis of consolidation (Cont'd)

(iii) Non-controlling interests

Non-controlling interests at the end of a reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

In the previous years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(f) Associated company

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

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses. The cost of the investment includes transaction costs. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated company disposed of is taken to profit or loss.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Associated company (Cont'd)

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

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

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

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

(g) Financial instruments

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

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Company or its subsidiaries becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity ("HTM") investments or available-for-sale ("AFS") financial assets as appropriate. The Group and the Company determines the classification of the financial assets as set out below upon initial recognition.

The Group and the Company do not have financial assets categorised as FVTPL and HTM investments.

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Loans and receivables (Cont'd)

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method, less allowance for impairment losses. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

AFS financial assets

AFS financial assets category comprises investment in equity and debt securities instruments and transferable corporate club memberships that are not held for trading.

Transferable corporate club memberships and investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as AFS financial assets are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from other comprehensive income into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at FVTPL are subject to review for impairment (see note 1 (k)).

<u>Financial liabilities</u>

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost.

The Group and the Company have not designated any financial liabilities at FVTPL.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest method.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in the profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or has expired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (Cont'd)

(iii) Derecognition (Cont'd)

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and currency swap contracts to hedge its risks associated with foreign currency fluctuations.

On initial recognition, these derivative financial instruments are recognised at fair value on the date on which the derivative contracts are entered into, and are subsequently remeasured to their fair value at each reporting date.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

The fair value of forward contract is determined by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of swap contracts is determined by reference to available market information. Where the quoted market prices are not available, fair values are based on management's best estimate and are arrived by reference to the market prices of another contract that is substantially similar.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedge item or transaction, the hedging instrument, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected to offset the changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the profit or loss. Amounts taken to other comprehensive income are transferred to the profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from other comprehensive income into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expired or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from other comprehensive income into profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Depreciation

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

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

The principal annual rates used for this purpose are:

	%
Leasehold buildings	**Over the remaining period of the lease**
Freehold building	2
Motor vehicles	14 - 20
Plant and machinery	10 - 20
Office equipment, furniture and fittings	5 - 15
Air conditioners, office renovation and pallets	10

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Intangible asset – Goodwill

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identified assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value if the contingent consideration are recognised in profit or loss.

Acquisitions prior to 1 January 2011

For acquisition between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

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

(j) Inventories

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as FVTPL, investment in subsidiaries and investment in associated company) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

Assets carried at amortised cost

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate ruling at the date of acquisition of the financial asset. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

AFS financial assets

An impairment loss in respect of AFS financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an AFS financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are charged to the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to first reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

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

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

(l) Equity instruments

Equity instruments are measured at cost on initial recognition and are not remeasured subsequently.

Cost incurred directly attributable to the issuance of equity instruments are accounted for as a deduction from equity.

Ordinary shares are classified as equity and are recorded at nominal value. Any proceeds received in excess of the nominal value of the ordinary shares issued are accounted for as share premium.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(n) Income recognition

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

(i) Revenue from freight forwarding, transportation and warehousing services are recognised in profit or loss as and when services are rendered.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Foreign currencies

(i) Functional currency

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

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

(ii) Transactions and balances in foreign currencies

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

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

Exchange differences arising on monetary item that form part of the Group's net investment in a foreign operation are recognised in equity as exchange translation reserve irrespective of the currency in which the monetary item is denominated and of whether the monetary item results from a transaction with the Company or any of its subsidiaries.

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

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

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

(iii) Translation of foreign operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Leases

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

(i) Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

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

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

(ii) Operating lease

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

Operating lease income or operating lease rental expenses are credited or charged to the profit or loss on a straight-line basis over the period of the lease.

(q) Employee benefits

(i) Short-term employee benefits

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

(ii) Post-employment benefits

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

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

The Company's foreign subsidiary company may make contributions to its country's statutory pension schemes which are recognised as an expense in profit or loss as incurred.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of sale, are capitalised as part of the cost of those assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(s) Taxation

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

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

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

(i) goodwill, or

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

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

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

(t) Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Operating segment

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

2. PROPERTY PLANT AND EQUIPMENT

Group
2012

Cost	Freehold land and building RM	Leasehold building RM	Leasehold land RM	Motor vehicles RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Air conditioners, office renovation and pallets RM	Construction in progress RM	Total RM
At 1 January	15,725,972	105,245,188	39,881,454	70,116,099	10,693,112	16,061,328	25,357,749	1,797,000	284,877,902
Additions	-	-	-	2,870,899	647,630	1,705,151	4,957,221	7,875,000	18,055,901
Disposals	-	-	-	(1,935,988)	(569,310)	(89,884)	-	-	(2,595,182)
Exchange differences	-	-	-	-	-	1,827	4,440	-	6,267
At 31 December	15,725,972	105,245,188	39,881,454	71,051,010	10,771,432	17,678,422	30,319,410	9,672,000	300,344,888
Accumulated depreciation									
At 1 January	541,360	17,740,233	2,324,626	47,120,407	8,162,551	7,940,173	6,743,131	-	90,572,481
Charge for the year	185,599	1,872,363	478,091	7,511,943	1,471,243	1,657,834	2,832,398	-	16,009,471
Disposals	-	-	-	(1,871,413)	(563,838)	(42,225)	-	-	(2,477,476)
Exchange differences	-	-	-	-	-	1,095	1,924	-	3,019
At 31 December	726,959	19,612,596	2,802,717	52,760,937	9,069,956	9,556,877	9,577,453	-	104,107,495
Net carrying amount									
At 31 December	14,999,013	85,632,592	37,078,737	18,290,073	1,701,476	8,121,545	20,741,957	9,672,000	196,237,393

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

2. PROPERTY PLANT AND EQUIPMENT (CONT'D)

Group
2011

Cost	Freehold land and building RM	Leasehold building RM	Leasehold land RM	Motor vehicles RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Air conditioners, office renovation and pallets RM	Construction in progress RM	Total RM
At 1 January	15,701,571	69,231,447	39,032,453	66,242,207	9,733,867	13,845,109	21,809,251	-	235,595,905
Additions	24,401	36,013,741	849,001	3,947,406	1,004,745	2,216,846	3,545,669	1,797,000	49,398,809
Disposals	-	-	-	(73,514)	(45,000)	(1,790)	-	-	(120,304)
Write-offs	-	-	-	-	(500)	-	-	-	(500)
Exchange differences	-	-	-	-	-	1,163	2,829	-	3,992
At 31 December	15,725,972	105,245,188	39,881,454	70,116,099	10,693,112	16,061,328	25,357,749	1,797,000	284,877,902
Accumulated depreciation									
At 1 January	354,820	16,377,382	1,828,356	38,746,414	7,088,848	6,465,524	4,412,688	-	75,274,032
Charge for the year	186,540	1,362,851	496,270	8,419,502	1,118,703	1,474,883	2,329,358	-	15,388,107
Disposals	-	-	-	(45,509)	(45,000)	(398)	-	-	(90,907)
Write-offs	-	-	-	-	-	(488)	-	-	(488)
Exchange differences	-	-	-	-	-	652	1,085	-	1,737
At 31 December	541,360	17,740,233	2,324,626	47,120,407	8,162,551	7,940,173	6,743,131	-	90,572,481
Net carrying amount									
At 31 December	15,184,612	87,504,955	37,556,828	22,995,692	2,530,561	8,121,155	18,614,618	1,797,000	194,305,421

2. PROPERTY PLANT AND EQUIPMENT (CONT"D)

Company
2012

Cost	Freehold land and building RM	Leasehold building RM	Leasehold land RM	Motor vehicles RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Air conditioners, office renovation and pallets RM	Construction in progress RM	Total RM
At 1 January	15,687,401	91,261,525	39,274,288	64,952,396	10,684,435	16,018,518	25,165,295	1,797,000	264,840,858
Additions	-	-	-	2,870,899	647,630	1,702,268	4,957,221	7,875,000	18,053,018
Disposals	-	-	-	(1,935,988)	(569,310)	(89,884)	-	-	(2,595,182)
At 31 December	15,687,401	91,261,525	39,274,288	65,887,307	10,762,755	17,630,902	30,122,516	9,672,000	280,298,694
Accumulated depreciation									
At 1 January	502,789	3,284,281	1,637,200	40,490,943	8,155,562	7,912,987	6,627,758	-	68,611,520
Charge for the year	185,599	1,843,518	478,091	7,511,943	1,471,038	1,613,650	2,812,991	-	15,916,830
Disposals	-	-	-	(1,871,413)	(563,838)	(42,225)	-	-	(2,477,476)
At 31 December	688,388	5,127,799	2,115,291	46,131,473	9,062,762	9,484,412	9,440,749	-	82,050,874
Net carrying amount									
At 31 December	14,999,013	86,133,726	37,158,997	19,755,834	1,699,993	8,146,490	20,681,767	9,672,000	198,247,820

2. PROPERTY PLANT AND EQUIPMENT (CONT'D)

Company
2011

	Freehold land and building RM	Leasehold building RM	Leasehold land RM	Motor vehicles RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Air conditioners, office renovation and pallets RM	Construction in progress RM	Total RM
Cost									
At 1 January	15,663,000	55,247,784	38,425,287	60,983,327	9,724,690	13,803,462	21,619,626	-	215,467,176
Additions	24,401	36,013,741	849,001	4,042,583	1,004,745	2,216,846	3,545,669	1,797,000	49,493,986
Disposals	-	-	-	(73,514)	(45,000)	(1,790)	-	-	(120,304)
At 31 December	15,687,401	91,261,525	39,274,288	64,952,396	10,684,435	16,018,518	25,165,295	1,797,000	264,840,858
Accumulated depreciation									
At 1 January	316,249	1,921,430	1,140,930	32,116,950	7,082,063	6,442,123	4,317,429	-	53,337,174
Charge for the year	186,540	1,362,851	496,270	8,419,502	1,118,499	1,471,750	2,310,329	-	15,365,741
Disposals	-	-	-	(45,509)	(45,000)	(398)	-	-	(90,907)
Write-offs	-	-	-	-	-	(488)	-	-	(488)
At 31 December	502,789	3,284,281	1,637,200	40,490,943	8,155,562	7,912,987	6,627,758	-	68,611,520
Net carrying amount									
At 31 December	15,184,612	87,977,244	37,637,088	24,461,453	2,528,873	8,105,531	18,537,537	1,797,000	196,229,338

2. PROPERTY PLANT AND EQUIPMENT (CONT'D)

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

	Group/Company	
	2012	**2011**
	RM	**RM**
Motor vehicles	570,628	1,098,433

3. GOODWILL

	Group	
	2012	**2011**
Cost	**RM**	**RM**
At 1 January/ 31 December	864,854	864,854
Accumulated impairment		
At 1 January	-	-
Impairment charge for the year	864,854	-
At 31 December	864,854	-
Net carrying amount at 31 December	-	864,854

During the year, the Group assessed the carrying value of goodwill and concluded that the net present value of cash flows from the cash generating unit ("CGU") concerned is no longer significant. Accordingly, a charge was made to recognise the impairment of the goodwill.

Impairment testing of goodwill

For the purpose of impairment testing, goodwill acquired in business combinations has been allocated to the Group's CGUs identified according to the business segment as follows:

	Group	
	2012	**2011**
	RM	**RM**
Trucking division	-	864,854

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

3. GOODWILL (CONT'D)

Recoverable amounts based on value in use

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

	2012	2011
Gross margin	8.00%	51.56%
Growth rate	5.00%	5.00%
Discount rate	6.45%	10.20%
Risk free rate	3.42%	4.16%

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

(i) Budgeted gross margin

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

(ii) Growth rate

The weighted average growth rates used are based on the long-term average growth rate for the CGU.

(iii) Discount rate

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

(iv) Risk free rate

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

4. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2012	2011
	RM	RM
Unquoted shares at cost	14,262,565	14,262,565

4. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

	Equity 2012 %	interest 2011 %	Country of incorporation	Principal activities
Baik Sepakat Sdn Bhd	100	100	Malaysia	Truck rental and insurance agency services
Tunas Cergas Logistik Sdn Bhd	100	100	Malaysia	Truck rental, in-house truck repair and maintenance and the provision of other related logistics services
Emulsi Teknik Sdn Bhd	100	100	Malaysia	Truck rental and logistics services
* Trans-Asia Shipping Pte Ltd	100	100	Singapore	Customs broking, handling agency and freight forwarding services
Maya Kekal Sdn Bhd	100	100	Malaysia	Trading
Precious Fortunes Sdn Bhd	100	100	Malaysia	Inactive
Tasco Express Sdn Bhd	100	100	Malaysia	Dormant
Omega Saujana Sdn Bhd	51	51	Malaysia	Freight forwarding services
Piala Kristal (M) Sdn Bhd	51	51	Malaysia	Freight forwarding services

* *Audited by a member firm of Mazars in Singapore*

5. INVESTMENT IN ASSOCIATED COMPANY

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Unquoted shares at cost	3,000,000	3,000,000	3,000,000	3,000,000
Group's share of post-acquisition reserves and retained profits less losses	1,650,611	2,137,989	-	-
	4,650,611	5,137,989	3,000,000	3,000,000

The associated company, incorporated in Malaysia, is as follows:

	Equity interest 2012 %	Equity interest 2011 %	Principal activities
Agate Electro Supplies Sdn Bhd ("AESSB")	50	50	Warehouse rental

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

5. INVESTMENT IN ASSOCIATED COMPANY (CONT'D)

The summarised unaudited financial information of the associated company not adjusted for the percentage ownership held by the Group are as follows:

	2012 RM	2011 RM
Assets and liabilities		
Total assets	13,819,431	12,668,084
Total liabilities	4,518,211	2,392,107
Results		
Revenue	2,257,200	2,257,200
Profit after tax for the year	1,202,417	1,237,388

6. OTHER INVESTMENTS

	Group/Company	
	2012 RM	2011 RM
Classified as AFS financial assets		
Shares quoted in Malaysia at cost	26,000	26,000
Unquoted shares at cost	367,700	367,700
Transferable corporate club memberships at cost	856,403	851,403
	1,250,103	1,245,103
Impairment loss - unquoted shares	(19,999)	(19,999)
	1,230,104	1,225,104
Market value of shares quoted in Malaysia	11,300	12,300

7. INVENTORIES

Inventories represent parts and consumables at cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

8. TRADE RECEIVABLES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Gross trade receivables	64,793,475	69,547,305	61,887,412	65,784,238
Less: Allowance for doubtful debts	(1,509,460)	(1,664,526)	(1,509,460)	(1,664,526)
	63,284,015	67,882,779	60,377,952	64,119,712

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
- Ringgit Malaysia	61,195,702	67,685,344	58,660,259	63,983,346
- United States Dollar	3,001,335	1,420,109	3,001,335	1,420,109
- Singapore Dollar	596,438	421,236	225,818	360,167
- Thai Baht	-	20,616	-	20,616
	64,793,475	69,547,305	61,887,412	65,784,238

Normal credit terms range from 30 to 60 days. For long outstanding customers and related parties, the credit terms may be extended to 90 days based on the discretion of the management.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other receivables	1,193,571	107,842	1,189,346	86,809
Deposits	3,663,519	2,574,366	2,555,902	2,017,830
Prepayments	4,410,594	1,731,208	1,600,590	1,366,870
	9,267,684	4,413,416	5,345,838	3,471,509

10. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

The amounts owing by subsidiary companies comprise:

	Company	
	2012 RM	2011 RM
Trade accounts	5,211,507	2,272,254
Non-interest bearing advances	4,229,577	7,370,481
	9,441,084	9,642,735

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

10. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES (CONT'D)

The amounts owing to subsidiary companies comprise:

	Company	
	2012	**2011**
	RM	**RM**
Trade accounts	6,510,384	5,282,402
Non-interest bearing advances	24,936,474	24,215,043
Unpaid consideration for property, plant and equipment acquired	11,549,750	14,000,000
	42,996,608	43,497,445

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

The non-interest bearing advances and unpaid consideration for property, plant and equipment acquired are unsecured and payable on demand.

11. AMOUNTS OWING BY/TO RELATED COMPANIES

The amounts owing by/to related companies represent trade accounts which are expected to be settled within the normal credit periods.

The currency exposure profile of amounts owing by related companies is as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
- Ringgit Malaysia	4,210,190	4,794,863	4,208,709	4,794,863
- United States Dollar	3,340,001	2,485,805	3,340,001	2,485,805
- Singapore Dollar	527,780	84,094	527,780	84,094
- Thai Baht	454,112	1,994,445	454,112	1,994,445
	8,532,083	9,359,207	8,530,602	9,359,207

Amount owing to related companies comprise:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Trade accounts	5,970,176	5,368,974	5,968,695	5,368,974
Management fees payable	23,896	59,099	23,896	59,099
Consultancy fees payable	-	13,851	-	13,851
	5,994,072	5,441,924	5,992,591	5,441,924

11. AMOUNTS OWING BY/TO RELATED COMPANIES (CONT'D)

The currency exposure profile of amounts owing to related companies is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Ringgit Malaysia	4,375,185	4,805,012	4,373,704	4,805,012
Singapore Dollar	1,618,887	636,912	1,618,887	636,912
	5,994,072	5,441,924	5,992,591	5,441,924

12. FIXED DEPOSITS WITH A LICENSED BANK

The effective interest rates of the Group's and of the Company's deposits range from 2.80 % to 3.05% (2011: 1.95% to 2.85%) per annum. All the deposits have maturities of three months or less.

13. CASH AND BANK BALANCES

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
- Ringgit Malaysia	10,421,597	17,406,235	8,021,734	14,131,050
- United States Dollar	989,481	1,518,522	989,481	1,518,522
- Singapore Dollar	1,262,160	661,705	1,010,647	353,876
- Thai Baht	74,660	54,072	74,660	54,072
	12,747,898	19,640,534	10,096,522	16,057,520

14. SHARE CAPITAL

	Group/Company	
	2012 RM	2011 RM
Authorised:		
200,000,000 ordinary shares of RM1 each	200,000,000	200,000,000
Issued and fully paid:		
100,000,000 ordinary shares of RM1 each	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

The Company was given approval by Securities Commission to implement an Employees' Share Option Scheme ("ESOS") in 2007 in conjunction with the listing of the Company's share on the Main Market of Bursa Malaysia Securities Berhad.

To-date, the Company has yet to implement the ESOS.

14. SHARE CAPITAL (CONT'D)

The main features of the ESOS proposed to be set out in the By-Laws are as follows:

(a) The maximum number of new shares which may be issued and allotted shall not in aggregate exceed fifteen per cent (15%) of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.

(b) To qualify for participation in the ESOS, only employees who are employed full-time by the Company or its subsidiary companies and executive directors who:

(i) shall have attained the age of eighteen (18) years by the Date of Offer;

(ii) must fall within such other categories and criteria that the ESOS Committee may decide from time to time at its absolute discretion;

(iii) must have been employed for a continuous period of at least one (1) year in the Group and his employment must have been confirmed by the Date of Offer.

(c) The maximum number of Options to be offered to each eligible employee shall be at the discretion of the ESOS Committee. In exercising its discretion, the ESOS Committee shall take into consideration the seniority, performance and length of service of each eligible employee, subject to the following:

(i) there should be equitable allocation to the various grades of eligible employees, such that not more than 50% of the shares available under the ESOS should be allocated, in aggregate, to executive directors and senior management.

(ii) not more than 10% of the shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through persons connected with the director or employee, holds 20% or more in the issued and paid-up capital of the Company. For the purposes of these By-Laws, unless the context otherwise requires, "persons connected with an eligible employee" or "persons connected with a director" shall have the same meaning given in relation to persons connected with a director or major shareholder.

(d) The price at which the grantee is entitled to subscribe for each new share shall be based on five (5) days weighted average market price of the Shares in the Company preceding the Date of Offer, with a discount that does not exceed ten per cent (10%) or at the par value of the shares, whichever is higher.

(e) All new shares issued pursuant to the exercise of Options will upon such allotment and issuance rank in pari passu in all respects with the then existing issued and paid-up shares, save and except that they are not entitled to dividends, rights, allotments and/or other distributions whereby the entitlement date for such dividends, rights, allotments and/or other distributions is prior to the date of allotment of the new shares. The new shares will be subject to all the provisions of the Articles of Association of the Company in relation to transfer, transmission or otherwise.

(f) The number of shares under option or the exercise price or both, so far as the option remains unexercised, may be adjusted following any variation in the issued share capital of the Company by way of rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital and other variation of capital of Company.

(g) The ESOS shall be in force for a period of five (5) years from the effective date subject however to any extension or renewal for a further period of five (5) years if the Board deemed fit, upon the recommendation of the ESOS Committee. Save for any amendments and/or changes to the relevant statutes guidelines and/or regulations currently in force, no further approval shall be required for the extension of the ESOS provided that the Company shall serve appropriate notices on each grantee and/or make necessary announcements to any/or all the relevant parties within thirty (30) days prior to the expiry of the ESOS.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

15. HIRE PURCHASE

	Group/Company	
	2012	**2011**
	RM	**RM**
Total future installments payable	318,449	635,222
Unexpired term charges	(7,745)	(29,734)
Total outstanding principal	310,704	605,488
Future installments payable		
- not later than one year	305,286	316,773
- later than one year but not later than 5 years	13,163	318,449
Total future installments payable	318,449	635,222

	Group/Company	
	2012	**2011**
	RM	**RM**
Outstanding principal		
- not later than one year (included under current liabilities)	290,797	294,784
- later than one year but not later than 5 years (included under non-current liabilities)	19,907	310,704
Total outstanding principal	310,704	605,488

The effective interest rates of the hire purchase for the Group and for the Company are between 2.52% to 3.45% (2011: 2.52% to 3.45%) per annum.

16. BANK TERM LOANS

	Group/Company	
	2012	**2011**
	RM	**RM**
The long term bank loans are repayable as follows:		
- not later than one year (included under current liabilities)	12,799,996	12,199,996
- later than one year but not later than five years (included under non-current liabilities)	19,742,484	30,117,553
	32,542,480	42,317,549

The term loans are denominated in US Dollar and are unsecured.

16. BANK TERM LOANS (CONT'D)

The details of the bank term loans are as follow:

Principal Amount (RM)	Monthly Installment (RM)	Commencing on	Interest rate per annum	2012 RM	2011 RM
16,800,000	280,000	1 September 2009	0.875% above KLIBOR	4,814,036	7,907,822
5,000,000	83,333	8 February 2010	0.875% above KLIBOR	3,070,476	2,820,210
5,200,000	86,667	16 March 2010	0.875% above KLIBOR	1,856,060	3,093,016
8,000,000	133,333	22 March 2010	0.875% above KLIBOR	2,061,315	4,607,269
3,000,000	50,000	25 February 2011	0.875% above KLIBOR	1,866,214	2,521,015
3,000,000	50,000	31 March 2011	0.875% above KLIBOR	1,915,325	2,571,435
1,500,000	25,000	29 August 2011	0.875% above KLIBOR	1,964,435	1,437,327
1,500,000	25,000	30 September 2011	0.875% above KLIBOR	2,013,546	1,462,994
3,000,000	50,000	29 April 2011	0.875% above KLIBOR	2,062,657	2,621,856
3,000,000	50,000	31 May 2011	0.875% above KLIBOR	2,332,280	2,672,276
3,000,000	50,000	29 June 2011	0.875% above KLIBOR	1,100,000	2,722,696
3,000,000	50,000	29 July 2011	0.875% above KLIBOR	1,125,000	2,823,321
1,500,000	25,000	31 October 2011	0.875% above KLIBOR	1,150,000	1,488,660
1,500,000	25,000	30 November 2011	0.875% above KLIBOR	1,175,000	1,514,327
2,000,000	33,333	20 December 2011	0.875% above KLIBOR	1,600,004	2,053,325
3,000,000	50,000	1 April 2012	0.875% above KLIBOR	2,436,132	-
				32,542,480	42,317,549

17. DEFERRED TAX LIABILITIES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At beginning of the year	13,104,587	8,848,911	12,713,000	8,443,558
Transfer (to)/from profit or loss	(4,373,995)	4,255,676	(4,354,575)	4,269,442
At end of the year	8,730,592	13,104,587	8,358,425	12,713,000

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Tax effects of:				
- excess of capital allowances and lease rental over accumulated depreciation on property, plant and equipment	8,396,491	12,767,028	8,394,153	12,842,305
- surplus on revaluation of land and buildings	369,829	466,864	-	-
- unpaid qualifying expenditure of assets acquired under hirepurchase	(35,728)	(129,305)	(35,728)	(129,305)
	8,730,59	13,104,587	8,358,425	12,713,000

18. TRADE PAYABLES

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
- Ringgit Malaysia	24,792,208	26,942,368	22,543,614	24,004,954
- Singapore Dollar	999,764	57,209	879,159	35,189
- Thai Baht	225,577	123,933	225,577	123,933
- US Dollar	159,345	201,258	159,345	201,258
- Japanese Yen	952	16,700	952	16,700
	26,177,846	27,341,468	23,808,647	24,382,034

The credit terms extended normally range between 15 and 60 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

19. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unpaid consideration for property, plant and equipment acquired (see note 28)	-	179,700	-	179,700
Other sundry payables, deposits and accruals	12,479,091	14,839,642	11,146,734	13,725,404
Derivative financial liabilities	2,066,064	1,871,012	2,066,064	1,871,012
	14,545,155	16,890,354	13,212,798	15,776,116

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
- Ringgit Malaysia	12,479,091	15,019,342	11,146,734	13,905,104
- US Dollar	2,066,064	1,871,012	2,066,064	1,871,012
	14,545,155	16,890,354	13,212,798	15,776,116

20. AMOUNTS OWING BY/TO ASSOCIATED COMPANY

The amount owing by/to the associated company represents a trade balance that is expected to be settled within the normal credit periods.

21. REVENUE

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Air freight forwarding	130,540,363	159,777,381	130,540,363	159,777,381
Customs clearance	71,326,216	78,722,686	71,326,216	78,722,686
Warehousing	91,039,564	99,498,326	84,283,001	80,499,343
Container haulage	25,997,158	24,826,803	25,997,158	24,826,803
Trucking	78,753,715	68,099,293	75,471,283	70,615,796
Sea freight forwarding	32,979,471	30,583,501	32,979,471	30,583,501
Auto logistic services	9,374,048	5,263,913	9,374,048	5,263,913
Buyers consolidation services	2,437,867	2,438,891	2,437,867	2,438,891
	442,448,402	469,210,794	432,409,407	452,728,314

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

22. PROFIT FROM OPERATIONS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit from operations is stated after charging:				
Auditors' remuneration				
- statutory audit	122,261	133,546	80,000	80,000
- review of quarterly financial statements	53,546	-	53,546	-
Bad debt written off	-	215,094	-	215,904
Depreciation	16,009,471	15,388,107	15,916,830	15,365,741
Directors' remuneration				
- fees	228,000	192,650	228,000	192,650
- other emoluments	1,908,870	1,869,627	1,579,290	1,524,193
Impairment of goodwill	864,854	-	-	-
Property, plant and equipment written off	-	500	-	-
Realised loss on foreign exchange	627,636	329,875	627,636	329,875
Unrealised loss on foreign exchange	94,056	-	94,056	-
Operating lease				
- land and buildings	9,724,390	6,305,852	8,572,627	6,301,653
- trucks	7,995,234	5,250,553	2,644,670	2,908,698
- forklifts	1,926,608	1,220,181	1,902,490	1,220,181
- office equipment	658,454	679,993	658,454	679,993
and crediting:				
Allowance for doubtful debts written back	155,066	-	155,066	-
Gain on disposal of property plant and equipment	661,324	20,641	661,324	20,641
Unrealised gain on foreign exchange	-	344,560	-	344,560
Operating lease income from land and buildings	323,200	461,858	323,200	461,858

23. OTHER INCOME

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Gross dividends from				
- an associated company	-	-	1,088,587	1,088,587
- unquoted investments	41,619	38,467	41,619	38,467
Interest income	967,972	671,490	967,972	671,490
Gain on disposal of property, plant and equipment	661,324	20,641	661,324	20,641
Rental income	323,200	461,858	318,000	461,858
Sundry income	177,378	671,435	120,830	593,566
	2,171,493	1,863,891	3,198,332	2,874,609

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

24. FINANCE COSTS

	Group/Company	
	2012	2011
	RM	RM
Interest paid and payable on		
- hire purchase	21,990	32,819
- term loans	1,606,646	1,406,094
	1,628,636	1,438,913

25. TAX EXPENSE

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Malaysian tax based on results for the year				
- current	10,974,413	4,631,233	10,390,679	3,970,000
- deferred	(752,936)	1,465,682	(733,570)	1,485,249
	10,221,477	6,096,915	9,657,109	5,455,249
(Over)/Underprovision in prior years				
- current	(261,130)	(6,198,795)	(264,143)	(6,187,268)
- deferred	(3,621,059)	2,789,994	(3,621,005)	2,784,193
	6,339,288	2,688,114	5,771,961	2,052,174

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before tax excluding share of results of associates analysed as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Accounting profit	35,315,146	37,364,474	34,958,509	35,807,450
Taxation at applicable statutory tax rate of 25%	8,828,787	9,341,119	8,739,627	8,951,863
Tax effects arising from:				
- non-deductible expenses	1,877,817	750,200	1,869,087	880,886
- non-taxable income	(617,502)	(231,754)	(679,457)	(229,532)
- tax exempt dividend	-	-	(272,147)	(272,147)
Originating from deferred tax assets not recognised	89,349	75,719	-	-
Effect of different tax rate in another country	43,026	37,452	-	-
Utilisation of investment tax allowance	-	(3,875,821)	-	(3,875,821)
Overprovision in prior years	(3,882,189)	(3,408,801)	(3,885,149)	(3,403,075)
	6,339,288	2,688,114	5,771,961	2,052,174

25. TAX EXPENSE (CONT'D)

The following temporary differences exist at the end of the financial year the deferred tax benefits of which have not been recognised in the financial statements:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unabsorbed tax losses	2,042,538	340,681	-	-

Subject to agreement with the Inland Revenue Board, based on estimated tax credits available and the prevailing tax rate applicable to dividends and the balance on the exempt account, the entire retained earnings of the Company is available for distribution by way of dividends.

26. BASIC EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The basic earnings per share has been calculated by dividing the Group's profit for the year attributable to owners of the Company of RM28,889,232 (2011: RM34,590,436) by the number of shares in issue of 100,000,000 (2011 : 100,000,000).

27. DIVIDENDS

	2012 RM	2011 RM
In respect of the financial year ended 31 December 2010:		
Final dividend of 9.13 sen per share, comprising a tax exempt portion of 4.60 sen and a franked portion of 4.53 sen less 25% tax	-	7,997,504
In respect of the financial year ended 31 December 2011:		
Final dividends of 12.90 sen per share, comprising a tax exempt portion of 1.3 sen and a franked portion of 11.60 sen less 25% tax	10,000,000	-
In respect of the financial year ended 31 December 2012:		
Interim dividend of 5.34 sen per share less 25% tax	4,005,000	-
	14,005,000	7,997,504

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Aggregate cost of property, plant and equipment acquired	18,055,901	49,398,809	18,053,018	49,493,986
Financed via hire purchase and finance lease	-	(492,025)	-	(492,025)
Unpaid balance included under other payables, deposits and accruals (see note 19)	-	(179,700)	-	(179,700)
Cash paid in respect of the previous year's acquisition	179,700	-	179,700	-
Total cash paid during the financial year	18,235,601	48,727,084	18,232,718	48,822,261

29. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Employee benefits expense	60,099,576	58,993,314	46,180,069	45,691,038

Included in the employee benefits expense are EPF contributions amounting to RM4,505,037 (2011 : RM3,874,012) for the Group and RM3,274,215 (2011 : RM2,826,047) for the Company.

30. RELATED PARTY DISCLOSURES

Significant related party transactions during the financial year were as follows:

	Transaction value Company		Balance outstanding Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Transactions with subsidiary companies				
Rental of trucks paid and payable	434,220	473,720	70,090	66,090
Labour charges paid and payable	15,510,764	13,554,049	2,004,987	2,663,341
Maintenance charges paid and payable	3,696,702	4,931,661	2,147,254	2,188,055
Handling fees paid and payable	1,080,506	640,029	857,973	154,699
Related logistic services paid	6,216	6,000	12,716	6,000
Handling fees received and receivable	126,323	58,780	607,806	6,243
Related logistics services received and receivable	8,930,648	5,955,578	834,913	1,538,296
Rental of premises received	304,072	2,800	650	650
Rental of trucks received and receivable	253,086	253,086	-	-
Purchase of property, plant and equipment	-	20,000	-	20,000

30. RELATED PARTY DISCLOSURES (CONT'D)

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM
Transactions with related companies								
Related logistic services received and receivable	56,109,263	70,853,668	56,109,263	70,853,668	8,738,764	9,359,207	8,738,764	9,359,207
Rental received	300,000	300,000	300,000	300,000	13,851	-	13,851	-
Related logistic services paid and payable	52,901,216	50,156,811	52,901,216	50,156,811	5,933,492	5,368,974	5,933,492	5,368,974
Management fee paid and payable	251,914	261,126	251,914	261,126	23,896	59,099	23,896	59,099
Consultancy fees paid and payable	547,214	455,078	547,214	455,078	-	13,851	-	13,851
Transactions with associated company								
Rental of premises paid and payable	1,128,600	1,128,600	1,410,750	1,128,600	1,410,750	312,963	1,410,750	312,963
Accounting fee received and receivable	19,200	19,200	19,200	19,200	-	19,200	-	19,200

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

31. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Directors				
Short-term employee benefits				
- salary, bonus and allowances	1,478,745	1,759,543	1,209,252	1,414,109
Post-employment benefits				
- EPF	110,352	110,084	110,352	110,084
	1,589,097	1,869,627	1,319,604	1,524,193
Other key management personnel				
Short-term employee benefits				
- salary, bonus and allowances	2,501,238	1,801,636	2,501,238	1,801,636
Post-employment benefits				
- EPF	268,243	182,404	268,243	182,404
	2,769,481	1,984,040	2,769,481	1,984,040
Total compensation	4,358,578	3,853,667	4,089,085	3,508,233

32. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group leases a number of land and buildings and warehouses from its associated company and third parties under cancellable operating lease arrangements. These leases typically run for an initial period of 1 to 2 years with the option to renew. None of the leases includes contingent rents. There are no restrictions placed on the Group by entering into these leases.

The Group also leases an office cum warehouse under a non-cancellable operating lease arrangement. The future aggregate minimum lease payments under the non-cancellable operating lease contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Not later than one year	6,608,552	6,147,314	4,566,104	5,993,370
Later than one year but not later than 5 years	3,521,632	5,068,608	2,160,000	5,068,608
	10,130,184	11,215,922	6,726,104	11,061,978

The Group as lessor

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

33. OTHER COMMITMENTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Authorised and contracted for acquisition of property, plant and equipment	11,279,586	2,369,680	11,279,586	2,369,680

34. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

2012 Group	Loans and receivables RM	Available-for-sale RM	Total RM
Financial assets			
<u>Assets as per statement of financial position</u>			
Other investments	-	1,230,104	1,230,104
Trade receivables	63,284,015	-	63,284,015
Other receivables excluding prepayments	4,857,090	-	4,857,090
Amount owing by related companies	8,532,083	-	8,532,083
Amount owing by associated company	54,037	-	54,037
Fixed deposits with a licensed bank	39,950,655	-	39,950,655
Cash and bank balances	12,747,898	-	12,747,898
Total financial assets	129,425,778	1,230,104	130,655,882

2011 Group	Loans and receivables RM	Available-for-sale RM	Total RM
Financial assets			
<u>Assets as per statement of financial position</u>			
Other investments	-	1,225,104	1,225,104
Trade receivables	67,882,779	-	67,882,779
Other receivables excluding prepayments	2,682,208	-	2,682,208
Amount owing by related companies	9,359,207	-	9,359,207
Fixed deposits with a licensed bank	29,639,415	-	29,639,415
Cash and bank balances	19,640,534	-	19,640,534
Total financial assets	129,204,143	1,225,104	130,429,247

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

2012 **Group**	**At amortised Cost** **RM**
Financial liabilities	
Liabilities as per statement of financial position	
Trade payables	26,177,846
Other payables and accruals and derivatives	14,545,155
Amounts owing to related companies	5,994,072
Bank term loan	32,542,480
Hire purchase and finance lease liabilities	310,704
Total financial liabilities	79,570,257

2011 **Group**	**At amortised Cost** **RM**
Financial liabilities	
Liabilities as per statement of financial position	
Trade payables	27,341,468
Other payables and accruals and derivatives	16,890,354
Amounts owing to related companies	5,441,924
Amount owing to associated company	322,163
Bank term loan	42,317,549
Hire purchase and finance lease liabilities	605,488
Total financial liabilities	92,918,946

2012 **Company**	**Loans and receivables** **RM**	**Available-for-sale** **RM**	**Total** **RM**
Financial assets			
Assets as per statement of financial position			
Other investments	-	1,230,104	1,230,104
Trade receivables	60,377,952	-	60,377,952
Other receivables excluding prepayments	3,745,248	-	3,745,248
Amount owing by subsidiaries companies	9,441,084	-	9,441,084
Amounts owing by related companies	8,530,602	-	8,530,602
Amount owing by associated company	54,037	-	54,037
Fixed deposits with a licensed bank	39,950,655	-	39,950,655
Cash and bank balances	10,096,522	-	10,096,522
Total financial assets	132,196,100	1,230,104	133,426,204

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

2011 Company	**Loans and receivables RM**	**Available-for-sale RM**	**Total RM**
Financial assets			
Assets as per statement of financial position			
Other investments	-	1,225,104	1,225,104
Trade receivables	64,119,712	-	64,119,712
Other receivables excluding prepayments	2,104,639	-	2,104,639
Amount owing by subsidiaries companies	9,642,735	-	9,642,735
Amounts owing by related companies	9,359,207	-	9,359,207
Fixed deposits with a licensed bank	29,639,415	-	29,639,415
Cash and bank balances	16,057,520	-	16,057,520
Total financial assets	130,923,228	1,225,104	132,148,332

2012 Company	**At amortised cost** RM
Financial liabilities	
Liabilities as per statement of financial position	
Trade payables	23,808,647
Other payables and accruals and derivatives	13,212,798
Amounts owing to subsidiary companies	42,996,608
Amounts owing to related companies	5,992,591
Bank term loan	32,542,480
Hire purchase and finance lease liabilities	310,704
Total financial liabilities	118,863,828

2011 Company	**At amortised cost RM**
Financial liabilities	
Liabilities as per statement of financial position	
Trade payables	24,382,034
Other payables and accruals and derivatives	15,776,116
Amounts owing to subsidiary companies	43,497,445
Amounts owing to related companies	5,441,924
Amount owing to associated company	322,163
Bank term loan	42,317,549
Hire purchase and finance lease liabilities	605,488
Total financial liabilities	132,342,719

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amounts of the financial instruments of the Group and of the Company at the reporting date approximate their fair values except for the following:

	Group / Company	
	Carrying amount RM	**Fair Value RM**
2012		
Other investments		
Shares quoted in Malaysia	26,000	11,300
Unquoted shares	367,700	*
Transferable corporate club memberships	856,403	*
2011		
Other investments		
Shares quoted in Malaysia	26,000	12,300
Unquoted shares	367,700	*
Transferable corporate club memberships	851,403	*

* It is not practical to estimate the fair value of the unquoted shares and the transferable corporate club memberships due to lack of comparable quoted market prices and inability to estimate fair value without incurring excessive costs. Such investments are valued at cost subject to review of impairment.

The following summarises the methods used in determining the fair value of financial instruments:

Derivatives

Fair values of forward currency contracts and swap contracts have been determined by reference to current forward exchange rates for contracts with similar maturity profiles.

(c) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Fair value hierarchy (Cont'd)

2012 Group/Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial assets				
Derivative financial liabilities	-	2,066,064	-	2,066,064

2011 Group/Company				
Financial assets				
Derivative financial liabilities	-	1,871,012	-	1,871,012

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of foreign exchange rates.

The Group is exposed to foreign currency risk on sale of services, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily Japanese Yen, U.S. Dollar (USD) and Singapore Dollar.

The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the reporting date.

The principal amount of the Group's USD loan has been fully hedged using a currency swap contract with a bank. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

The currency exposures are disclosed in the respective notes to the financial statements.

A sensitivity analysis has been performed based on the outstanding foreign currency denominated monetary items of the Group as at reporting date. If the US Dollar strengthens or weakens by 5% against the Company's functional currency with all other variables held constant, the Company profit after tax and equity would increase or decrease by RM359,115 (2011: RM11,585).

The other foreign currency denominated monetary items as at reporting date are not material, hence the sensitivity analysis has not been presented.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

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

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

A sensitivity analysis has been performed based on the outstanding floating rate of borrowings of the Group as at 31 December 2012. If interest rates increase or decrease by 50 basis points, with all other variables held constant, the Group's profit after tax would decrease or increase by approximately RM180,142 (2011: RM180,142), as a result of higher or lower interest expense on these borrowings.

Credit risk

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

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

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

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

As at the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The ageing analysis of receivables at 31 December which are trade in nature is as follows:

	Group		Company	
2012	**Gross RM**	**Impairment RM**	**Gross RM**	**Impairment RM**
Not past due	38,269,456	-	37,935,091	-
Less than 30 days past due	11,455,462	-	10,628,636	-
Between 30 and 90 days past due	11,676,779	-	10,438,796	-
More than 90 days past due	3,391,778	1,509,460	2,884,889	1,509,460
	64,793,475	1,509,460	61,887,412	1,509,460
Under current assets:				
Amount owing by related companies	8,532,083	-	8,530,602	-
Amount owing by associated company	54,037	-	54,037	-

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

	Group		Company	
2011	**Gross RM**	**Impairment RM**	**Gross RM**	**Impairment RM**
Not past due	33,632,172	-	31,551,106	-
Less than 30 days past due	19,369,578		18,584,972	
Between 30 and 90 days past due	9,315,552	-	8,440,792	-
More than 90 days past due	7,230,003	(1,664,526)	7,207,368	(1,664,526)
	69,547,305	(1,664,526)	65,784,238	(1,664,526)
Under current assets:				
Amount owing by related companies	9,359,207	-	9,359,207	-

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group RM	Company RM
At 1 January	1,664,526	1,664,526
Reversal of allowance for doubtful debts	(155,066)	(155,066)
At 31 December	1,509,460	1,509,460

At the reporting date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors.

Liquidity and cash flow risks

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The table below summarises the maturity profile of the Group and the Company's financial liabilities at 31 December based on the contractual undiscounted cash flows.

2012	**Less than 1 years RM**	**1 to 5 years RM**	**More than 5 years RM**	**Total RM**
Group				
Trade payables	26,177,846	-	-	26,177,846
Other payables, deposit and accruals	14,545,155	-	-	14,545,155
Amount owing to related companies	5,994,072	-	-	5,994,072
Hire purchase and finance lease liabilities	305,286	13,163	-	318,449
Borrowings	13,306,876	20,296,553	-	33,603,429
Total undiscounted financial liabilities	60,329,235	20,309,716	-	80,638,951

2012	**Less than 1 years RM**	**1 to 5 years RM**	**More than 5 years RM**	**Total RM**
Company				
Trade payables	23,808,647	-	-	23,808,647
Other payables, deposit and accruals	13,212,798	-	-	13,212,798
Amount owing to subsidiary companies	42,996,608	-	-	42,996,608
Amount owing to related companies	5,992,591	-	-	5,992,591
Hire purchase and finance lease liabilities	305,286	13,163	-	318,449
Borrowings	13,306,876	20,296,553	-	33,603,429
Total undiscounted financial liabilities	99,622,806	20,309,716	-	119,932,522

2011	**Less than 1 years RM**	**1 to 5 years RM**	**More than 5 years RM**	**Total RM**
Group				
Trade payables	27,341,468	-	-	27,341,468
Other payables, deposit and accruals	16,890,354	-	-	16,890,354
Amount owing to related companies	5,441,924	-	-	5,441,924
Amount owing to an associated company	322,163	-	-	322,163
Hire purchase and finance lease liabilities	316,773	318,449	-	635,222
Borrowings	12,673,356	31,121,284	-	43,794,640
Total undiscounted financial liabilities	62,986,038	31,439,733	-	94,425,771

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

2011	**Less than 1 years RM**	**1 to 5 years RM**	**More than 5 years RM**	**Total RM**
Company				
Trade payables	24,382,034	-	-	24,382,034
Other payables, deposit and accruals	15,776,116	-	-	15,776,116
Amount owing to subsidiary companies	43,497,445	-	-	43,497,445
Amount owing to related companies	5,441,924	-	-	5,441,924
Amount owing to an associated company	322,163	-	-	322,163
Hire purchase and finance lease liabilities	316,773	318,449	-	635,222
Borrowings	12,673,356	31,121,284	-	43,794,640
Total undiscounted financial liabilities	102,409,811	31,439,733	-	133,849,544

36. CAPITAL MANAGEMENT

The Group's primary objectives when managing its capital are to safeguard the Group's ability to continue as a going concern and to provide adequate returns for shareholders whilst sustaining future development of the business.

The Group actively and regularly reviews and manages its capital structure with a view to optimising the debt and equity balance. The Group monitors capital on the basis of total debt to equity ratio. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, increase borrowings or sell assets to reduce debts.

No changes were made in the objectives, policies or processes during the year.

The Group's total debt- to- equity ratios at 31 December 2012 and 2011 were as follow:

	2012 RM	**2011 RM**
Share capital	100,000,000	100,000,000
Reserves	155,485,251	140,714,365
Total equity	255,485,251	240,714,365
Hire purchase liabilities	310,704	605,488
Short term borrowings	12,799,996	12,199,996
Long term borrowings	19,742,484	30,117,553
Total debt	32,853,184	42,923,037
Total debt to equity ratio (times)	0.13	0.18

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2012

37. SEGMENTAL ANALYSIS

(a) Primary reporting format - business segment

All the operations of the Group are organised into six main segments:

(i) Air Freight Forwarding Division ("AFF")	- Airfreight forwarding
(ii) Contract Logistics Division ("CLD")	- Customs forwarding, warehousing, container haulage and Auto Logistic services
(iii) Trucking Division ("TD")	- Trucking
(iv) Ocean Freight Forwarding Division ("OFF")	- Sea freight forwarding
(v) Origin Cargo Order and Vendor Management Division ("OCM")	- Buyer consolidation services

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence no disclosures are made on segment assets and liabilities.

2012	AFF RM	CLD RM	TD RM	OFF RM	OCM RM	Consolidated RM
REVENUE						
External sales	130,540,365	197,736,986	78,753,715	32,979,471	2,437,867	442,448,404
RESULTS						
Segment results	2,576,558	30,721,600	2,823,117	1,136,248	110,026	37,367,549
Unallocated corporate income						(1,024,976)
Profit from operations						36,342,573
Share of associated company's profits						601,209
Finance costs						(1,628,636)
Profit before tax						35,315,146
Tax expense						(6,339,288)
Profit for the year						28,975,858

2011	AFF RM	CLD RM	TD RM	OFF RM	OCM RM	Consolidated RM
REVENUE						
External sales	159,777,381	208,327,575	68,083,446	30,583,501	2,438,891	469,210,794
RESULTS						
Segment results	3,600,234	30,917,576	3,928,546	1,057,093	163,579	39,667,028
Unallocated corporate expense						(1,457,575)
Profit from operations						38,209,453
Share of associated company's profits						593,934
Finance costs						(1,438,913)
Profit before tax						37,364,474
Tax expense						(2,688,114)
Profit for the year						34,676,360

37. SEGMENTAL ANALYSIS (CONt'D)

(b) Secondary reporting format - geographical segment

As the Group's total logistics solutions activities cover destinations located throughout the world, the directors do not consider it meaningful to allocate revenue and assets to specific geographical segments.

38. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on by the board of directors on 21 February 2013.

SUPPLEMENTARY INFORMATION

39. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and the Company as at 31 December, into realised and unrealised profits/losses, pursuant to the directive, are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained profits of the Company and its subsidiaries:-				
- Realised	169,943,391	157,850,874	139,486,546	128,659,574
- Unrealised	(8,455,819)	(12,715,349)	(8,358,424)	(12,713,000)
	161,487,572	145,135,525	131,128,122	115,946,574
Total shares of retained profits from associated companies:-				
- Realised	1,670,253	2,137,989	-	-
- Unrealised	-	-	-	-
	163,157,825	147,273,51	131,128,122	115,946,574
Less: Consolidation adjustments	(9,438,977)	(8,438,898)	-	-
Total Group's and Company's retained profits as per statements of financial position	153,718,848	138,834,616	131,128,122	115,946,574

The determination of realised and unrealised profits or losses is compiled based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Accordingly, the unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains or losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits/losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be used for any other purposes.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

In the opinion of the directors, the financial statements set out on pages 52 to 112 have been drawn up:

(a) so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2012 and of their financial performance and cash flows for the year then ended;

(b) in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 1965.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants.

Signed on behalf of the directors in accordance
with a directors' resolution dated 21 February 2013

LEE CHECK POH
Director

TOMOAKI HANDA
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Tan Kim Yong, being the director primarily responsible for the financial management of TASCO Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 52 to 112 are correct.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared at)
Kuala Lumpur in the Federal Territory)
this 21 February 2013)
)
)
) TAN KIM YONG

Before me:
ARSHAD ABDULLAH
W550

Commissioner for Oaths

LIST OF PROPERTIES

No.	Location	Description	Existing Use	Tenure of land/ Date of expiry of lease	Land Area/ Built up Area (sq. m)	Approximate Age of Properties	Date Acquired	Net Book value At 31.12.2012 (RM'000)
1	Shah Alam Lot No. 1A, Persiaran Jubli Perak Jalan 22/1, Seksyen 22 40300 Shah Alam Selangor	Industrial Land	Corporate Head Office, Shah Alam Logistics Centre Warehouse F	Leasehold 99 years expiring 09.07.2094	Land - 92,701 Built-up - 26,718 Built-up 16,800	24 years 1 year	30 Jun 2009	58,313
2	Bandar Baru Bangi Lot 46860 (PT 61382), Seksyen 10 43650 Bandar Baru Bangi, Selangor	Industrial Land	Bangi Auto Logistics Centre Bangi Logistics Centre 2	Leasehold 99 years expiring 19.08.2098	Land - 60,241 Built-up - 12,119 Built-up - 19,584	5 years 2 year	25 May 2004	30,181
	Bandar Baru Bangi Lot 46864 (PT 61734), Seksyen 10 43650 Bandar Baru Bangi, Selangor	Industrial Land	Access road	Leasehold 99 years expiring 19.08.2098	Land - 450	NA	27 May 2004	86
3	Seberang Perai Tengah 1441 Lorong Perusahaan Maju 8 Prai Industrial Estate, Phase 4 13600 Prai, Pulau Pinang	Industrial Land	Penang Prai Logistics Centre	Leasehold 99 years expiring 23.10.2110	Land - 20,611 Built-up- 9,282	21 years	18 Jul 2008	14,109
4	Port Klang Lot 22 Lengkungan Sultan Hishamuddin North Klang Straits Industrial Estate Mukim Kapar, Kawasan 20 40000 Port Klang Selangor	Industrial Land	Port Klang Logistics Centre	Leasehold 99 years expiring 09.06.2086	Land - 29,509 Built-up - 17,078	21 years	19 Feb 2008	12,421
5	Bayan Lepas Plot 93 Lintang Bayan Lepas 9 Taman Perindustrian Bayan Lepas Fasa IV, 11900 Bayan Lepas Pulau Pinang	Industrial Land	Penang Air Freight Logistics Centre	Leasehold 60 years expiring 31.01.2062	Land - 8,146 Built-up - 3,040	6 years	04 Jun 2008	7,415
6	Petaling Jaya No. 9 Jalan SS8/4 Sungai Way Industrial Free Trade Zone, 47300 Petaling Jaya, Selangor	Industrial Land	Sungai Way Logistics Centre	Freehold	Land - 3,559 Built-up - 1,592	39 years	11 Feb 2008	6,208
7	Alor Gajah Plot 1873 Terminal Kenderaan Berat Mukim Durian Tunggal Daerah Alor Gajah 76100 Melaka	Industrial Land	Melaka Logistics Centre	Leasehold 99 years from the date of registration of title	Land - 11,776 Built-up - 2,683	3 years	01 Apr 2010	5,166
8	Kinta Lot No. 21402 Lebuh Perusahaan Klebang 11 Kawasan Perusahaan International IGB 31200 Ipoh Perak	Industrial Land	Ipoh Logistics Centre	Freehold	Land - 9,864 Built-up - 1794	5 years	11 Jan 2007	3,625
9	Bandar Baru Bangi No. 19, Jalan P/9A, Kawasan Perusahaan Seksyen 13 Bandar Baru Bangi Selangor	Industrial Land	Bangi Truck Freight Station	Leasehold 99 years expiring 29.09.2086	Land - 465 Built-up - 195	22 years	22 May 1991	186

ANALYSIS OF SHAREHOLDINGS
AS AT 22 APRIL 2013

Authorised Capital	:	RM200,000,000.00
Issued and Fully Paid-up Capital	:	RM100,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each fully paid
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Holders	Total Holdings	%
Less than 100 shares	11	360	0.00
100 to 1,000 shares	270	230,600	0.23
1,001 to 10,000 shares	946	4,578,040	4.58
10,001 to 100,000 shares	277	8,768,800	8.77
100,001 to less than 5% of issued shares	56	43,592,550	43.59
5% and above of issued shares	3	42,829,650	42.83
Total	**1,563**	**100,000,000**	**100.00**

LIST OF 30 LARGEST SHAREHOLDERS

Name of Shareholders	No. of shares	%
1. Yusen Logistics (Singapore) Pte Ltd	18,230,241	18.23
2. Yusen Logistics Co. Ltd	18,009,818	18.01
3. Nippon Yusen Kabushiki Kaisha	6,589,591	6.59
4. Hachiuma Steamship Co. Ltd	3,000,000	3.00
5. Nippon Yusen Kabushiki Kaisha	3,000,000	3.00
6. Yusen Logistics (Singapore) Pte Ltd	3,000,000	3.00
7. Yusen Logistics Co. Ltd	3,000,000	3.00
8. Yusen Logistics Co. Ltd	3,000,000	3.00
9. Yusen Logistics Co. Ltd	3,000,000	3.00
10. Yusen Logistics (Singapore) Pte Ltd	2,759,941	2.76
11. Real Fortune Portfolio Sdn Bhd	2,000,000	2.00
12. Real Fortune Portfolio Sdn Bhd	2,000,000	2.00
13. Real Fortune Portfolio Sdn Bhd	2,000,000	2.00
14. Real Fortune Portfolio Sdn Bhd	2,000,000	2.00
15. Real Fortune Portfolio Sdn Bhd	1,830,438	1.83
16. Hachiuma Steamship Co. Ltd	1,379,971	1.38
17. HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities for Bakat Impian Sdn Bhd*	770,800	0.77
18. Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities For Ng Hoe Peng @ Ng Swee Chun (NGH0241C)*	720,000	0.72
19. RHB Capital Nominees (Tempatan) Sdn Bhd *Lau Peng Kee @ Low Peng Pooi*	684,000	0.68
20. RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Yoong Nyock*	666,100	0.67
21. Gan Tee Kian	635,300	0.64

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 22 APRIL 2013

LIST OF 30 LARGEST SHAREHOLDERS (CONT'D)

Name of Shareholders	No. of shares	%
22. AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Yoong Nyock (8039533)*	624,200	0.62
23. Mercsec Nominees (Tempatan) Sdn Bhd *Pledged Securities For Renitrans Sdn Bhd*	520,900	0.52
24. Christopher Ng Huar Tag	410,000	0.41
25. Nahoorammah A/P Sithamparam Pillay	400,000	0.40
26. Yeo Khee Huat	378,000	0.38
27. Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An For Phillip Capital Management Sdn Bhd*	326,000	0.33
28. Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An For Phillip Capital Management Sdn Bhd (EPF)*	322,200	0.32
29. Chong Yee Vui	302,000	0.30
30. RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Fong Siling (CEB)*	300,000	0.30
Total	**81,859,500**	**81.86**

SUBSTANTIAL SHAREHOLDERS

The details of the substantial shareholders of our Company and their respective shareholdings in our Company as per the Register of Substantial Shareholders are as follows:

Name of Shareholders	Direct Interest	%	Indirect Interest	%
1. Yusen Logistics Co. Ltd	27,009,818	27.01	23,990,182[1]	23.99
2. Yusen Logistics (Singapore) Pte Ltd	23,990,182	23.99	-	-
3. Nippon Yusen Kabushiki Kaisha	9,589,591	9.59	55,379,971[2]	55.38
4. Real Fortune Portfolio Sdn Bhd	9,830,438	9.83	-	-
5. Hachiuma Steamship Co. Ltd	4,379,971	4.38	-	-
6. Lee Check Poh	-	-	9,830,438[3]	9.83

DIRECTORS' SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors' direct and indirect interests in share in the Company are as follows:

Name of Shareholders	Direct Interest	%	Indirect Interest	%
1. Lee Check Poh	-	-	9,830,438[3]	9.83
2. Tan Kim Yong	10,000	0.01	-	-
3. Lim Jew Kiat	60,000	0.06	-	-
4. Raymond Cha Kar Siang	11,000	0.01	-	-
5. Kwong Hoi Meng	11,000	0.01	-	-
6. Raippan s/o Yagappan @ Raiappan Peter	11,000	0.01	-	-

1. Deemed interested by virtue of its equity interest in Yusen Logistics (Singapore) Pte Ltd pursuant to Section 6A of the Act.
2. Deemed interested by virtue of its subsidiary companies, Yusen Logistics Co Ltd, Yusen Logistics (Singapore) Pte Ltd and Hachiuma Steamship Co Ltd's equity interest in our Company pursuant to Section 6A of the Act.
3. Deemed interested by virtue of his equity interest in Real Fortune Portfolio Sdn Bhd pursuant to Section 6A of the Act.

SUBSIDIARY AND ASSOCIATED COMPANIES

SUBSIDIARY COMPANIES

	Country	Group Effective Interest % 2011	Group Effective Interest % 2012	Principal Activities
1. Baik Sepakat Sdn Bhd	Malaysia	100.00	100.00	Truck rental and insurance agency services
2. Tunas Cergas Logistik Sdn Bhd	Malaysia	100.00	100.00	Truck rental, in-house truck repair and maintenance and the provision of other related logistics services
3. Emulsi Teknik Sdn Bhd	Malaysia	100.00	100.00	Truck rental and logistics services
4. Trans-Asia Shipping Pte Ltd	Singapore	100.00	100.00	Customs broking, handling agency and freight forwarding services
5. Maya Kekal Sdn Bhd	Malaysia	100.00	100.00	Trading
6. Precious Fortunes Sdn Bhd	Malaysia	100.00	100.00	Inactive
7. TASCO Express Sdn Bhd	Malaysia	100.00	100.00	Dormant
8. Omega Saujana Sdn Bhd	Malaysia	51.22	51.22	Freight forwarding services
9. Piala Kristal (M) Sdn Bhd	Malaysia	51.22	51.22	Freight forwarding services

ASSOCIATED COMPANY

	Country	Group Effective Interest % 2011	Group Effective Interest % 2012	Principal Activities
1. Agate Electro Supplies Sdn Bhd	Malaysia	50.00	50.00	Warehouse rental

NOTICE OF THIRTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth Annual General Meeting of the Company will be held at Lot No. 1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor Darul Ehsan on Wednesday, 19 June 2013 at 3.00 p.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 and the Reports of Directors and Auditors thereon.

2. To approve the payment of a franked final dividend of 6.67 sen less 25% tax in respect of the financial year ended 31 December 2012. **Ordinary Resolution 1**

3. To re-elect the following Directors who retire pursuant to Article 77 of the Company's Articles of Association:-

   3.1 Raippan s/o Yagappan @ Raiappan Peter **Ordinary Resolution 2**
   3.2 Tan Kim Yong **Ordinary Resolution 3**
   3.3 Lim Jew Kiat **Ordinary Resolution 4**

4. To re-appoint Messrs Mazars as Auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 5**

5. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Ordinary Resolution 6**

   As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -

   "THAT pursuant to Paragraph 10.09 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with the Related Party as detailed in Section 2.3.2 of the Circular to Shareholders dated 27 May 2013 which are necessary for the Company's and its subsidiaries' day-to-day operations in the ordinary course of business on terms not more favourable to the said Related Party than those generally available to the public and not detrimental to minority shareholders of the Company.

   AND THAT such approval shall continue to be in force until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed; or

   (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

   (c) revoked or varied by a resolution passed by the shareholders in a general meeting;

   whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature."

6. **AUTHORITY TO ISSUE SHARES** **Ordinary Resolution 7**

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -

"THAT subject always to the Companies Act, 1965 ("Act") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes that the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being."

7. **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY** **Special Resolution**

As Special Business to consider and if thought fit, to pass the following Special Resolution, with or without modifications: -

"THAT the amendments to the Articles of Association of the Company in the manner detailed in Appendix A attached to the Annual Report 2012 be and are hereby approved."

8. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a franked final dividend of 6.67 sen less 25% tax in respect of the financial year ended 31 December 2012, if approved by the shareholders, will be paid on 18 July 2013 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 4 July 2013.

A Depositor shall qualify for entitlement only in respect of:-

(a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 4 July 2013 in respect of transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

KANG SHEW MENG
SEOW FEI SAN
LOH LAI LING
Secretaries

Petaling Jaya
Date: 27 May 2013

NOTICE OF THIRTY-EIGHTH ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 12 June 2013 shall be regarded as members and entitled to attend, speak and vote at the Annual General Meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the Annual General Meeting or any adjournment thereof.

6. Explanatory Notes on Special Business:

   Ordinary Resolution 6
   Proposed Renewal of Shareholders' Mandate for Recurrent Transactions

   The Ordinary Resolution 6 proposed under item 5, if passed, will allow the Company and its subsidiaries to enter into Recurrent Transactions pursuant to Paragraph 10.09 of the Listing Requirements. Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions is set out in Section 2.3.2 of the Circular to Shareholders dated 27 May 2013, which is despatched together with the Company's Annual Report 2012.

   Ordinary Resolution 7
   Authority to Issue Shares

   At last year's Annual General Meeting, mandate was given to Directors to issue and allot at no more than 10% of the issued share capital of the Company. However, the mandate was not utilised and accordingly will lapse at the forthcoming Annual General Meeting. As such, the Board would like to seek for a renewal of the mandate.

   The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.

   The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

   This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

   Special Resolution
   Proposed Amendment to the Articles of Association of the Company

   The proposed Special Resolution is made to comply with the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. Further information on the Proposed Amendments to the Articles of Association of the Company is set out in Appendix A of this Annual Report.

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF THE COMPANY

It is proposed that the Articles of Association of the Company be amended in the following manner:

<table>
<tr><th></th><th>Existing Articles</th><th></th><th>Proposed Amendments</th></tr>
<tr><td>2</td><td>Additional definition</td><td>2</td><td>In these Articles the word standing in the first column of the Table next hereinafter contained shall bear the meaning set opposite to them respectively in the second column thereof, if not consistent with the subject or context:-
<table><tr><td>WORD</td><td>MEANINGS</td></tr><tr><td>Exempt Authorised Nominee</td><td>An authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.</td></tr></table></td></tr>
<tr><td>63</td><td>Subject to any rights or restrictions for the time being attaching to any class or classes of shares, at meetings of Members or of classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney or being a corporation is represented by a representative and on a show of hands. On resolution to be decided on a show of hands, every person personally present who is a Member, whether a holder of ordinary shares or preference shares and entitled to vote, or a proxy or an attorney or being a corporation is represented by an authorised representative of a Member, shall have one (1) vote. On resolution to be decided on a poll, every Member present in person or by proxy or by attorney or other duly authorised representative for a corporation shall have one (1) vote for every such share he holds.</td><td>63</td><td>Subject to any rights or restrictions for the time being attaching to any class or classes of shares, at meetings of Members or of classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney or being a corporation is represented by a representative and on a show of hands. On resolution to be decided on a show of hands, every person personally present who is a Member, whether a holder of ordinary shares or preference shares and entitled to vote, or a proxy or an attorney or being a corporation is represented by an authorised representative of a Member, shall have one (1) vote. On resolution to be decided on a poll, every Member present in person or by proxy or by attorney or other duly authorised representative for a corporation shall have one (1) vote for every such share he holds. A proxy appointed to attend and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the member to speak at the meeting.</td></tr>
<tr><td>68</td><td>The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</td><td>68</td><td>The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</td></tr>
</table>

APPENDIX A (CONT'D)

	Existing Articles		Proposed Amendments
69	A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.	69	A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. <u>Where a member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.</u>
148	A notice may be given by the Company to any Member either personally or by sending it by post or by courier to him at his registered address as appearing in the Record of Depositors. Where a notice is sent by post or by courier, service of the notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting on the day after the date of its posting, and in any other case at the time at which the letter would be delivered in the ordinary course of post. The accidental omission to give any notice of any meeting to or the non-receipt of any such notice by any of the Members shall not invalidate the proceedings at any general meeting or any resolution passed thereat.	148	A notice may be given by the Company to any Member either personally or by sending it by post or by courier to him at his registered address as appearing in the Record of Depositors. Where a notice <u>or other document if served by post or by courier, it shall be deemed served on the day of posting</u> by properly addressing, preparing and posting a letter containing the notice and in any other case at the time at which the letter would be delivered in the ordinary course of post. The accidental omission to give any notice of any meeting to or the non-receipt of any such notice by any of the Members shall not invalidate the proceedings at any general meeting or any resolution passed thereat.

Proxy Form

TASCO Berhad (20218-T)
(Incorporated in Malaysia)

TASCO
NYK GROUP COMPANY

I/We ______________________________ NRIC/Co. No. ______________________________
(Please Use Block Capitals)

of______________________________
(Full Address)

being a member/members of **TASCO BERHAD** hereby appoint ______________________________

____
(Full Name)

of______________________________
(Full Address)

or failing him/her,______________________________
(Full Name)

of______________________________
(Full Address)

as my/our proxy to vote for me/us on my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be held at Lot No. 1A, Persiaran Jubli Perak, Jalan 22/1, Section 22, 40300 Shah Alam, Selangor Darul Ehsan on Wednesday, 19 June 2013 at 3.00 p.m. and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the Meeting.

	FOR	**AGAINST**
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Special Resolution		

Dated:

Number of shares held

____
Signature/Common Seal of Shareholder(s)

Notes:-
1. Only depositors whose names appear in the Record of Depositors as at 12 June 2013 shall be regarded as members and entitled to attend, speak and vote at the Annual General Meeting,
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the Member specifies the proportions of his holding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the Annual General Meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

Affix
Stamp

THE COMPANY SECRETARY
TASCO Berhad (20218-T)

802, 8th FLOOR, BLOCK C,
KELANA SQUARE,
17 JALAN SS7/26,
47301 PETALING JAYA,
SELANGOR DARUL EHSAN.

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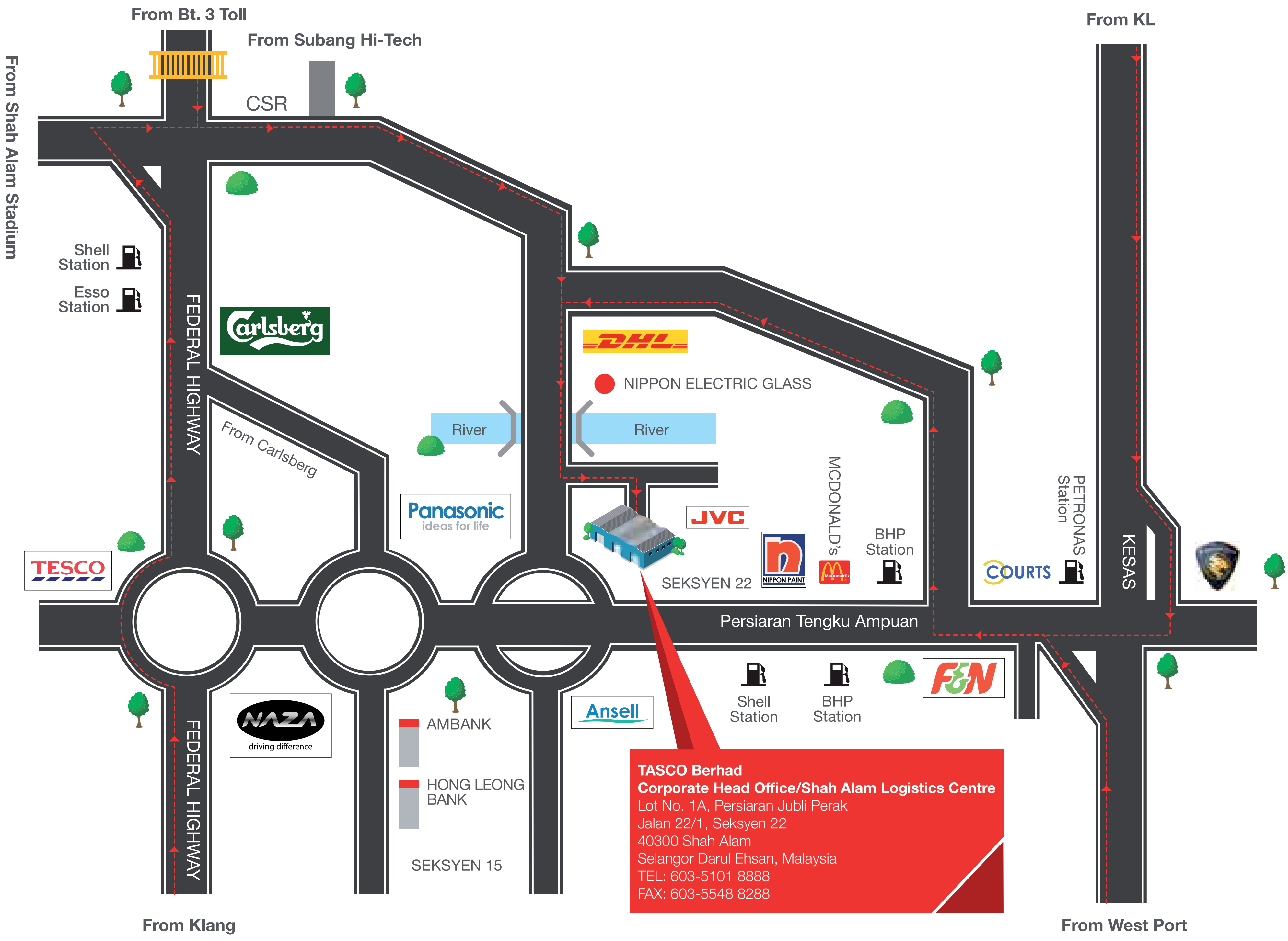
From Bt. 3 Toll
From Subang Hi-Tech
From KL
From Shah Alam Stadium
CSR
Shell Station
Esso Station
FEDERAL HIGHWAY
From Carlsberg
River
River
NIPPON ELECTRIC GLASS
MCDONALD's
BHP Station
PETRONAS Station
KESAS
SEKSYEN 22
Persiaran Tengku Ampuan
Shell Station
BHP Station
AMBANK
HONG LEONG BANK
SEKSYEN 15
FEDERAL HIGHWAY
From Klang
From West Port
TASCO Berhad
Corporate Head Office/Shah Alam Logistics Centre
Lot No. 1A, Persiaran Jubli Perak
Jalan 22/1, Seksyen 22
40300 Shah Alam
Selangor Darul Ehsan, Malaysia
TEL: 603-5101 8888
FAX: 603-5548 8288

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