

**APPENDIX III – PROFORMA CONSOLIDATED BALANCE SHEETS OF TAMADAM AS AT 31 DECEMBER 2006 TOGETHER WITH THE NOTES AND THE REPORTING ACCOUNTANTS’ LETTER THEREON**



**Horwath** AF No 1018  
**Kuala Lumpur Office**  
Chartered Accountants

21 January 2008

The Board of Directors  
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Dear Sirs

**TAMADAM BONDED WAREHOUSE BERHAD (“TAMADAM”)  
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2006**

We have reviewed the Proforma Consolidated Balance Sheets of Tamadam and its subsidiaries (“Tamadam Group” or “the Group”) as at 31 December 2006 together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statement (which we have stamped for the purpose of identification only) prepared solely for inclusion in Tamadam’s circular to its shareholders dated 25 January 2008 in connection with the proposed acquisition of 51% equity interest in Brahim’s-LSG Sky Chefs Holdings Sdn Bhd comprising 510,000 ordinary shares of RM1.00 each (“Shares”) for a purchase consideration of RM130.0 million from Brahim’s International Franchises Sdn Bhd to be satisfied by the issuance of 130,000,000 new Shares in Tamadam valued at RM1.00 per Share (“Proposed Acquisition”).

In our opinion,

- (i) the Proforma Consolidated Balance Sheets of Tamadam Group as at 31 December 2006, which are prepared for illustrative purposes only, have been properly compiled on the bases set out in the accompanying notes to the Proforma Consolidated Balance Sheets;
- (ii) the bases are consistent with the accounting policies normally adopted by the Group in the preparation of the audited consolidated financial statements of Tamadam Group for the financial year ended 31 December 2006; and
- (iii) the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.


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- 2 -

We understand that this letter will be used solely for the purpose stated above. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully



**Horwath**  
Firm No.: AF 1018  
Chartered Accountants



**Lee Kok Wai**  
Approval No.: 2760/06/08 (J)  
Partner

## TAMADAM BONDED WAREHOUSE BERHAD PROFORMA CONSOLIDATED BALANCE SHEETS

	Note	Tamadam Group As at 31.12.2006 RM'000	Proforma I After the Proposed Acquisition RM'000	Proforma II After Proforma I and Full Exercise of Warrants RM'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	3.3	31,730	58,434	58,434
Deferred tax assets	3.4	-	20,386	20,386
Goodwill	3.5	-	171,786	171,786
Other intangible assets	3.6	-	1,777	1,777
		31,730	252,383	252,383
<b>Current Assets</b>				
Inventories	3.7	-	3,870	3,870
Trade receivables	3.8	2,678	17,457	17,457
Other receivables, deposits and prepayments	3.9	6,869	8,713	8,713
Tax recoverable		2	2	2
Deposits with licensed financial institutions	3.10		21,083	21,083
Cash and bank balances	3.11	2,684	4,692	36,273
		12,233	55,817	87,398
<b>TOTAL ASSETS</b>		43,963	308,200	339,781
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	3.12	49,005	179,005	200,785
Share premium	3.13	13,622	12,322	22,123
Accumulated losses		(35,641)	(35,641)	(35,641)
		26,986	155,686	187,267
<b>Minority interest</b>		-	4,641	4,641
<b>Total Equity</b>		26,986	160,327	191,908
<b>Non-Current Liabilities</b>				
Borrowings	3.14	4,704	65,647	65,647
Hire purchase payables	3.16	197	197	197
		4,901	65,844	65,844
<b>Current Liabilities</b>				
Borrowings	3.14	442	34,554	34,554
Bank overdrafts	3.17	6,477	6,477	6,477
Hire purchase payables	3.16	180	180	180
Trade payables	3.18	2,109	20,800	20,800
Other payables and accruals	3.19	2,868	20,003	20,003
Provision for taxation		-	15	15
		12,076	82,029	82,029
<b>Total liabilities</b>		16,977	147,873	147,873
<b>TOTAL EQUITY AND LIABILITIES</b>		43,963	308,200	339,781
Number of shares in issue of RM1.00 each ('000)		49,005	179,005	200,785
Net assets per share capital (RM) *		0.55	0.87	0.93
Net tangible assets ("NTA") (RM'000)		26,986	(17,877)	13,704
NTA per share capital (RM)		0.55	(0.10)	0.07
Total borrowings (RM'000)		12,000	107,055	107,055
Gearing (times) **		0.44	0.69	0.57

\* - Net assets are presented by equity attributable to equity holders of the Company

\*\* - represents total borrowings divided by equity attributable to equity holders of the Company



## **TAMADAM BONDED WAREHOUSE BERHAD NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**

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### **1. Basis of Preparation**

The Proforma Consolidated Balance Sheets of Tamadam Group have been prepared based on the audited consolidated balance sheet of Tamadam and its subsidiaries ("Tamadam Group" or the "Group") as at 31 December 2006. The Proforma Consolidated Balance Sheets have been prepared solely for illustrative purposes, to show the effects of the proposal as though it was effected as of that date and are based on the accounting policies and bases consistent with those normally adopted by Tamadam Group in the preparation of its audited consolidated financial statements other than as disclosed in Section 3.1 in respect of the accounting treatment of investment in joint ventures.

### **2. Proposal**

The proposal to be undertaken by Tamadam is as follows:-

- (i) Proposed acquisition of 51% equity interest in Brahim's-LSG Sky Chefs Holdings Sdn Bhd ("BLH") comprising 510,000 ordinary shares of RM1.00 each ("Shares") for a purchase consideration of RM130.0 million from Brahim's International Franchises Sdn Bhd to be satisfied by the issuance of 130,000,000 new Shares in Tamadam valued at RM1.00 per Share ("Proposed Acquisition").

### **3.1 Proforma I**

Proforma I incorporates the effects of the Proposed Acquisition. The Group's investment in BLH has been accounted for under FRS 131, Interests in Joint Ventures, as a jointly controlled entity using the proportionate consolidation method whereby assets, liabilities and the income statements of the joint venture are consolidated in the Group's financial statements in the proportion of the Group's interest in the venture. This is a new standard applied by the Group as it previously did not have any investment in a joint venture.

### **3.2 Proforma II**

Proforma II incorporates the effects of Proforma I and the effects of the full exercise of Tamadam's 21,780,000 outstanding Warrants at the exercise price of RM1.45 per Share.

The Warrant proceeds amounting to approximately RM31,581,000 are to be utilised as working capital and have been included in cash and bank balances.



**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**3.3 Property, Plant And Equipment**

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At 31.12.2006			
Leasehold land, buildings and improvement	34,371	(5,233)	29,138
Containers, pallets, plant and machinery	8,271	(7,036)	1,235
Renovations and electrical installations	1,302	(1,198)	104
Signboard, furniture and fittings, EDP equipment and office equipment	4,178	(3,907)	271
Motor vehicles, lorries and trucks	2,764	(1,782)	982
As at 31.12.2006	50,886	(19,156)	31,730
Proposed Acquisition	113,415	(86,711)	26,704
As per Proforma I/II	164,301	(105,867)	58,434

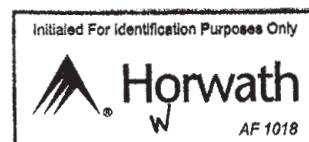
It is assumed that the fair value of the property, plant and equipment arising from the proposed acquisition approximates the book value, and therefore no adjustment is necessary.

**3.4 Deferred Tax Assets**

	RM'000
At 31.12.2006	-
Arising from the Proposed Acquisition	20,386
As per Proforma I/II	20,386

The recognised deferred tax assets and liabilities are as follows:

	RM'000
Property, plant and equipment - capital allowance	1,459
Unabsorbed losses	18,545
Allowance for doubtful debts	382
Provisions	-
	20,386



**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**3.5 Goodwill**

	<b>RM'000</b>
At 31.12.2006	-
Arising from the Proposed Acquisition	171,786
As per Proforma I/II	<u>171,786</u>

**3.6 Other Intangible Assets**

	<b>RM'000</b>
At 31.12.2006	-
Arising from the Proposed Acquisition	1,777
As per Proforma I/II	<u>1,777</u>

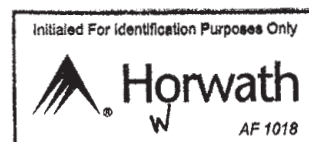
The component of the intangible assets are as follows:-

	<b>At Cost RM'000</b>	<b>Accumulated Amortisation RM'000</b>	<b>Net Book Value RM'000</b>
At 31.12.2006			
Computer software	2,854	(1,077)	<u>1,777</u>

The remaining amortisation period of computer software at the end of the financial year ranged from 1 to 5 years.

**3.7 Inventories**

	<b>RM'000</b>
At 31.12.2006	-
Arising from the Proposed Acquisition	3,870
As per Proforma I/II	<u>3,870</u>



**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**3.7 Inventories (Cont'd)**

The analysis of the inventories is as follows:-

	<b>RM'000</b>
At costs:-	
Catering stores	1,460
General stores	4
Maintenance stores	2,406
	<u>3,870</u>

**3.8 Trade Receivables**

	<b>RM'000</b>
Trade receivables	4,913
Allowances for doubtful debts	<u>(2,235)</u>
At 31.12.2006	2,678
Arising from the Proposed Acquisition	<u>14,779</u>
As per Proforma I/II	<u>17,457</u>

The normal trade credit terms range from payment in advance to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivable is as follows:-

	<b>RM'000</b>
United States Dollar	<u>73</u>



**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**3.9 Other Receivables, Deposits and Prepayments**

	RM'000
Other receivables, deposits and prepayments	7,273
Allowances for doubtful debts	(404)
	<hr/>
At 31.12.2006	6,869
Arising from the Proposed Acquisition	1,844
	<hr/>
As per Proforma I/II	<u>8,713</u>

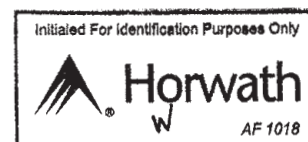
**3.10 Deposits with Licensed Financial Institutions**

	RM'000
At 31.12.2006	-
Arising from the Proposed Acquisition	21,083
	<hr/>
As per Proforma I/II	<u>21,083</u>

The effective interest rate of the Group's deposits is 2.2% per annum. All deposits have maturity terms of less than one year.

**3.11 Cash and Bank Balances**

	RM'000
At 31.12.2006	2,684
Arising from the Proposed Acquisition	3,308
Proposed Acquisition expenses	(1,300)
	<hr/>
As per Proforma I	4,692
Proceeds from full exercise of Warrants	31,581
	<hr/>
As per Proforma II	<u>36,273</u>



**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**3.12 Share Capital**

As at the date of this report, the authorised share capital of Tamadam is RM100,000,000 comprising 100,000,000 Shares.

The issued and paid-up share capital of Tamadam as of the date of this report is RM49,005,000 comprising 49,005,000 Shares.

The movements in the issued and paid-up share capital of Tamadam are as follows:-

	Number of Ordinary Shares '000	Amount of Share Capital RM'000
Issued and fully paid-up Shares		
As at 31.12.2006	49,005	49,005
Proposed Acquisition	130,000	130,000
As per Proforma I	179,005	179,005
Full Exercise of Warrants	21,780	21,780
As per Proforma II	<u>200,785</u>	<u>200,785</u>

**3.13 Share Premium**

	RM'000
At 31.12.2006	13,622
Proposed Acquisition expenses	(1,300)
As per Proforma I	<u>12,322</u>
Premium from full exercise of Warrants	9,801
As per Proforma II	<u>22,123</u>

**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

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**3.14 Borrowings**

	RM'000
At 31.12.2006	5,146
Arising from the Proposed Acquisition	95,055
	100,201
	100,201

The analysis of the borrowings is as follows:-

	RM'000
<b>Current:-</b>	
Redeemable preference shares (Note 3.15)	18,565
Term loans	15,300
Finance lease liabilities	247
Al-Bai Bithaman Ajil ("ABBA") facilities	442
	34,554
	34,554
<b>Non-current:-</b>	
Redeemable preference shares (Note 3.15)	-
Term loans	40,800
Shareholders' advance	18,497
Finance lease liabilities	1,646
ABBA facilities	4,704
	65,647
	65,647

**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

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**3.14 Borrowings (Cont'd)**

- (a) The finance lease liabilities are effectively secured as the rights to BLH's subsidiary leased asset revert to the lessor in the event of default. The term loan is secured by way of a charge on BLH's assets 70% equity interest and 70% Redeemable Preference Shares ("RPS") in BLH's subsidiary which has been redeemed on 13 June 2007. The RPS and shareholders' advances are unsecured.

- (b) The weighted average effective interest rates are as follows:-

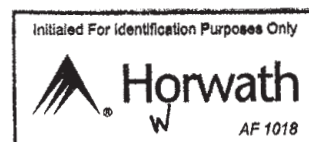
	%
Redeemable preference shares (fixed rate)	10.4
Term loans	4.9
Finance lease liabilities	6.3

- (c) The minimum lease payment of the Group at the balance sheet date is as follows:-

	RM'000
Not later than 1 year	386
Later than 1 year and not later than 5 years	1,543
Later than 5 years	1,020
	2,949
Future finance charges	(1,056)
	1,893

- (d) The Islamic financing facility of ABBA Scheme is repayable in 60 monthly instalments commencing May 2003. During the financial year, the scheme was rescheduled to 120 monthly instalments. It carries a financing charge of 9.87% per annum and was secured by way of:-

- (i) a corporate guarantee from Tamadam; and
- (ii) a legal assignment over its' sub-lease on 25 acres of land and warehouse buildings in Port Klang.



**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**3.15 Redeemable Preference Shares**

	<b>RM'000</b>
Nominal value of RM0.01 each	3
Share premium	36,399
	<u>36,402</u>
The Group's proportionate share of redeemable preference shares	<u>18,565</u>

The classification of redeemable preference shares into current and non-current position, is based on its remaining maturity period as at balance sheet date, in accordance with its redemption schedule shown below.

	<b>RM'000</b>
Current	36,402
Non-current	-
	<u>36,402</u>
The Group's proportionate share of redeemable preference shares	<u>18,565</u>

On 21 November 2003, BLH's subsidiary issued 900,000 Class A Redeemable Preferential Shares ("RPS") of RM0.01 each and 100,000 Class B RPS of RM0.01 each at an issue price of RM240.322 per RPS.

**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

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**3.15 Redeemable Preference Shares (Cont'd)**

The main features of the RPS are as follows:-

- (a) The Class A RPS carry no dividend. The Class B RPS carry a fixed cumulative preferential gross dividend and payable on a quarterly basis starting from 22 November 2008. The particulars of the preferential dividend is as follows:-

	<b>Date payable</b>	<b>Preference Dividend RM</b>
<u>Class B RPS</u>		
	22.11.2008	2,625,000
	22.02.2009	2,625,000
	22.05.2009	2,625,000
	22.08.2009	2,625,000
	22.11.2009	2,625,000
	22.02.2010	2,625,000
	22.05.2010	2,625,000
	22.08.2010	2,625,000
	22.11.2010	3,000,000
	22.02.2011	3,000,000
	22.05.2011	3,000,000
	22.08.2011	3,000,000
	22.11.2011	1,500,000
	22.02.2012	1,500,000

- (b) The RPS will not be entitled to participate in profits other than the preferential dividend.

**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

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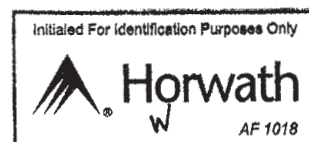
**3.15 Redeemable Preference Shares (Cont'd)**

- (c) The Class A RPS will be redeemed first within the first five years from issue date. The Class B RPS will be redeemed commencing from the sixth year from issue date. The particulars of the redemption is as follows:-

Date of redemption	Preference Dividend RM
<u>Class A RPS</u>	
21.02.2007	3,965,313
21.05.2007	3,965,313
21.08.2007	3,965,313
21.11.2007	4,325,796
21.02.2008	4,325,796
21.05.2008	4,325,796
21.08.2008	4,325,796
<u>Class B RPS</u>	
21.11.2008	504,675
21.02.2009	504,675
21.05.2009	504,675
21.08.2009	504,675
21.11.2009	504,675
21.02.2010	504,675
21.05.2010	504,675
21.08.2010	504,675
21.11.2010	504,675
21.02.2011	504,675
21.05.2011	504,675
21.08.2011	504,675
21.11.2011	597,774
21.02.2012	597,774

- (d) In the event of the winding up of BLH's subsidiary, the RPS holders will have the right to be paid in cash in respect of the unredeemed RPS, in priority to the other shareholders of BLH's subsidiary, but no right to any further participation in the profits or assets of BLH's subsidiary.
- (e) Until all the RPS have been redeemed, no further shares may be created or issued by BLH's subsidiary ranking in any respect in priority to, or pari passu with the RPS without the prior consent from the RPS holders.
- (f) The RPS holders do not have a right to vote for any resolutions in any general meeting of BLH's subsidiary except resolutions relating to the winding up of BLH's subsidiary and which affects any rights, privileges or conditions attaching to the RPS.

The RPS have been redeemed on 13 June 2007.



**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**3.16 Hire Purchase Payables**

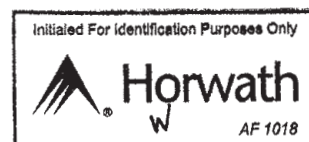
	RM'000
Future minimum hire purchase payments:	
- not later than one year	201
- later than one year and not later than five years	221
- later than five years	2
	424
Future finance charges	(47)
Present value of hire purchase payables	377
Current:	
- not later than one year	180
Non-current:	
- later than one year and not later than five years	195
- later than five years	2
	197
	377

The hire purchase payables bore effective interest rates ranging from 7.50% to 10.68% per annum at the balance sheet date.

**3.17 Bank Overdrafts**

	RM'000
Secured	-
Unsecured	6,477
	6,477

The bank overdrafts bear interest at 8.25% to 9.25% per annum.



**TAMADAM BONDED WAREHOUSE BERHAD**  
**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**3.18 Trade Payables**

	<b>RM'000</b>
At 31.12.2006	2,109
Arising from the Proposed Acquisition	18,691
As per Proforma I/II	<u>20,800</u>

The normal trade credit terms granted to the Group range from no credit to 90 days.

**3.19 Other Payables and Accruals**

	<b>RM'000</b>
At 31.12.2006	2,868
Arising from the Proposed Acquisition	17,135
As per Proforma I/II	<u>20,003</u>

The analysis of other payables and accruals is as follows:-

	<b>RM'000</b>
Amount owing to a shareholder (Note a)	218
Amount owing to directors	852
Payables and accrued expenses	9,067
Dividends payable	9,866
	<u>20,003</u>

- (a) The amount owing to a shareholder is unsecured, interest free and has no fixed terms of repayment.

**APPENDIX IV – CONSOLIDATED PROFIT ESTIMATE AND FORECAST OF TAMADAM FOR THE FYE 31 DECEMBER 2007 AND 31 DECEMBER 2008 RESPECTIVELY TOGETHER WITH THE PRINCIPAL BASES AND ASSUMPTIONS THERETO AND THE REPORTING ACCOUNTANTS’ LETTER THEREON**



**Horwath** AF No 1018  
**Kuala Lumpur Office**  
Chartered Accountants

21 January 2008

The Board of Directors  
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Dear Sirs/Madam

**TAMADAM BONDED WAREHOUSE BERHAD (“TAMADAM”)  
CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2007 AND THE FINANCIAL YEAR ENDING 31 DECEMBER 2008  
RESPECTIVELY**

We have reviewed the consolidated profit estimate and forecast of Tamadam and its subsidiaries (“Tamadam Group” or “the Group”) for the financial year ended 31 December 2007 and the financial year ending 31 December 2008 respectively, as set out in the accompanying statements (which we have initialled for the purpose of identification) in accordance with International Standard on Assurance Engagements 3400 - The Examination of Prospective Financial Information, applicable to the review of forecasts. The estimate and forecast have been prepared solely for inclusion in Tamadam’s circular to its shareholders dated 25 January 2008 in connection with the proposed acquisition of 51% equity interest in Brahim’s-LSG Sky Chefs Holdings Sdn Bhd comprising 510,000 ordinary shares of RM1.00 each (“Shares”) for a purchase consideration of RM130.0 million from Brahim’s International Franchises Sdn Bhd to be satisfied by the issuance of 130,000,000 new Shares in Tamadam valued at RM1.00 per Share (“Proposed Acquisition”).

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the Directors of Tamadam and are presented on a basis consistent with the accounting policies adopted and disclosed by the Tamadam Group in their audited financial statements for the financial year ended 31 December 2006. The Directors of Tamadam are solely responsible for the preparation and presentation of the consolidated profit estimate and forecast and the assumptions on which the consolidated profit estimate and forecast are based.

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

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In our opinion:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of Tamadam, as set out in the accompanying statements, do not provide a reasonable basis for the preparation of the consolidated profit estimate and forecast; and
- (ii) the consolidated profit estimate and forecast so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of Tamadam and are presented on a basis consistent with the accounting policies adopted and disclosed by the Tamadam Group in their audited financial statements for the financial year ended 31 December 2006.

Yours faithfully



**Horwath**  
Firm No : AF 1018  
Chartered Accountants



**Lee Kok Wai**  
Approval No : 2760/06/08(J)  
Partner

**TAMADAM BONDED WAREHOUSE BERHAD ("TAMADAM")**

**A. Consolidated Profit Estimate And Forecast For The Financial Year Ended 31 December 2007 and The Financial Year Ending 31 December 2008**

The Directors of Tamadam estimate and forecast that, barring unforeseen circumstances and on the bases and assumptions set out below, the consolidated (loss)/profit after taxation of Tamadam and its subsidiaries ("Tamadam Group" or "the Group") for the financial year ended 31 December 2007 ("FYE 2007") and the financial year ending 31 December 2008 ("FYE 2008") respectively will be as follows:-

**Before Proposed Acquisition**

	<b>Estimate FYE 2007 RM'000</b>	<b>Forecast FYE 2008 RM'000</b>
Revenue	12,586	14,073
(Loss)/Profit before taxation	(622)	207
Taxation	-	-
(Loss)/Profit after taxation	(622)	207
Attributable to:		
Equity holders of the Company	(622)	207
Minority interests	-	-
	(622)	207
(Loss)/Profit before taxation after minority interest	(622)	207
(Loss)/Profit after taxation after minority interest	(622)	207
Gross profit margin (%)	26	29
(Loss)/Profit before taxation after minority interest margin (%)	(5)	1
Gross earnings per share (sen)	(1.27) *	0.42 *
Net earnings per share (sen)	(1.27) *	0.42 *

\* based on the share capital of 49,005,000 ordinary shares of RM1 each

**TAMADAM BONDED WAREHOUSE BERHAD (“TAMADAM”)**

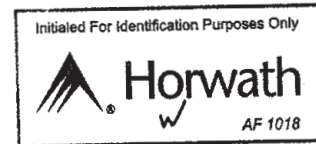
**A. Consolidated Profit Estimate And Forecast For The Financial Year Ended 31 December 2007 and the Financial Year Ending 31 December 2008 (Cont'd)**

After Proposed Acquisition

	Estimate FYE 2007 RM'000	Forecast FYE 2008 RM'000
Revenue	12,586	127,347
(Loss)/Profit before taxation	(622)	12,314
Taxation	-	(3,170)
(Loss)/Profit after taxation	(622)	9,144
Attributable to:		
Equity holders of the Company	(622)	6,463
Minority interests	-	2,681
	(622)	9,144
(Loss)/Profit before taxation after minority interest	(622)	9,633
(Loss)/Profit after taxation after minority interest	(622)	6,463
Gross profit margin (%)	26	28
(Loss)/Profit before taxation after minority interest margin (%)	(5)	8
Gross earnings per share (sen)	(1.27) *	5.74 **
Net earnings per share (sen)	(1.27) *	3.85 **

\* based on the share capital of 49,005,000 ordinary shares of RM1 each

\*\* based on the weighted average number of share capital of approximately 167,964,000 ordinary shares of RM1 each



## **TAMADAM BONDED WAREHOUSE BERHAD ("TAMADAM")**

### **B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate And Forecast**

The details of the proposal to be undertaken are as follows:-

- (i) Proposed acquisition of 51% equity interest in Brahim's-LSG Sky Chefs Holdings Sdn Bhd ("BLH") comprising 510,000 ordinary shares of RM1.00 each ("Shares") for a purchase consideration of RM130.0 million from Brahim's International Franchises Sdn Bhd to be satisfied by the issuance of 130,000,000 new Shares in Tamadam valued at RM1.00 per Share ("Proposed Acquisition").

**TAMADAM BONDED WAREHOUSE BERHAD ("TAMADAM")**

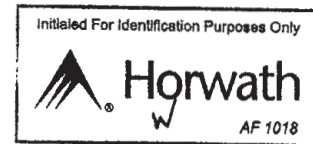
**B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate And Forecast (Cont'd)**

Specific Assumptions

- There will be no major changes in the expected market demand for Tamadam Group's services. The Group estimates and forecasts that revenue from its existing services in the FYE 2007 and FYE 2008 respectively will be as follows:-

Revenue by Activity	Estimate FYE 2007 RM'000	Forecast FYE 2008 RM'000
Warehouse	10,502	11,994
Forwarding and transportation	2,062	2,079
Trading and insurance	22	-
Sale of meals	-	78,508
Sale of handling	-	34,353
Others	-	413
	<b>12,586</b>	<b>127,347</b>

- It is assumed that there will be no significant changes in rental rates for the Group's warehousing operations compared to 2006.
- It is assumed that there will be no significant changes in the average revenue per meal compared to 2007.
- The estimate and forecast average gross profit margin for the FYE 2007 and FYE 2008 are approximately 26% and 28%, respectively.
- Direct costs will be as forecasted without any material variation.
- Total depreciation charge of property, plant and equipment is expected to be approximately RM1.3 million and RM9.2 million for the FYE 2007 and FYE 2008 respectively with no material changes to the existing depreciation rates adopted by the Group.
- The Proposed Acquisition is assumed to be completed by end of February 2008. The estimated expenses of RM1,300,000 in respect of the Proposals will be set-off against the share premium account.
- There will be no major adverse effects arising from equipment breakdowns, shortage of labour or other abnormal circumstances, which will adversely affect the operations, income and expenditure of the Group.



## TAMADAM BONDED WAREHOUSE BERHAD ("TAMADAM")

### B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate And Forecast (Cont'd)

#### Specific Assumptions (Cont'd)

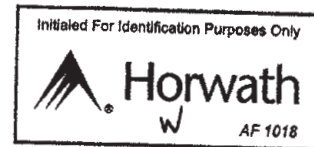
9. The Group's investment in BLH pursuant to the Proposed Acquisition has been accounted for under FRS 131, Interests in Joint Ventures, as a jointly controlled entity using the proportionate consolidation method whereby assets, liabilities and the income statements of the joint venture are consolidated in the Group's financial statements in the proportion of the Group's interest in the venture. This is a new standard applied by the Group as it previously did not have any investment in a joint venture.
10. There will not be any early termination or significant unforeseeable changes to the Catering Agreement.

## TAMADAM BONDED WAREHOUSE BERHAD ("TAMADAM")

### B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate and Forecast (Cont'd)

#### General Assumptions

1. There will be no significant changes in the principal activities and existing group structure of Tamadam other than those incorporated in the estimate and forecast.
2. The existing contracts signed between the Tamadam Group and its suppliers and customers will be renewed upon expiration without any significant variation to the existing terms and conditions of the contracts.
3. There will not be any loss of the Group's existing customers and business alliances that will materially affect the revenue of the Group, and it is assumed that there will be no significant occurrences of bad and doubtful debts.
4. There will be no significant changes in the estimate and forecast selling prices or major changes in the expected market demand for the Tamadam Group's products and services.
5. There will be no significant changes in the purchase prices of major raw materials, labour and other operating costs other than those as provided. Any significant increase in the cost of raw materials will be compensated through an equivalent increase in selling prices.
6. There will be no significant changes in key management, technology and operating structure which will adversely affect the operations of the Tamadam Group.
7. There will be sufficient manpower and there will be no industrial disputes or disruption or any other abnormal factors which will adversely affect the operations of the Tamadam Group.
8. Inflation rate will not fluctuate significantly from the present and forecast level. With regard to inflation, administrative and other operating expenses were forecasted to increase in tandem with the level of operations of the Group. The effects of inflation, where applicable, have been incorporated in the estimate and forecast of administrative and other operating expenses.
9. There will be no significant changes in the market conditions and in the lending guidelines and other operational regulations or restrictions or legislations or government regulations which will adversely affect the activities of the Tamadam Group or the market in which it operates.



## TAMADAM BONDED WAREHOUSE BERHAD ("TAMADAM")

### B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate And Forecast (Cont'd)

#### General Assumptions (Cont'd)

10. The existing financing facilities of the Group will remain available at the prevailing interest rates. There will be no material changes to the timing of repayment of these facilities. The Group will be able to obtain additional financing facilities whenever required at interest rates which approximate those currently available to the Group.
11. There will be no unusual circumstances, events or transactions that will materially affect the operations and financial results of the Tamadam Group.
12. The economies of the respective countries in which the Group is dealing with, will perform in line with the estimate and forecast with minimal unfavourable global economic impact.
13. There will be no significant changes to the prevailing political conditions in the respective countries in which the Group is dealing with, that may have an adverse effect on the activities and performance of the Group.
14. There will be no material changes in the present legislation or government regulations, which will have a significant effect on the Tamadam Group. It is assumed that the statutory tax rate will be 27% and 26% for FYE 2007 and FYE 2008 respectively throughout the periods under review and taxes on profits will be paid in the same year in which they are incurred.
15. There will be no major proceedings against the Group which will adversely affect the activities or performance of the Group or give rise to any contingent liabilities which will materially affect the financial position or the business of the Group.
16. Capital expenditure will be implemented and incurred as scheduled and there will be no material acquisition or disposal of property, plant and equipment or investments other than those planned.
17. All existing licenses and permits granted to the Group will not be withdrawn and will be renewed by the relevant authorities.
18. There will be no material financial effects on the profit estimate and forecast arising from the adoption of new/revised Financial Reporting Standards which become effective after 31 December 2006.



**Horwath** AF No 1018  
**Kuala Lumpur Office**  
Chartered Accountants

21 January 2008

The Board of Directors  
Tamadam Bonded Warehouse Berhad  
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Dear Sirs / Madam

**VALUER’S LETTER ON THE BRAHIM’S-LSG SKY CHEFS HOLDINGS SDN BHD (“BLH”) SALE SHARES**

**1. Introduction**

Horwath has been appointed by the Board of Directors of Tamadam Bonded Warehouse Berhad (“Tamadam”) to prepare an independent report (“Valuation Report”) on the fair value of BLH and its subsidiary, LSG Sky Chefs – Brahim’s Sdn Bhd (“LSGB”) (collectively known as the “BLH Group”).

This letter is a summary of our Valuation Report dated 13 September 2007 (“Report Date”) on the fair value of the BLH Group and has been prepared for inclusion in the Circular of Tamadam to be dated 25 January 2008 in connection with, among others, the proposed acquisition by Tamadam of 51% equity interest in BLH comprising 510,000 ordinary shares of RM1.00 each (“Proposed Acquisition”) from Brahim’s International Franchises Sdn Bhd (“BIF”). This letter is not intended as, and does not constitute a recommendation by us to the shareholders of Tamadam in relation to the Proposed Acquisition. This letter is also not intended to be relied on to address all business concerns and risks pertaining to Tamadam and/or the BLH Group.

The Valuation Report sets out the basis of valuation of the BLH Group, which the Board of Directors of Tamadam has taken into account in determining the purchase consideration for the Proposed Acquisition.

In arriving at our opinion, we have relied on and assumed that all information provided to us up to the Report Date is true, accurate, not misleading and complete in all respects as at the date thereof and, that all information which is or may be relevant to our valuation has been provided to us.

We have considered all information provided to us. We have not carried work that constitutes an audit in accordance with approved auditing standards in Malaysia in respect of any other financial information presented in the Valuation Report. We also do not express any opinion on the achievability of the cash flow projections of the BLH Group for the period from 1 July 2007 to 31 December 2028 presented in the Valuation Report. The overviews of the industry and/or business have been gleaned from the relevant sources as disclosed in the Valuation Report and based on the information furnished to us by the management of the BLH Group.

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang

## **2. Definition of Fair Market Value**

The value that we have accorded to the BLH Group is the Fair Value. Fair Value is defined as the price which can be used to estimate the consideration for the purchase or sale of the BLH Group, as the case may be, between a willing buyer and a willing seller in the open market under an unbiased and competitive bidding situation, with neither party under any compulsion to buy nor to sell, and both parties possess adequate knowledge of the relevant facts.

The Fair Value represents the value that a well informed general investor may be willing to pay. However, it must be emphasised that the indicative value estimated by us involves a high degree of subjectivity and element judgment based on the information provided to us by the management of the BLH Group.

The Fair Value is based on the going concern use and not, for example, on the break-up value of that business or the value which a third party may place on the business in a takeover situation.

## **3. Background information on the BLH Group**

The BLH Group consists of BLH and its subsidiary, LSGB. BLH holds a 70% equity interest in LSGB whilst Malaysian Airline System Berhad (“MAS”) holds the remaining 30% equity interest in LSGB.

BLH was incorporated in Malaysia under the Companies Act, 1965 on 18 June 2002 as a private limited company. BLH is principally an investment holding company and commenced activities in December 2003 when it acquired a 70% equity interest in LSGB which is principally involved in the provision of in-flight catering and its related services such as cabin handling and is the principal in-flight catering service provider at both the Kuala Lumpur International Airport and Penang Airport.

## **4. Basis / Method of Valuation**

The principal revenue generator of the BLH Group is LSGB. Premised on the foregoing statement, the fair value of the BLH Group is derived principally from the projected future cash flows to be generated by LSGB. Therefore, the fair value of the BLH Group comprises 2 components as follows:-

- (i) the fair value of LSGB which is attributable to BLH – the fair value of LSGB is in turn estimated by applying the Discounted Cash Flow method as elaborated in the Valuation Report; and
- (ii) the fair value of BLH (the company itself) based on the present value of the future cash flows of BLH on a standalone basis excluding any contribution from LSGB.

#### **4. Basis / Method of Valuation (Cont'd)**

The fair value of LSGB which is attributable to BLH is determined based on the latter's effective shareholding in LSGB of 70%.

Our valuation is based on the Net Present Value of the future cash flows of the BLH Group discounted by the range of discount rates as set out in the Valuation Report.

As elaborated in the Valuation Report, the discount rates are based on the net weighted average cost of capital of 7.66% and 7.31% in order to arrive at the low and high values of the BLH Group, respectively.

#### **5. Assumptions**

Readers are advised to refer to the Valuation Report for the details of the assumptions mentioned above and other assumptions used in the valuation of the BLH Group.

#### **6. Sources of information**

In preparing the Valuation Report, we had:-

- (i) obtained information from the audited accounts of BLH and LSGB for the financial year ended 31 December 2006 and the unaudited management accounts of BLH and LSGB for the financial period ended 30 June 2007;
- (ii) access to the share sale agreement between Tamadam and BIF for the Proposed Acquisition;
- (iii) considered the cash flow projections of the BLH Group for the period from 1 July 2007 to 31 December 2028;
- (iv) access to the catering agreement between LSGB and MAS dated 25 September 2003 giving LGBS the exclusive right to supply and provide in-flight catering and cabin handling services to MAS at both the KLIA and Penang Airport for a period of 25 years until 2028 ("Catering Agreement");
- (v) conducted discussions with the management and staff of the BLH Group with regards to the direction and outlook of the business operations;
- (vi) obtained financial data (involving market risk premiums, risk free rates, equity beta) of comparable listed companies; and
- (vii) considered other publicly available information.

No independent verification has been carried out to determine the validity and accuracy of publicly available information or information which were provided to us. We accept no responsibility for the ultimate accuracy and realisation of the cash flow projections of the BLH Group.

## 7. Conclusion

A summary of our valuation of the BLH Group is tabulated below:-

Components of the fair value of the BLH Group	Reference		Low	High
Fair value of LSGB attributable to BLH				
- Fair value of LSGB	A	RM'000	15,078	15,309
- Equity interest of BLH in LSGB	B		70%	70%
- Fair value of LSGB attributable to BLH	C = A x B	RM'000	10,555	10,716
Present value of the projected future cash flows of BLH on a standalone basis excluding any contribution from LSGB	D	RM'000	251,456	261,158
Fair value of the BLH Group	E = C + D	RM'000	262,011	271,875
Equity interest in BLH to be acquired by Tamadam pursuant to the Proposed Acquisition	F		51%	51%
Fair value of 51% equity interest in the BLH Group	G = E x F	RM'000	133,626	138,656

Premised on the above, we are of the opinion that the range of fair values for the 51% equity interest in BLH is between RM133.6 million to RM138.7 million.

Yours faithfully  
**Horwath**  
**Kuala Lumpur Office**



**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein false or misleading.

Information pertaining to the BLH Group and BIF was extracted from information provided by the Board of Directors and/or management of BLH and BIF respectively. Therefore, the responsibility of the Board is restricted to accurate reproduction of the said information.

**2. MATERIAL LITIGATION****2.1 Tamadam Group**

The Board has confirmed that the Tamadam Group is not engaged in any material litigation, either as plaintiff or defendant, claims or arbitration and the Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the income from, title to, or possession of any of the Tamadam Group's assets and/or businesses.

**2.2 BLH Group**

Save as disclosed below, the Board has obtained confirmation from the Board of Directors and/or the management of BLH that the BLH Group is not engaged in any material litigation, either as plaintiff or defendant, claims or arbitration and the Directors of BLH are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the income from, title to, or possession of any of the BLH Group's assets and/or businesses :-

**(a) Juri Bekal (M) Sdn Bhd (“Juri Bekal”) vs LSGB**

Juri Bekal had on 11 August 2006 filed an action against LSGB vide Shah Alam High Court Suit No. MT3-22-1022-2006, claiming for the sum of RM586,341.29 for the recovery of amounts owed to Juri Bekal for the supply and delivery of raw food materials to LSGB.

LSGB entered appearance on 5 September 2006 and filed and served its Defence on 26 September 2006. Juri Bekal subsequently filed an application for Summary Judgment dated 9 July 2007. The hearing of the said application was fixed on 6 November 2007 but was subsequently adjourned to 13 December 2007. Parties have submitted on points of argument and on 8 January 2008, the Plaintiff's application for summary judgement was dismissed with costs.

The solicitors are of the opinion that there are merits in LSGB's defence.

**(b) Advent Group Management Sdn Bhd (“AGMSB”) vs Fahim Capital, LSG Asia, LSG Lufthansa Service Asia Ltd, MAS, MAS Catering Sdn Bhd (currently known as LSGB) and BLH (collectively to be referred to as “Defendants”)**

AGMSB had on 4 June 2004 filed a suit against the Defendants vide Kuala Lumpur High Court Suit No. D1-22-745-2004 for declarations relating to an agreement as evidenced by the Memorandum of Understanding dated 27 July 2001 for specific performance of the said agreement or alternatively, an inquiry of the dealings effected by the Defendants and an account of profits made by the Defendants, or alternatively for a claim amounting to special damages of RM210.0 million and RM15.6 million and general damages.

A defence was filed on 6 August 2004. However, the Plaintiff did not file a reply to the defence. MAS had succeeded in its application to the Court to enforce an order allowing for security for costs and the application was allowed on 4 August 2006.

Based on the documents and information provided to the solicitors, the solicitors are of the view that the Defendants have a complete defence to the claim made by AGMSB. However, at this juncture, the solicitors do not have the benefit of assessing the documents and evidence that AGMSB may provide in support of its claim. This is primarily due to the fact that AGMSB has not taken any steps to pursue its claim. The solicitors have accordingly prepared two (2) applications to be filed in Court. The first (1<sup>st</sup>) application is to apply to strike out the said claim by seeking an order from the Court on behalf of the Defendants to dismiss the suit on the grounds of want of prosecution i.e. that the Plaintiff has not taken any steps to pursue the claim diligently. The solicitors are optimistic that this application will be allowed. The second (2<sup>nd</sup>) application is for an order of costs to be made against AGMSB. The solicitors are asking for an order that the Plaintiff deposit with them a sum in excess of RM200,000 in the event the above application is not allowed. Based on the fact that the Plaintiff does not appear to be in a position to meet any order of costs should this matter proceed to trial, the solicitors are optimistic that this application will also be allowed.

Both these applications are ready to be filed. The solicitors anticipate the hearing dates to be scheduled sometime in early 2008.

**(c) MOX Gases Sdn Bhd (“MOX”) vs LSGB**

MOX had on or around 7 November 2006 filed an action against LSGB vide Shah Alam High Court Suit No. MT3-22-1451-2006 for the sum of RM531,134.50 for the recovery of payment for goods sold and delivered. LSGB then filed and served a counter-claim for RM260,439.00 and damages estimated to be in excess of RM1,200,000.00 for costs incurred for alternate purchases made as a result of MOX's short supply of goods and damages for breach of contract. Parties have held a meeting to consider an out-of-court settlement and a further meeting is forthcoming.

Presently, a Notice To Attend A Pre-Trial Case Management has been served on LSGB and the case management has been fixed on 21 March 2008. The solicitors are of the view that LSGB should be able to succeed in its counter-claim provided that it has the documents to substantiate it.

### 3. MATERIAL CONTRACTS

#### 3.1 Tamadam Group

Save as disclosed below, the Board has confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Tamadam Group within the past two (2) years preceding the date of this Circular :-

- (a) Sale and purchase agreement dated 8 June 2006 between Tamadam and Amanah Raya Berhad (“**ARB**”) for the sale of Pajakan Negeri No. Pendaftaran 4564, Lot 11614 and H.S. (M) 19795, Lot PT21596, both in the Mukim and District of Klang, Selangor Darul Ehsan by Tamadam (collectively referred to as “**the Properties**”), for a cash consideration of RM27.9 million. The sale and purchase agreement was completed on 15 December 2006;
- (b) Two (2) lease agreements dated 14 December 2006 made between ARB and Tamadam for the lease of the Properties by Tamadam from ARB for a period of ten (10) years commencing from the date of completion of the sale and purchase agreement referred to above;
- (c) Memorandum of understanding dated 11 May 2007 between Tamadam and BIF for the Proposed Acquisition;
- (d) Memorandum of understanding dated 11 May 2007 between Tamadam and DHSB for the Proposed DHost Acquisition;
- (e) BLH Agreement; and
- (f) DHost Agreement which was subsequently terminated on 13 September 2007.

#### 3.2 BLH Group

Save as disclosed below, the Board has obtained confirmation from the Board of Directors and/or the management of BLH that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the BLH Group within the past two (2) years preceding the date of this Circular :-

- (a) An unconditional and irrevocable undertaking from LSGB to AmInvestment Bank dated 6 June 2007, that so long as any amount remains to be lent or is owing in connection with the six (6) year term loan facility of RM120.0 million and the twelve (12) month revolving credit facility of RM40.0 million granted to LSGB (“**LSGB Facilities**”) or any obligation of LSGB under the agreement for the LSGB Facilities or any other security or other document in relation to the LSGB Facilities that the direct and/or indirect percentage interests of, collectively, Datuk Haji Ibrahim Bin Haji Ahmad and Tan Sri Mohd Ibrahim Bin Mohd Zain (via their 70% and 30% respective indirect shareholdings in BIF) of 51% and LSG Asia of 49% respectively in BLH :-
  - (i) will not be in any way reduced in shareholding or proportion;
  - (ii) BLH shall (use its best endeavours to) ensure and procure that there is no change and shall not permit any change, in the direct and indirect shareholding of the existing shareholders of BLH and their shareholdings as set out above except with AmInvestment Bank’s prior written consent; and
  - (iii) BLH shall notify AmInvestment Bank in writing immediately upon becoming aware/receiving notice of any proposed or intended change in the direct and indirect shareholding of the existing shareholders of BLH and their shareholdings as set out above.
- (b) By way of a letter of offer dated 26 February 2007, CIMB Bank Berhad has revised LSGB’s existing financial facilities pursuant to the facility agreement dated 22 December 2003. Following the revision, LSGB presently has the following facilities :-

- (i) a stand-alone overdraft of RM5.0 million;
  - (ii) a multi-option line (“**MOL**”) of RM5.0 million; and
  - (iii) a foreign exchange contract limit of RM0.5 million.
- (c) Facility agreement dated 6 June 2007 with AmInvestment Bank (“**LSGB Facility Agreement**”) consisting the following :-
- (i) a six (6) year term loan facility of RM120.0 million to part finance the early redemption of 294,900 Class A RPS and the payment of the dividends accrued under 70,000 Class B RPS in LSGB, pursuant to the Letter of Offer dated 17 April 2007 from AmInvestment Bank; and
  - (ii) a twelve (12) month revolving credit facility of RM40.0 million to part finance the early redemption of 294,900 Class A RPS and the payment of the dividends accrued under 70,000 Class B RPS in LSGB and to supplement the working capital requirements of LSGB, pursuant to the Letter of Offer dated 17 April 2007 from AmInvestment Bank.

The LSGB Facility Agreement has given rise to the following :-

- (aa) a debenture with a 1<sup>st</sup> fixed and 1<sup>st</sup> floating charge over all present and future assets, rights and benefits of LSGB;
  - (bb) a legal assignment of all proceeds receivable by LSGB from/under the Catering Agreement;
  - (cc) a legal assignment over LSGB’s designated accounts (comprising of the Revenue Account and the Debt Service Reserve Account) (“**Designated Accounts**”); and
  - (dd) a legal assignment of all rights, benefits and proceeds from/under all insurance policies over LSGB’s assets.
- (d) Debenture dated 6 June 2007 between LSGB and AmInvestment Bank charging to the latter by way of 1<sup>st</sup> fixed charge and 1<sup>st</sup> floating charge over all present and future assets, rights and benefits of LSGB and containing the usual power of attorney clause.
- (e) Assignment of Catering Proceeds dated 6 June 2007 between LSGB and AmInvestment Bank assigning absolutely to AmInvestment Bank the entire and all of LSGB’s rights, title, interests and benefits in or to, arising from all proceeds and all other monies which are or which may from time to time be due and payable to LSGB under or in connection with or arising from the Catering Agreement together with LSGB’s right of enforcement thereof or thereunder and containing the usual power of attorney clause.
- (f) Assignment of Designated Accounts dated 6 June 2007 between LSGB and AmInvestment Bank charging and assigning absolutely to AmInvestment Bank all of LSGB’s present and future rights, title and interest in and to, and all benefits accrued and to accrue to LSGB under the Designated Accounts together with LSGB’s right to demand performance, sue, claim and to enforce the same and containing the usual power of attorney clause.
- (g) Assignment of Insurance Policies dated 6 June 2007 between LSGB and AmInvestment Bank assigning absolutely to AmInvestment Bank all of LSGB’s present and future rights, title and interest in and to, and all benefits accrued and to accrue to LSGB under the insurance policies set out in the First Schedule (set out therein) (“**Insurance Policies**”) and the proceeds of any payments which may at any time be received by or payable to LSGB under or in connection with any of the Insurance Policies and containing the usual power of attorney clause.

#### **4. SERVICE CONTRACTS**

None of the Directors of Tamadam has any existing and/or proposed service contract with Tamadam or its subsidiaries, excluding contracts which are determinable by the employing company without payment or compensation (other than statutory compensation), within one (1) year from 31 December 2007, save for Mr Cheam Heng Cheang who was appointed Director of Tamadam on 1 October 1993 and there is a service contract between him and Tamadam to act as Managing Director of the Company. The service contract is effective from 1 January 2006 for a fixed period of five (5) years.

#### **5. CONSENT AND CONFLICT OF INTEREST**

The written consent of AmInvestment Bank to the inclusion of its name in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issue of this Circular. AmInvestment Bank is not aware of any existing conflict of interest or of any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of AmInvestment Bank's appointment as Adviser to Tamadam for the Proposals.

The written consent of Horwath to the inclusion of its name and letters/report in the form and context in which they appear in this Circular and all references thereto has been given and has not been subsequently withdrawn before the issue of this Circular. Horwath is not aware of any existing conflict of interest or of any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of Horwath's appointment as the Reporting Accountants and the Valuer.

The written consent of PIVB to the inclusion of its name and letter in the form and context in which they appear in this Circular and all references thereto has been given and has not been subsequently withdrawn before the issue of this Circular. PIVB is not aware of any existing conflict of interest or of any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of PIVB's appointment as IA to the shareholders of Tamadam for the Proposed Waiver.

#### **6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company during business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM :-

- (a) The Memorandum and Articles of Association of Tamadam and BLH;
- (b) The audited financial statements of the Tamadam Group for the past two (2) FYE 31 December 2006;
- (c) The audited financial statements of the BLH Group for the past two (2) FYE 31 December 2006;
- (d) The unaudited results of the Tamadam Group for the nine (9) month period ended 30 September 2007;
- (e) The unaudited results of BLH and LSGB respectively for the nine (9) month period ended 30 September 2007;
- (f) The proforma consolidated balance sheets of Tamadam as at 31 December 2006 together with the notes and the Reporting Accountants' letter thereon referred to in Appendix III;
- (g) The consolidated profit estimate and forecast of Tamadam for the FYE 31 December 2007 and 31 December 2008 respectively together with the principal bases and assumptions thereto and the Reporting Accountants' letter thereon referred to in Appendix IV;
- (h) The Valuer's letter on the BLH Sale Shares referred to in Appendix V and the independent valuation report dated 13 September 2007 as prepared by the Valuer;

- (i) The Directors' Report on the BLH Group;
- (j) The Accountants' Report on the BLH Group referred to in Appendix II;
- (k) The relevant documents pertaining to the material litigation referred to in Section 2 above;
- (l) The material contracts referred to in Section 3 above; and
- (m) The letters of consent referred to in Section 5 above.



## **TAMADAM BONDED WAREHOUSE BERHAD**

(Company No. 82731-A)  
(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Tamadam Bonded Warehouse Berhad (“**Tamadam**” or “**Company**”) will be held at The Green, The Royal Selangor Golf Club, Jalan Kelab Golf, 55000 Kuala Lumpur on Tuesday, 12 February 2008 at 10.30 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing the following resolutions with or without modification :-

#### **ORDINARY RESOLUTION 1**

**PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN BRAHIM’S-LSG SKY CHEFS HOLDINGS SDN BHD (“BLH”) FOR A PURCHASE CONSIDERATION OF RM130,000,000 FROM BRAHIM’S INTERNATIONAL FRANCHISES SDN BHD (“BIF”) TO BE SATISFIED BY THE ISSUANCE OF 130,000,000 NEW ORDINARY SHARES OF RM1.00 EACH (“SHARES”) IN TAMADAM VALUED AT RM1.00 PER SHARE (“PROPOSED ACQUISITION”)**

“**THAT**, subject to the passing of Ordinary Resolution 2 and the approvals being obtained from the relevant regulatory authorities and parties (where required), the Company be and is hereby authorised to acquire 51% equity interest in BLH for a purchase consideration of RM130,000,000 from BIF, free from all liens, claims, charges, mortgages, equities and other encumbrances whatsoever, but with all rights and advantages attaching thereto or accruing thereon together with all dividends (including dividends declared and but not paid) as at a date to be mutually agreed between BIF and Tamadam falling within fourteen (14) days from the date that the last of the conditions precedent set out in the share sale agreement dated 28 June 2007 between Tamadam and BIF (including any amendment and/or extension thereof as mutually agreed) have been fulfilled or waived, to be satisfied by the issuance of 130,000,000 new Shares in Tamadam valued at RM1.00 per Share.

**AND FURTHER THAT** the Board of Directors (“**Board**”) be and is hereby authorised to take all such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as it may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Acquisition with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be agreed to/required by the relevant regulatory authorities or as a consequence of any such requirement or as may be deemed necessary and/or expedient in the best interests of the Company.”

#### **ORDINARY RESOLUTION 2**

**PROPOSED WAIVER TO BIF AND PARTIES ACTING IN CONCERT WITH IT FROM THE OBLIGATION TO EXTEND A MANDATORY GENERAL OFFER FOR ALL REMAINING SHARES IN TAMADAM NOT ALREADY OWNED BY THEM AND ALL NEW SHARES THAT MAY BE ALLOTTED AND ISSUED PURSUANT TO THE EXERCISE OF THE COMPANY’S 2000/2010 WARRANTS, AFTER THE PROPOSED ACQUISITION (“PROPOSED WAIVER”)**

“**THAT**, subject to the approvals being obtained from the Securities Commission and all other relevant authorities and compliance with the Malaysian Code on Take-Overs and Mergers, 1998, approval be and is hereby given to BIF and parties acting in concert with it to be exempted from the obligation to extend a mandatory general offer for all the remaining Shares in Tamadam not already owned by them and all new Shares that may be allotted and issued pursuant to the exercise of the Company’s 2000/2010 warrants, after the Proposed Acquisition.

**AND FURTHER THAT** the Board be and is hereby authorised to do all such acts and things and to take such steps that are necessary to give full effect to the Proposed Waiver.”

### ORDINARY RESOLUTION 3

#### **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF TAMADAM FROM RM100,000,000 COMPRISING 100,000,000 SHARES TO RM500,000,000 COMPRISING 500,000,000 SHARES (“PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL”)**

“**THAT**, subject to the passing of Ordinary Resolution 1, the authorised share capital of the Company be and is hereby increased from RM100,000,000 comprising 100,000,000 Shares to RM500,000,000 comprising 500,000,000 Shares by the creation of an additional 400,000,000 new Shares.

**AND FURTHER THAT** the Board be and is hereby authorised to do all such acts and things and to take such steps that are necessary to give full effect to the Proposed Increase In Authorised Share Capital.

**AND FURTHER THAT** in consequence thereof, Clause 5 of the Memorandum of Association of the Company, Article 3 of the Articles of Association of the Company and all other relevant documents be and are hereby amended accordingly.”

By Order of the Board

**TAMADAM BONDED WAREHOUSE BERHAD**

**LIM MING TOONG, ACIS (MA/CSA 7000281)**

**HOH KEAN NYUK, ACIS (MA/CSA 7043594)**

Company Secretaries

Kuala Lumpur

25 January 2008

Notes :-

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
2. *The instrument appointing a proxy must 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.*
3. *The instrument appointing a proxy must be deposited at the Company’s Registrars, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting or at any adjournment thereof.*



# TAMADAM BONDED WAREHOUSE BERHAD

(Company No. 82731-A)  
(Incorporated in Malaysia)

## FORM OF PROXY

I/We \_\_\_\_\_ Tel No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. \_\_\_\_\_ of \_\_\_\_\_  
(ADDRESS)

\_\_\_\_\_, being a member

of **TAMADAM BONDED WAREHOUSE BERHAD**, hereby appoint \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

NRIC No. \_\_\_\_\_ of \_\_\_\_\_  
(ADDRESS)

or failing him, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_ or failing him,  
(ADDRESS)

the **CHAIRMAN OF THE MEETING** as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at The Green, The Royal Selangor Golf Club, Jalan Kelab Golf, 55000 Kuala Lumpur on Tuesday, 12 February 2008 at 10.30 a.m. or at any adjournment thereof.

	* FOR	* AGAINST
ORDINARY RESOLUTION 1 – PROPOSED ACQUISITION		
ORDINARY RESOLUTION 2 – PROPOSED WAIVER		
ORDINARY RESOLUTION 3 – PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL		

\* Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Number of Shares Held

Notes :-

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
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AFFIX  
STAMP

**TAMADAM BONDED WAREHOUSE BERHAD** (Company No.: 82731-A)  
*Symphony Share Registrars Sdn Bhd*  
*Level 26, Menara Multi Purpose*  
*Capital Square*  
*No. 8, Jalan Munshi Abdullah*  
*50100 Kuala Lumpur*

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