

TAMADAM

ANNUAL REPORT

2009



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Ibrahim Bin Haji Ahmad *Executive Chairman*

Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain *Non-Independent Non-Executive Director*

Cheam Heng Cheang *Managing Director*

Col (Rtd) Dato' Ir Cheng Wah *Independent Non-Executive Director*

Goh Joon Hai *Independent Non-Executive Director*

Mohamed Zamry Bin Mohamed Hashim *Non-Independent Non-Executive Director*

Dato' Choo Kah Hoe *Non-Independent Non-Executive Director*

COMPANY SECRETARIES

Lim Ming Toong
(MAICSA 7000281)
Masharum Binti Abdul Wahab
(MAICSA 7041619)

REGISTERED OFFICE

10th Floor, Menara Hap Seng
1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : 03-23824288
Fax: 03-23824170/71/72

REGISTRARS

Symphony Share Registrars Sdn
Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Tel : 03-78418000
Fax: 03-78418152

AUDITORS

Crowe Horwath
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Affin Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

SOLICITORS

Kamarudin & Partners
Suites 12A-06 & 12A-07
Level 12A, Heritage House
33, Jalan Yap Ah Shak
50300 Kuala Lumpur

Chong & Partners
128A, Jalan Burhanuddin Helmi
Taman Tun Dr Ismail
60000 Kuala Lumpur

Azhar & Wong
Penthouse
16th Floor Heritage House
33, Jalan Yap Ah Shak
50300 Kuala Lumpur

PROFILE OF BOARD OF DIRECTORS

Datuk Ibrahim bin Haji Ahmad

Executive Chairman - Malaysian

Aged 63, was appointed a director of Tamadam Bonded Warehouse Berhad on 15 May 2008.

Datuk Ibrahim is the founder and Executive Chairman of Dewina Holdings Sdn Bhd. He holds a Masters degree in Food Technology and a Diploma in Agriculture. A former lecturer and founding member of the Faculty of Food Science and Biotechnology, University Putra Malaysia and subsequently the Head of Corporate Research at a public listed company, Datuk Ibrahim has wide experience in food and agro-based industries and has been involved in various professional organisations holding posts such as National Representative of the UNESCO Regional Network for Basic Sciences, Secretary-General of Asean Federation of Food Processing Industries, Member, International Standards Committee SIRIM, Council Member of Malaysian Microbiological Society and Malaysian Institute of Food Technology besides sitting on various state and federal advisory bodies.

Datuk Ibrahim founded Dewina Food Industries in 1986 and steered it to public listing on the KLSE in 1995 after which the company diversified into various food-related business and went private again in 2002. Datuk Ibrahim was honoured with the 'Anugerah Usahawan' (Entrepreneurship Award) in 1993 and with a Datukship in 2002. Datuk Ibrahim sits on the board of LSG Sky Chefs-Brahim's Sdn Bhd ("LSGB"). He is a shareholder and director of various other private companies.

Datuk Ibrahim attended six out of the seven board meetings of Tamadam Bonded Warehouse Berhad held during 2009. He has no family relationship with any director and/or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain

Non-Independent Non-Executive Director - Malaysian

Aged 66, was appointed a director of Tamadam Bonded Warehouse Berhad on 15 May 2008.

Tan Sri Dato' is a graduate of the British Institute of Management and Institute of Marketing, United Kingdom and holds a Masters in Business Administration from the University of Ohio, United States of America. Upon graduation, he joined University of Technology MARA (formerly known as Institute of Technology MARA) where he was later appointed as a Council Member/Director, a position which he held until November 2006.

Tan Sri Dato' has served as the Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, Chairman and Chief Executive Officer of Setron (Malaysia) Berhad, Chairman of Bank Kerjasama Rakyat (M) Berhad, Bescorp Industries Berhad, Pan Malaysia Industries Berhad, Pan Malaysia Holdings Berhad, Pan Malaysia Capital Berhad, Chemical Company of Malaysia Berhad, and Deputy Chairman of Metrojaya Berhad.

Currently, Tan Sri Dato's directorships in other public companies include AMMB Holdings Berhad and Yayasan Arshad Ayub.

Tan Sri Dato' attended four out of the seven board meetings of Tamadam Bonded Warehouse Berhad held during 2009. He has no family relationship with any director and/or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

PROFILE OF BOARD OF DIRECTORS

Cheam Heng Cheang

Managing Director - Malaysian

Aged 43, was appointed a director of Tamadam Bonded Warehouse Berhad on 1 October 1993. On 1 January 2001, he was appointed Managing Director.

Mr Cheam obtained a Master of Arts in Jurisprudence from St. John's College, Oxford University, England in 1989. He became a member of Gray's Inn and was called to the Bar of England and Wales in 1990.

Mr Cheam has experience in finance, retailing, trading, information technology, manufacturing, food, radio as well as in logistics. He is not a director of any other public listed companies however he sits on the boards of several private companies.

He attended all the board meetings of Tamadam Bonded Warehouse Berhad as well as all the Audit Committee meetings held during 2009. He is also a member of the Remuneration Committee. He has no family relationship with any director and/or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

Mohamed Zamry Bin Mohamed Hashim

Non-Independent Non-Executive Director - Malaysian

Aged 54, was appointed a director of Tamadam Bonded Warehouse Berhad on 15 May 2008.

Encik Mohamed Zamry holds a Bachelor of Arts (Hons) in Accounting from the University of Bolton, UK and a post-graduate Masters of Marketing from the University of Newcastle, UK. He also holds a Diploma in Insurance, a Banking Diploma from the Institute of Bankers, UK and a Diploma in Banking and Financial Services from the Institute Bank-Bank Malaysia. He is an Associate Member of the Malaysian Insurance Institute, an Associate of the Chartered Institute of Insurance, UK and also the Institute Bank-Bank Malaysia. He was admitted as a Professional National Accountant of the National Institute of Accountants, Australia ("NIAA") and held the position of Vice-Chairman of the Malaysian branch of the NIAA for a year.

Encik Zamry has extensive experience in banking, finance and insurance. He was attached to Standard Chartered Bank from 1977 to 1994 and later to Guardian Royal Exchange Berhad from 1996 to 1998 before joining AIP Business Advisory Sdn Bhd from 1998 to 2000. He was with Victoria Integrated Industrial Park Australia from 1998 to 2000, Spartec Holdings Sdn Bhd from 2000 to 2002, Perbadanan Komputer Nasional Berhad from 2002 to 2003, Animated Electronics Industries Sdn Bhd from 2003 to 2004 and TAP Capital Sdn Bhd in 2005. Encik Zamry is currently an Executive Director of Dewina Consult Sdn Bhd.

He attended all the board meetings of Tamadam Bonded Warehouse Berhad held during 2009. He has no family relationship with any director and/or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

PROFILE OF BOARD OF DIRECTORS

Col (Rtd) Dato' Ir Cheng Wah

Independent Non-Executive Director – Malaysian

Aged 71, has been a director of Tamadam since 24 December 1993.

Col. (Rtd.) Dato' holds a Bachelor of Engineering degree in Civil Engineering from the University of Malaya. He is a Professional Engineer with the Board of Engineers, Malaysia. He is also a graduate of the Royal Military Academy, Sandhurst, UK and the Command and General Staff College, Fort Leavenworth, USA.

Dato' served the Malaysian Armed Forces for 26 years. Amongst the appointments he held was Director of Armed Forces Works, Logistics Division, Ministry of Defence in 1978 and Director of Logistics, Ministry of Defence in 1980 before retiring in September 1982. On retirement he joined Genting Group, became Director of Development and later a Senior Vice President (Property Development) in Resorts World Berhad until his retirement in 2004. Currently, he is also a Director of Hwa Tai Industries Berhad. Earlier, he had served as a Director in Koperasi Angkatan Tentera Malaysia Berhad (1978 – 1983), Chocolate Products Berhad (1986 – 1989), Pacific Bank Berhad (1983 – 2000) and PacificMas Berhad (2001 – 2007).

Dato' is the Chairman of the Company's Audit Committee. During the financial year he attended six out of the seven Board meetings and five out of the six Audit Committee meetings held during 2009. He is also a member of the Nomination Committee and Remuneration Committee. He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving Tamadam Bonded Warehouse Berhad. To-date, there has not been any occurrence of conflict of interest with Tamadam Bonded Warehouse Berhad. He has never been convicted of any offence.

Goh Joon Hai

Independent Non-Executive Director – Malaysian

Aged 71, was appointed a director of Tamadam Bonded Warehouse Berhad on 22 March 2002.

Mr Goh graduated with a Bachelor of Arts (Honours) Degree from the University of Malaya in 1964. Subsequently, he obtained a Master of Business Administration from the University of British Columbia, Canada in 1966. He is a member of the Canadian Institute of Chartered Accountants, Malaysian Institute of Accountants and Malaysian Institute of Taxation.

Mr Goh has been in public practice as a Chartered Accountant for more than twenty-five years. He was a lecturer at the Faculty of Economics and Administration, University of Malaya. Later, he served as financial and corporate adviser to various organisations.

Mr Goh has been active in professional and social organisations and was a member of the Council of Malaysian Institute of Accountants between 1991 and 2000, during which time he served as Chairman of the Joint Technical Committee as well as Chairman of the Accounting and Auditing Committee. Earlier he was a member of the Council of the University of Malaya between 1972 and 1975 and a former Treasurer and Vice President of the Guild of Graduates, University of Malaya. He also served as a member of the General Committee of Royal Lake Club for many years and was President from 2006-2007.

Mr Goh is an Executive Director of The Ayer Molek Rubber Company Berhad.

Mr Goh is a member of the Company's Audit Committee. He attended five out of seven board meetings of Tamadam Bonded Warehouse Berhad and five out of six Audit Committee meetings held during 2009. He was also appointed as a member of the Nomination Committee and Remuneration Committee on 28 November 2005.

He has no family relationship with any director and/or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

PROFILE OF BOARD OF DIRECTORS

Dato' Choo Kah Hoe

Non-Independent Non-Executive Director – Malaysian

Aged 56, was appointed a director of Tamadam Bonded Warehouse Berhad on 9 July 2008. He was re-designated as a Non-Independent Non-Executive Director on 18th September 2009.

Dato' Choo holds a degree in Company Administration from Sheffield Hallam University and an MBA from the University of Wales and Manchester Business School. He holds professional qualifications as a Chartered Company Secretary, ACIS and is a founding and fellow member of the Malaysian Institute of Commercial and Industrial Accountants, FCIA and also a professional member of the National Institute of Accountants Australia, PNA.

Dato' Choo started his banking career in 1980. After 10 years in commercial banking he ventured into merchant banking for another five years. In 1995 he set up DBS Bank (then known as the Development Bank of Singapore) Offshore Banking Branch in Labuan, Malaysia and grew its business into the top five most profitable overseas operations within a period of three years. In 1999, just after the Asian Financial Crisis, he was seconded to Thailand to manage DBS Thai Danu Bank and was the Deputy President and Executive Director of DBS Thai Danu Bank from 1999 to 2003. In DBS Thai Danu Bank, he personally led the Debt Restructuring Group and Enterprise Banking Group. He was Chairman of the Y2K Task Force Committee and responsible for the Y2K Compliance of DBS Thai Danu Bank. Dato' Choo returned to Malaysia as Country Manager in August 2003. He was Managing Director, Country Manager and Chief Representative for DBS Bank Ltd, Kuala Lumpur Representative Office in Malaysia. He also held the post of Chief Representative for DBS Bank, Yangon Office.

As an active banker, Dato' Choo has authored three books on banking, published by the Institute of Banks, Malaysia and has presented numerous seminar papers on the Financial Services Sector. He has spoken at public forums in Malaysia and Thailand and is a trainer for the National Institute of Development Administration (NIDA), Thailand. He is also a Chief Examiner for the Institute of Banks, Malaysia. For his contribution to the Financial Services Industry, he was awarded an Associate Fellowship by the Institute of Banks, Malaysia. He is also a resource person for the South East Asia Central Bank Training Centre (SEACEN) and has conducted courses for central bankers in Malaysia, Singapore, Taiwan, Korea, Thailand and Sri Lanka.

Dato' Choo was appointed to the Bank of Thailand, Executive Decision Panel in 1999 under the Thai Nationwide Debt Restructuring Framework. He held the post of Vice-Chairman, Singapore-Thai Chamber of Commerce for two terms since May 2000 and is an advisor to the Chonburi Chamber of Commerce, Thailand. In October 2004 he was awarded the Darjah Kebesaran Sultan Ahmad Shah Pahang Yang Amat Di Mulia from HRH the Sultan of Pahang on his majesty's 74th Birthday which carries the title Dato'. He was appointed a Council Member of the MCA SME Bureau in September 2005 for a three year term until 2008. In August 2005 he was appointed as a Professional Advisor for the International and Offshore Banking Program by University Malaysia Sabah, Labuan International Campus, School of International Trade and Finance. In 2006, he was appointed to the advisory panel of the Young Entrepreneurs Association Malaysia (PUMM) for a term of two years. In May 2007, he was awarded the Certificate of Appreciation by the Central Bank Governor for his services as Examiner for the Diploma in Banking and Financial Services examinations.

Dato' Choo is a member of the Company's Audit Committee. He attended all the board meetings of Tamadam Bonded Warehouse Berhad as well all the Audit Committee meetings held during 2009. He was also appointed as a member of the Nomination and Remuneration Committee on 9th July 2008.

He has no family relationship with any director and/or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

AUDIT COMMITTEE REPORT

CHAIRMAN

Col (Rtd) Dato' Ir Cheng Wah - Independent Non-Executive Director

MEMBERS

Goh Joon Hai -Independent Non-Executive Director

Dato' Choo Kah Hoe - Non-Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board of Directors of **TAMADAM BONDED WAREHOUSE BERHAD** ("the Company") hereby constitutes and establishes an audit committee ("the Committee") as provided below:-

1. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The terms of office and performance of an audit committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

2. Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an independent director. In the event of the chairman's absence, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

AUDIT COMMITTEE REPORT

4. Meetings

The Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The external auditors and internal auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

5. Rights

The Audit Committee shall:

- (a) have 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 or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the external auditors, excluding the presence of the executive board members, at least twice a year and whenever deemed necessary;
- (g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice;
- (j) the Chairman shall call for a meeting upon the request of the External Auditors.

6. Duties

- (a) To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.

AUDIT COMMITTEE REPORT

- (c) To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.
- (d) To review the internal audit programme, process the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- (e) To review with management:
- audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to external auditors.
- (f) To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- (g) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (h) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy and practices;
 - significant and / or unusual matters arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (i) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the board.
- (j) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

7. Attendance at Meetings

During the financial year ended 31 December 2009, the Audit Committee held a total of six (6) meetings. The details of attendance of the Committee members are as follows:

Name of Member	No. of meetings attended by Members	No. of meetings attended by invitation
Col (Rtd) Dato' Ir Cheng Wah	5/6	N/A
Goh Joon Hai	5/6	N/A
Dato' Choo Kah Hoe	6/6	N/A
Cheam Heng Cheang	N/A	6/6

AUDIT COMMITTEE REPORT

8. Summary of Activities

During the year under review, the following were the activities of the Audit Committee:

- Reviewed and discussed the observations, recommendations and Audit Report and the Management's comments in respect of the issues raised by the Internal Auditor on their evaluation of the system of internal controls.
- Reviewed the staffing requirements of the Internal Audit Department (IAD) to ensure that the IAD is adequately staffed with employees with the relevant skills, knowledge and experience to enable the IAD to perform its role including the provision of training.
- Reviewed the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
- Reviewed and discussed the internal audit reports. The Committee was briefed by the Head of Internal Audit that in a few instances, the audit process identified certain control and operational weaknesses which were brought to the attention of the management and that corrective action had been taken to rectify the weaknesses.
- Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:
 - changes in implementation of major accounting policy changes;
 - the going concern assumptions;
 - significant adjustments resulting from audit;
 - major judgemental areas, significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
- Reviewed the related party transactions and conflict of interest situation that may arise within the Company or Group including any transactions, procedures or course of conduct that raise questions of management integrity which were incurred during the financial year, were done in the ordinary course of business.
- The Audit Committee met with the external auditors twice during the year without members of management being present.

CHAIRMAN'S STATEMENT



Datuk Ibrahim bin Haji Ahmad
Executive Chairman

Dear Shareholders

1. INTRODUCTION

On behalf of the Board, I am pleased to present the Annual Report and Financial Statements for Tamadam Bonded Warehouse Berhad ("Tamadam" or "the Company") and its subsidiaries and associated companies ("the Tamadam Group") for the year ended 31 December 2009.

2. FINANCIAL REVIEW

This is my second year as Executive Chairman and in my previous statement, I had indicated that the Brahim's-LSG Sky Chefs Holdings Sdn Bhd ("BLH") acquisition would only bear fruits after 2008. Today I am pleased to report that BLH had indeed positively contributed to the Tamadam Group in 2009. For the year ended 31 December 2009, the Group registered a substantial 45.7% revenue growth to RM156.7 million from RM107.6 million in the previous year. This is in line with the growth in revenue contribution from the in-flight catering division under BLH.

Accordingly, Tamadam Group registered a profit after tax for the year of RM6.0 million compared to group loss after tax in 2008 of RM3.7 million. As I had again mentioned in my previous statement, the year was to be a strategic change for the Group. Now, the 2009 Group results are clear testimony of the expected benefits from the new direction taken by the Board and management of the Group.

We also work towards reducing our financing costs. Group borrowings had reduced 17.1% from RM100.8 million as at 31 December 2008 to RM83.6 million as at 31 December 2009. The Group's Interest Bearing Debt to Equity Ratio was 0.50 times. Group Net Assets Per Ordinary Share showed marginal improvement from 84 sen per share to 85 sen per share. On a consolidated basis, the Group's Cash from Operations was RM30.3 million in 2009 as compared to RM4.5 million in 2008.

Whilst the Group had showed a convincing turnaround for 2009, it was not eventful at company level, which is the historical business of bonded warehousing. The Company's revenue declined from RM9.0 million in 2008 to RM6.8 million in 2009. However, the Company managed to reduce its losses from RM4.3 million in 2008 to RM3.9 million in 2009, in tandem with a scaled down business operation.

CHAIRMAN'S STATEMENT

3. THE YEAR IN REVIEW

The Group's new core business of in-flight catering and related services now contributes to more than 95% of the Group's revenue and profit. The strategic business direction taken by the Board had substantially shifted the industry sector we operate in, and is beginning to produce the desired results. The Group had also ventured into a food service related business in 2009 and had continued to support its logistics business.

3.1) In-flight Catering Services

(a) Background Information

The Company owns 51% equity interest in Brahim's-LSG Sky Chefs Holdings Sdn Bhd ("BLH") which is a joint venture company with LSG Asia GmbH ("LSG Asia") which in turn is a wholly owned subsidiary of LSG Lufthansa Service Holding AG.

BLH's 70% owned subsidiary, LSG Sky Chefs-Brahim's Sdn Bhd ("LSGB"), provides in-flight catering and related services including cabin handling. LSGB is the principal in-flight services provider at both the Kuala Lumpur International Airport ("KLIA") and Penang airport.

LSGB serves more than thirty international airlines. It operates twenty-four hours daily with an output of about 40,000 meals per day at KLIA and over 1,000 meals per day at the Penang Airport.

LSGB prides itself on the preparation of 100% guaranteed halal meals and it has a fully integrated food logistics supply chain which includes coldrooms, warehouses, ware wash facilities and distribution support. Furthermore, this supply chain has full halal integrity endorsement.

LSGB also provides cabin handling services covering laundry services for pillows and blankets, filling the cabin trolley with items for in-flight sale as well as providing passenger headsets, newspapers and periodicals for passengers. LSGB is the principal provider for all meals and cabin items for almost all flights from KLIA and Penang airport.

LSGB has a catering agreement with Malaysian Airline System Berhad ("MAS") which was entered into on 25 September 2003, giving LSGB 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 twenty-five years expiring on 1 December 2028. In addition to MAS, LSGB has more than 90% market share at both KLIA and Penang airports and some of LSGB's other clients include Japan Airlines, Korean Air, Air Asia, Thai Airways and Emirates Airlines. MAS hold the remaining 30% equity interest in LSGB.

(b) The year in review

The in-flight catering division performed better in 2009 than in 2008. There was growth in revenue from existing customers who comprise both full-service and low-cost carriers. MAS continues to be the in-flight catering division's main customer. The number of airlines served increased during the year while existing customers renewed their contracts. LSGB has increased productivity and cost cutting efforts yielded results. Wastage was also reduced. A new warehouse management system was implemented which will result in more efficient warehouse activities, purchasing control and cost reduction.

3.2) Logistics Services

(a) Background Information

The Group's logistics division provides warehousing, trucking and related services.

(b) The year in review

The year ended 31 December 2009 was unfavourable and challenging for the logistics division. Better cost management and efficiency gains are being constantly explored to ensure losses from this division is kept to a minimum.

CHAIRMAN'S STATEMENT

3.3) Restaurant Operations

(a) Background Information

The Group, under a wholly owned subsidiary, Café Barbera (SEA) Sdn Bhd opened its first gourmet coffee outlet, the Café Barbera restaurant in Bangsar, Kuala Lumpur in December 2009. The Group has obtained the rights from Barbera Caffé S.p.A. to open Café Barbera outlets in Malaysia, Singapore and Indonesia.

Barbera Caffé S.p.A. based in Naples, Italy was founded in 1870 by the late Mr Domenico Barbera who was nicknamed the "Coffee Magician". Today, the brand is managed by Barbera's fifth generation. Café Barbera offers world class high quality coffee in a typically Italian setting. Coffee beans which are supplied directly from Naples are sourced globally from Indonesia, Central America and Brazil and individually roasted using a secret family recipe thus giving the brand its distinct aroma and flavour.

(b) The year in review

As Café Barbera Bangsar was only opened in December 2009, its has minimal impact to the Tamadam Group results.

4. 2010 PROSPECTS

4.1) The Malaysian Economy as a Whole

The year 2009 was a challenging period which saw countries throughout the world suffering from economic downturn precipitated from the United States Wall Street financial turmoil. Despite Malaysia's strong fundamentals, we were not spared by this financial tsunami leading to an economic contraction of 1.7% in 2009 (source: Bank Negara Report, BNM 2009).

BNM noted that the transport and storage services sub-sector was the worst performing services sub-sector of the economy with three consecutive quarters of contraction before turning around to record positive growth in the fourth quarter.

Steady growth was reported in passenger travel in Malaysia which grew by 6.9% in 2009 better than the 5.9% growth recorded in 2008. This was due to improvements in consumer sentiments and aggressive discounting offered by both full-service and low-cost carriers. As the Group's in-flight services division has a captive market share, any growth in air travel passengers will directly translate to a positive impact on our performance.

However, the Group's warehousing and logistics business did not fare so well. There was lower demand for shipping, haulage, ports and other trade related services. This sector was particularly badly affected as it contracted by 2.8% in 2009. Improvement was only felt in the second half of 2009. Total containers handled at Port Klang and PTP (TEUs) declined by 1.8% in 2009 compared to a growth of 7.7% in 2008. It is not unexpected that many shipping and logistics companies were adversely affected by the downturn in 2009.

BNM has announced that the Malaysian economy grew by 10.1% in the first quarter of 2010 compared to the previous year. BNM may revise upwards the current GDP growth estimate for the whole of 2010. Currently, the growth estimate is 4.5-5.5% for the whole year. The general improvement in economic conditions in Malaysia is expected to be conducive to Tamadam Group's businesses in 2010.

4.2) Prospects for the in-flight catering division

The prospects of the in-flight catering division are expected to be positively sustained in 2010. Revenue is expected to increase. Furthermore, the division is expected to achieve further productivity gains through resource optimisation and wastage management.

CHAIRMAN'S STATEMENT

4.3) Prospects for the logistics division

The transport and storage sector is expected by BNM to return to positive growth this year. However, 2010 is expected to remain a challenge for the logistics division to turn in decent figures.

4.4) Prospects for the food franchise business

Café' Barbera is the first step in growing food related businesses in line with the Group's new strategic direction. More new outlets are expected to be put in place at strategic locations to bring critical mass to this new venture.

5. DIVIDEND

No dividend has been declared in respect of the year ended 31 December 2009.

6. SYARIAH COMPLIANT SECURITY

Tamadam Bonded Warehouse Berhad continues to be categorized as a Syariah compliant security counter.

7. ACKNOWLEDGEMENTS

I would like to express my gratitude to my fellow board members for their wise counsel and encouragement during the transformation year. The improvement in performance would not have been possible if not for our shareholders unwavering support and the efforts of other stakeholders. I would like to thank our management and staff for their loyalty, commitment and contributions to the group. An appreciation is also extended to our financiers, advisers, suppliers, customers and clients for their support.

Once again, I would like to thank our shareholders for standing by us in the business transformation. Your continued understanding and confidence will motivate us to stay the course to deliver better results in the future ahead.

Thank you.

Yours sincerely

Datuk Ibrahim bin Haji Ahmad

Executive Chairman

20 May 2010

CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognises the importance of practicing the highest standards of Corporate Governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of Tamadam Bonded Warehouse Berhad.

As such, the Board of Directors continues to affirm its commitment in adhering to the Principles and Best Practices set out in the Malaysian Code on Corporate Governance.

Set out below is a description of how the Group has applied the Principles of the Code and how the Board of Directors has complied with the Best Practices set out in the Code throughout the twelve months ended 31 December 2009.

SECTION A – THE BOARD OF DIRECTORS

Composition of the Board

An experienced and effective Board consisting of mainly independent members with a wide range of skills and experience from financial and business background leads and controls the Group. The directors bring depth and diverse expertise to the leadership of the challenging and highly competitive logistics and warehousing business.

The Board continues to give close consideration to its size, composition, spread of experience and expertise. No individual or group of individuals dominates the Board's decision making. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account the long term interests of stakeholders of the Company.

The Board comprises the Executive Chairman, a Managing Director, two Independent Non-Executive Directors and three Non-Independent Non-Executive Directors.

Board Responsibilities

The responsibilities of the Board of Directors of the Company are as follows:-

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth of the Company.
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.
- Identifying principal risks of the business and ensure the implementation of appropriate systems to manage the risks; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Balance

The roles of the Executive Chairman and Managing Director are separate with clearly defined responsibilities to ensure the balance of power and authority. The Executive Chairman is primarily responsible for the orderly conduct and workings of the Board whilst the Managing Director is responsible for the overall operations of the business and the implementation of Board strategy and policy.

All the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the calibre to ensure that the strategies proposed by the management are fully deliberated and examined in the long-term interests of the Group, as well as shareholders, employees and customers.

CORPORATE GOVERNANCE STATEMENT

Board Meetings and Supply of Information to the Board

During the financial year ended 31 December 2009, seven (7) meetings of the Board were held. Details of attendance are provided herein and in the Statement accompanying Notice of AGM.

The Managing Director of the Company undertakes the responsibility to ensure that the agenda and full set of Board papers (including qualitative information of the Company) for consideration are distributed well before each meeting of the Board to ensure that the Directors have sufficient time to study them and be properly prepared for discussion and decision making. Minutes of Board meetings are maintained.

All directors of the Company whether in full Board or in their individual capacity, have access to all information within the Company and are able to seek independent professional advice where necessary and, in appropriate circumstances, in furtherance of their duties.

The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

During the financial year ended 31 December 2009, the total number of Board of Directors' meetings convened was seven (7). The details of attendance of the Board members are as follows:

Name of Director	No. of meetings attended
Datuk Ibrahim Bin Haji Ahmad	6/7
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	4/7
Col (Rtd) Dato' Ir Cheng Wah	6/7
Mr Goh Joon Hai	5/7
Mr Cheam Heng Cheang	7/7
Dato' Choo Kah Hoe	7/7
En Mohamed Zamry Bin Mohamed Hashim	7/7

Appointment and re-election of directors

Each director must retire from office at least once in every three years and can offer himself for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointment.

Nomination Committee

The Board has established a Nomination Committee comprised exclusively of Non-Executive Directors. The functions of the Nomination Committee amongst others, is to recommend to the Board candidates for all directorship or Board Committee to be filled.

SECTION B – DIRECTORS' REMUNERATION

Remuneration Policy and Procedures

The Code states that remuneration for directors should be determined so as to ensure that the Company attracts and retains the directors needed to run the Company successfully. In Tamadam Bonded Warehouse Berhad, remuneration for Executive Directors is structured so as to link reward to corporate and individual performance. In the case of Non-Executive Directors, we believe that the level of remuneration should reflect the level of experience and responsibilities undertaken.

CORPORATE GOVERNANCE STATEMENT

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the company during the financial year are as follow:

Category	Fees	Salaries & other Emoluments	Benefits in kind
Executive Directors	45,000	276,620	–
Non-Executive Directors	75,000	15,600	–

The number of Directors of the Company whose income from the Company falling within the following bands are:

Range of Remuneration	Chairman	Executive Director	Non-Executive Directors
0 – RM50,000	1	–	5
RM50,001 to RM100,000	–	–	–
RM100,001 to RM150,000	–	–	–
RM150,001 to RM200,000	–	–	–
RM200,001 to RM250,000	–	–	–
RM250,001 to RM300,000	–	1	–

Remuneration Committee

The Remuneration Committee is responsible for recommending the level of remuneration of individual directors. The interested Directors abstain from any discussion on their own remuneration packages.

SECTION C – SHAREHOLDERS

Dialogue with investors and shareholders

The Annual General Meeting is the principal forum for dialogue with shareholders. At each Annual General Meeting, the Board presents the progress and performance of the business and shareholders are encouraged to participate in the question and answer session.

SECTION D – ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible for the preparation of the annual audited accounts and the Board ensures that the accounts and other financial reports of the Company are prepared in accordance with Approved Accounting Standards and present a balanced and comprehensive assessment of the Company's position and prospects, to all the shareholders.

The Company's Annual Report and quarterly announcements of results gives an updated financial performance of the Company periodically.

CORPORATE GOVERNANCE STATEMENT

Audit Committee

The Audit Committee comprises two Independent Non-Executive Directors and one non-independent non-executive director with CoI (Rtd) Dato' Ir Cheng Wah as Chairman of the Committee. The composition and Terms of Reference of the Audit Committee are also provided in this report.

The Audit Committee has explicit authority from the Board to investigate any matter and is given full responsibility within its term of reference and necessary resources which it need to do so and full access to information. The Audit Committee also meets at least twice a year with the external auditors without the presence of the executive Board members.

Internal Control

The Directors recognise their responsibility for the maintenance of a sound system of internal control, covering not only financial controls but also compliance controls including risk assessment framework and control activities covering information and communication, and reviewing its effectiveness. As with any such system, controls can only provide reasonable but not absolute assurance against material misstatements or loss. The Group is continuously looking into the adequacy and integrity of its system of internal controls.

Internal Audit

The Board has an internal audit department. The internal audit department is to be independent and audit work will be conducted with impartiality, proficiency and due professional care.

Relationship with External Auditors

The Board ensures that there is transparent arrangement for the achievement of objectives and maintenance of professional relationship with external auditors.

Other Information

During the financial year ended 31 December 2009, save and except as mentioned below, there were no:-

- Corporate fund-raising exercises undertaken by the Company.
- No options, warrants or convertible securities were exercised or issued by the Company or its subsidiaries.
- Share buybacks.
- American Depository Receipts or Global Depository Receipts programmes sponsored by the Company.
- Sanctions and/or penalties imposed on the Company or its subsidiary companies, except as follows:-

Bursa Malaysia Securities Berhad ("Bursa Securities") had publicly reprimanded TAMADAM BONDED WAREHOUSE BERHAD ("the Company") for breach of paragraph 9.16(1)(a) of the Listing Requirements of Bursa Malaysia Securities Berhad ("LR").

The Company had breached paragraph 9.16(1)(a) of the LR in respect of the Company's announcement dated 27 February 2009 on its fourth quarter report for the financial period ended 31 December 2008 ("4th QR 2008") which failed to take into account the adjustments as stated in the Company's announcement dated 30 April 2009. The Company had reported an unaudited profit after taxation of RM344,000 in its 4th QR 2008 ("Unaudited Results") as compared to an audited loss after taxation of RM3.7 million ("Audited Results") in its annual audited accounts for the financial year ended 31 December 2008.

CORPORATE GOVERNANCE STATEMENT

The Company is also required to:

- (a) carry out a limited review on its quarterly report submissions. The limited review must be performed by the Company's external auditors for four quarterly reports commencing no later from the Company's quarterly report for the financial period ended 31 December 2009; and
 - (b) ensure all its directors and the relevant personnel of the Company attend a training programme in relation to compliance with the LR particularly pertaining to financial statements.
- Variance of results which differ by 10% or more from any profit estimate / forecast / projection / unaudited results announced.
 - Profit guarantees given by the Company.
 - Material contracts of the Company and its subsidiary companies involving directors and substantial shareholders.
 - Recurrent related party transactions of a revenue nature where:-
 1. the consideration value of the assets, capital outlay or costs of the recurrent transaction is equal to or exceeds RM1 million; or
 2. the percentage ratio of such recurrent transaction is equal to or exceed 1%, whichever is the lower.
 - Contracts relating to loans by the Company.
 - Revaluation of landed properties during the financial year.
 - Corporate social responsibility activities undertaken and/or practices carried out by the Company during the year.

During the year, non audit fees of RM3,000 were incurred by the Company to the external auditors.

The directors during the financial year attended the following Continuing Education Programme :

- **Datuk Ibrahim Bin Haji Ahmad**
 1. Forum On "The Challenges Of Implementing FRS 139" held on 24 November 2009
- **Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain**
 1. Financial Institutions Directors Education Program On Invitation To "A Session With Jim Rogers" held on 3 February 2009
 2. 5th World Islamic Economic Forum held on 2 – 3 March 2009
 3. Musharakah & Its Application On Islamic Finance held on 24 June 2009
- **Mr Cheam Heng Cheang**
 1. Technical Briefing On Main Market Listing Requirements held on 18 June 2009
 2. One Day Training On Simplifying Accounting For Financial Instruments held on 9 October 2009
 3. Bursa Malaysia Evening Talk On Achieving New Heights In Corporate Enforcement: The SSM's Balanced Enforcement Approach held on 24 November 2009
- **Encik Mohamed Zamry Bin Mohamed Hashim**
 1. Technical Briefing On Main Market Listing Requirements held on 18 June 2009
 2. One Day Training On Simplifying Accounting For Financial Instruments held on 9 October 2009
 3. Forum On "The Challenges Of Implementing FRS 139" held on 24 November 2009
 4. Bursa Malaysia Evening Talk On Achieving New Heights In Corporate Enforcement: The SSM's Balanced Enforcement Approach held on 24 November 2009
- **Col (Rtd) Dato' Ir Cheng Wah**
 1. Dialogue Session On Indices, Investors And The Role Of PLCs on 14 April 2009
 2. Beyond The Global Crisis on 30 May 2009
 3. Corporate Governance Programme On Launch Of Malaysian CG Index (MCG Index) 2009 held on 9 June 2009
 4. One Day Training On Simplifying Accounting For Financial Instruments held on 9 October 2009
 5. Seminar by Prof Low Chee Keong of the Chinese University of Hong Kong organised by Securities Commission and Bursa Malaysia on 16 December 2009
- **Mr Goh Joon Hai**
 1. National Accountants Conference 2009 Organised by the Malaysian Institute of Accountants on 13 & 14 October 2009
 2. Seminar by Prof Low Chee Keong of the Chinese University of Hong Kong organised by Securities Commission and Bursa Malaysia on 16 December 2009

CORPORATE GOVERNANCE STATEMENT

- **Dato' Choo Kah Hoe**

1. Forum On CG Guide held on 8 June 2009
2. Corporate Governance Programme On Launch Of Malaysian CG Index (MCG Index) 2009 held on 9 June 2009
3. Malaysian Institute Of Integrity Session: Towards Enhancing Corporate Integrity - From Roots To Fruits Held on 10 June 2009
4. Malaysian Institute Of Accountants Session: Strengthening The Financial Reporting Chain In Enhancing CG held on 10 June 2009
5. Forum By Public Listed Companies: CG Best Practices held on 11 June 2009
6. One Day Training On Simplifying Accounting For Financial Instruments held on 9 October 2009

The management noted the following non-compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance and will be looking into its compliance in due course:-

- Succession planning of senior management.
- Formal schedule of matters reserved for Board's decision.

STATEMENT ON INTERNAL CONTROLS

Responsibility for Risk and Internal Control

The Board acknowledges its overall responsibility of maintaining the Company's system of internal control, which provides reasonable assessment of effective and efficient operations, risk management practices, internal financial controls and compliance with laws and regulations, as well as with internal procedures and guidelines, to safeguard the shareholders' investments and the Company's assets. However, due to the complexity and management of a wide range of risks, the nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses. It should be noted that the Company's system of internal control and risk management are designed to provide reasonable but not absolute assurance against material misstatement, frauds or losses. It is possible that internal controls can be circumvented or overridden. Due to the changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The rationale of the system of internal controls is to enable the Company to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all the risks. The Group's system of internal control does not apply to Jointly Controlled Entities where the Group does not have full management control over them.

Key Processes

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to the date of approval of the annual report and financial statements.

The key processes that the directors have established in reviewing the adequacy and integrity of the system of internal controls are as follows:-

- a. A documented operating procedures manual, guidelines and directives are issued and updated from time to time to ensure that the business objectives are achieved.
- b. Monthly reporting of results and key performance indicators to assess and sustain the effectiveness of the Company's system of controls.
- c. Review the effectiveness, adequacy and integrity of the Company's internal control system. The results are reviewed with various levels of management and any major concerns identified are raised to senior management and the Board's Audit Committee.
- d. An independent internal audit department has been established and to report to the Audit Committee of the Company. The internal audit team performed its duties in accordance with its annual audit plan covering management, operational and system audit of the Company. The internal audit function is performed in-house and the costs incurred for the internal audit function in year 2009 is MYR80,000.00 per annum.
- e. A clearly defined organisational structure with clear lines of delegation of responsibilities to Committees of the Board, the management of the Company and operating units including authorisation levels for all aspects of the businesses.
- f. The professionalism and competence of staff is maintained through a rigorous recruitment process, a performance appraisal system and a wide variety of training and development programmes. Effective monitoring on a continuous basis is an essential component of a sound system of internal control. Internal control reports are regularly reviewed by the Board. Any significant control failings or weaknesses identified will be discussed in the reports, including any impact on the Company and the actions being taken to rectify them. The effectiveness of the Company's system of internal controls will continue to be reviewed, added on or updated in line with the changes in the operating environment. The Board further seeks regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the Internal Auditors. The Board is of the view that the current system of internal control is in place throughout the Company and sufficient to safeguard the Company's interests.

There were no material losses incurred during the financial year as a result of weaknesses in internal control. The Board, together with Management continues to take measures to strengthen the control environment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the results of their operations and cash flows of the Group as at the end of the financial year in accordance with the requirements of the Companies Act, 1965 (the "Act")

During the preparation of the Company's financial statements for the year ended 31 December 2009, the Directors have:-

- used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates;
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the notes to the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors are required to keep proper accounting records which disclose with reasonable accuracy the financial position of the Company and the Group in compliance with the Act.

The Directors are also responsible for safeguarding the assets of the Company and the Group and to prevent and detect fraud and other irregularities that may arise.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of providing bonded warehousing, freight forwarding and transportation services. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit/(Loss) for the financial year	5,977,465	(3,895,361)
Attributable to:		
Equity holders of the Company	2,381,965	(3,895,361)
Minority interest	3,595,500	-
	5,977,465	(3,895,361)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

DIRECTORS' REPORT

WARRANTS

The Company has 21,780,000 outstanding warrants in issue as at the balance sheet date. The salient features of the warrants are as follows:-

Terms	Details
Form	Each warrant carries the right to subscribe for 1 new ordinary share of RM1.00 each in the Company at Exercise Price.
Exercise Period	The warrants may be exercised at any time within the period commencing 1 day after the date of issue of the warrants and ended on 4 January 2010. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise Price	The exercise price of the warrants shall be RM1.45 per warrant. The exercise price and the number of outstanding warrants will be subject to adjustments under circumstances in accordance with the provisions of the Deed Poll to be executed by the Company.
Mode of Exercise	The registered holder of the warrants shall pay cash for the exercise price when subscribing for the new ordinary shares in the Company.
Deed Poll	The warrants will be constituted under a Deed Poll executed by the Company.
Ranking of new ordinary shares to be issued pursuant to the exercise of the warrants	The new ordinary shares to be issued pursuant to the exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company.
Listing Status	Approval-in-principle has been obtained from Bursa Malaysia for the listing of and quotation for the warrants and the new ordinary shares arising from the exercise of the warrants.

The summary of the movement of warrants eligible to subscribe for new ordinary shares of RM1 each as at the financial year end is as follows:-

EXERCISE PRICE PER WARRANT	NUMBER OF WARRANTS 2000/2010	
	AT 1.1.2009	EXERCISED AT 31.12.2009
RM 1.45	21,780,000	-
		21,780,000

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

DIRECTORS' REPORT

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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 financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

HOLDING COMPANY

The holding company is Brahim's International Franchises Sdn. Bhd., a company incorporated in Malaysia.

DIRECTORS' REPORT

DIRECTORS

The directors who served since the date of the last report are as follows:-

DATUK IBRAHIM BIN HAJI AHMAD
TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN
CHEAM HENG CHEANG
COL (RTD) DATO' IR CHENG WAH
GOH JOON HAI
MOHAMED ZAMRY BIN MOHAMED HASHIM
DATO' CHOO KAH HOE

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
	AT 1.1.2009	BOUGHT	SOLD	AT 31.12.2009
DIRECT INTERESTS				
COL (RTD) DATO' IR CHENG WAH	22,500	-	-	22,500
CHEAM HENG CHEANG	13,971,000	60,000	-	14,031,000
INDIRECT INTERESTS				
DATUK IBRAHIM BIN HAJI AHMAD	130,000,000	25,000,000	(36,395,000)	118,605,000
TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN	130,000,000	-	(36,395,000)	93,605,000
CHEAM HENG CHEANG	1,435,000	-	(60,000)	1,375,000
DATO' CHOO KAH HOE	-	25,000,000	-	25,000,000

NUMBER OF WARRANTS 2000/2010 OF THE COMPANY

	AT	BOUGHT	SOLD	AT	EXERCISE PRICE
	1.1.2009			31.12.2009	
COL (RTD) DATO' IR CHENG WAH	10,000	-	-	10,000	1.45
CHEAM HENG CHEANG	7,056,000	40,000	-	7,096,000	1.45

By virtue of their interests in the Company, Datuk Ibrahim Bin Haji Ahmad, Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain, Cheam Heng Cheang and Dato' Choo Kah Hoe are deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year had no interest in shares or warrants of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director 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 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.

DIRECTORS' REPORT

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year of the Group and of the Company are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 28 APRIL 2010

Datuk Ibrahim Bin Haji Ahmad

Cheam Heng Cheang

STATEMENT BY DIRECTORS

We, Datuk Ibrahim Bin Haji Ahmad and Cheam Heng Cheang, being two of the directors of Tamadam Bonded Warehouse Berhad, state that, in the opinion of the directors, the financial statements set out on pages 12 to 74 are drawn in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2009 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2010**

Datuk Ibrahim Bin Haji Ahmad

Cheam Heng Cheang

STATUTORY DECLARATION

I, Ching Kian Hoe, I/C No. 661127-10-5327, being the officer primarily responsible for the financial management of Tamadam Bonded Warehouse Berhad, do solemnly and sincerely declare that the financial statements set out on pages 12 to 74 are, to the best of my knowledge and belief, 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 by
Ching Kian Hoe, I/C No. 661127-10-5327,
at Kuala Lumpur in the Federal Territory
on this 28 April 2010

Ching Kian Hoe

Before me

Datin Hajah Railhela Wanchik (W275)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TAMADAM BONDED WAREHOUSE BERHAD
(Incorporated In Malaysia)
Company No : 82731 - A

Report on the Financial Statements

We have audited the financial statements of Tamadam Bonded Warehouse Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 81.

Directors' Responsibility for the Financial Statements

The director of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 and fair presentation of the financial statements 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 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 2009 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Companies Act 1965 in Malaysia, we also report on 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 a subsidiary of which we have not acted as auditors, which is indicated in Note 7 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 audit 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TAMADAM BONDED WAREHOUSE BERHAD
(Incorporated In Malaysia)
Company No : 82731 - A

Other Matters

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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur
28 April 2010

James Chan Kuan Chee
Approval No: 2271/10/11 (J)
Chartered Accountant

BALANCE SHEETS

AS AT 31 DECEMBER 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	7	–	–	580,906	80,906
Investment in joint ventures	8	–	–	130,005,100	130,000,051
Property, plant and equipment	9	42,083,767	42,658,605	1,655,235	2,097,383
Other investment	10	1	1	1	1
Intangible assets	11	1,101,600	923,100	–	–
Goodwill	12	177,442,170	177,442,170	–	–
Deferred tax assets	13	7,348,590	12,578,130	–	–
		227,976,128	233,602,006	132,241,242	132,178,341
CURRENT ASSETS					
Inventories	14	2,808,395	2,541,840	–	–
Trade receivables	15	34,161,359	28,462,538	2,270,092	3,744,382
Other receivables, deposits and prepayments	16	7,051,547	8,191,010	5,142,588	6,733,953
Amount owing by subsidiaries	17	–	–	34,707,351	33,088,005
Tax recoverable		28,050	361,150	–	–
Fixed deposits with a licensed bank	18	5,601,974	11,672,770	1,211,894	1,000,000
Cash and bank balances		11,600,744	2,249,197	280,221	80,038
		61,252,069	53,478,505	43,612,146	44,646,378
TOTAL ASSETS		289,228,197	287,080,511	175,853,388	176,824,719
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	179,005,000	179,005,000	179,005,000	179,005,000
Reserves	20	(26,232,196)	(28,614,161)	(28,712,904)	(24,817,543)
		152,772,804	150,390,839	150,292,096	154,187,457
Minority interest		13,094,250	9,498,750	–	–
TOTAL EQUITY		165,867,054	159,889,589	150,292,096	154,187,457
NON-CURRENT LIABILITY					
Long-term borrowings	21	51,060,995	64,131,706	4,000,235	4,584,106

The annexed notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2009 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
CURRENT LIABILITIES					
Trade payables	24	17,734,108	10,963,231	1,241,792	1,615,441
Other payables and accruals	25	22,062,456	15,472,097	10,502,521	6,070,667
Short-term borrowings	26	23,284,993	26,774,820	598,153	517,980
Bank overdrafts	27	9,218,591	9,849,068	9,218,591	9,849,068
		72,300,148	63,059,216	21,561,057	18,053,156
TOTAL LIABILITIES		123,361,143	127,190,922	25,561,292	22,637,262
<hr/>					
TOTAL EQUITY AND LIABILITIES		289,228,197	287,080,511	175,853,388	176,824,719
<hr/>					
NET ASSETS PER ORDINARY SHARE (RM)	28	0.85	0.84		

The annexed notes form an integral part of these financial statements.

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
REVENUE	29	156,740,530	107,591,815	6,763,740	8,995,642
DIRECT OPERATING EXPENSES	30	(66,718,339)	(45,062,762)	(6,952,769)	(9,398,539)
GROSS PROFIT/(LOSS)		90,022,191	62,529,053	(189,029)	(402,897)
OTHER INCOME		2,895,486	2,730,348	2,039,884	1,484,042
DISTRIBUTION EXPENSES		(103,819)	(127,074)	(98,656)	(127,074)
ADMINISTRATIVE EXPENSES		(66,539,456)	(55,327,379)	(2,788,630)	(2,963,600)
OTHER EXPENSES		(8,783,682)	(2,686,747)	(1,470,198)	(1,003,391)
		(75,426,957)	(58,141,200)	(4,357,484)	(4,094,065)
PROFIT/(LOSS) FROM OPERATIONS		17,490,720	7,118,201	(2,506,629)	(3,012,920)
FINANCE COSTS		(6,314,315)	(5,425,041)	(1,388,732)	(1,287,705)
PROFIT/(LOSS) BEFORE TAXATION	31	11,176,405	1,693,160	(3,895,361)	(4,300,625)
INCOME TAX EXPENSE	32	(5,198,940)	(5,352,960)	-	-
PROFIT/(LOSS) AFTER TAXATION		5,977,465	(3,659,800)	(3,895,361)	(4,300,625)
ATTRIBUTABLE TO:					
- Equity holders of the Company		2,381,965	(4,102,990)	(3,895,361)	(4,300,625)
- Minority interest		3,595,500	443,190	-	-
Earnings/(Loss) per share					
- basic	33	1.33 sen	(2.80) sen		
- diluted	33	N/A	N/A		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	← ATTRIBUTABLE TO EQUITY HOLDERS →			TOTAL RM	MINORITY INTEREST RM	TOTAL RM
	SHARE CAPITAL RM	SHARE PREMIUM RM	ACCUMULATED LOSSES RM			
THE GROUP						
As at 1.1.2008	49,005,000	13,622,637	(36,895,466)	25,732,171	–	25,732,171
Share issue expenses	–	(1,238,342)	–	(1,238,342)	–	(1,238,342)
Acquisition of joint venture	–	–	–	–	9,055,560	9,055,560
Issuance of shares	130,000,000	–	–	130,000,000	–	130,000,000
Loss after taxation for the financial year	–	–	(4,102,990)	(4,102,990)	443,190	(3,659,800)
As at 31.12.2008 /1.1.2009	179,005,000	12,384,295	(40,998,456)	150,390,839	9,498,750	159,889,589
Profit after taxation for the financial year	–	–	2,381,965	2,381,965	3,595,500	5,977,465
As at 31.12.2009	179,005,000	12,384,295	(38,616,491)	152,772,804	13,094,250	165,867,054

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

	SHARE CAPITAL RM	SHARE PREMIUM RM	ACCUMULATED LOSSES RM	TOTAL RM
THE COMPANY				
As at 1.1.2008	49,005,000	13,622,637	(32,901,213)	29,726,424
Share issue expenses	-	(1,238,342)	-	(1,238,342)
Issuance of shares	130,000,000	-	-	130,000,000
Loss for the financial year	-	-	(4,300,625)	(4,300,625)
As at 31.12.2008/1.1.2009	179,005,000	12,384,295	(37,201,838)	154,187,457
Loss for the financial year	-	-	(3,895,361)	(3,895,361)
As at 31.12.2009	179,005,000	12,384,295	(41,097,199)	150,292,096

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FOR OPERATING ACTIVITIES				
Profit/(Loss) for the financial year	11,176,405	1,693,160	(3,895,361)	(4,300,625)
Adjustments for:-				
Allowance for doubtful debts	8,724,932	398,592	1,470,001	727,191
Amortisation of intangible assets	656,880	343,740	-	-
Bad debt written off	2,109	-	-	-
Depreciation of property, plant and equipment	4,449,377	6,610,599	434,438	515,680
Financing charges	25,557	109,995	25,557	109,995
Interest expense	6,286,664	5,308,972	1,361,084	1,171,776
Property, plant and equipment written off	359	-	-	-
Interest income	(712,388)	(448,247)	(1,724,148)	(1,200,042)
(Gain)/Loss on disposal of property, plant and equipment	(131,295)	(261,617)	(47,145)	380
Write-back of allowance for doubtful debts	(21,153)	-	(21,153)	-
<hr/>				
Operating profit/(loss) before working capital changes	30,457,447	13,755,194	(2,396,727)	(2,975,645)
Increase in inventories	(266,555)	(434,520)	-	-
(Increase)/Decrease in trade and other receivables	(13,265,246)	(8,300,195)	1,861,002	524,142
Increase/(Decrease) in trade and other payables	13,361,236	(533,948)	4,058,205	707,437
<hr/>				
CASH FROM/(FOR) OPERATIONS	30,286,882	4,486,531	3,522,480	(1,744,066)
Tax refund/(paid)	363,700	(213,690)	-	-
Interest paid	(6,286,664)	(5,308,972)	(1,361,084)	(1,171,776)
<hr/>				
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD	24,363,918	(1,036,131)	2,161,396	(2,915,842)

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		24,363,918	(1,036,131)	2,161,396	(2,915,842)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Investment in joint ventures		-	-	(5,049)	(51)
Additional investment in a subsidiary		-	-	(500,000)	-
Advances to subsidiaries		-	-	(1,863,541)	(5,517,252)
Interest income		712,388	448,247	1,724,148	1,200,042
Purchase of intangible assets		(835,380)	(96,900)	-	-
Purchase of plant and equipment	34	(4,088,928)	(1,374,029)	(205,300)	(359,815)
Proceeds from disposal of plant and equipment		345,325	528,277	260,155	266,280
Net inflow from acquisition of joint venture	35	-	15,410,670	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(3,866,595)	14,916,265	(589,587)	(4,410,796)
BALANCE CARRIED FORWARD		20,497,323	13,880,134	1,571,809	(7,326,638)

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
BALANCE BROUGHT FORWARD		20,497,323	13,880,134	1,571,809	(7,326,638)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Financing charges paid		(25,557)	(109,995)	(25,557)	(109,995)
Share issue expenses		-	(1,238,342)	-	(1,238,342)
Drawdown of term loan		-	4,791,000	-	4,791,000
Repayment of bank borrowings		(16,113,553)	(8,566,432)	(303,553)	(213,416)
Payment of hire purchase payables		(446,985)	(384,962)	(200,145)	(199,832)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(16,586,095)	(5,508,731)	(529,255)	3,029,415
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,911,228	8,371,403	1,042,554	(4,297,223)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,072,899	(4,298,504)	(8,769,030)	(4,471,807)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	36	7,984,127	4,072,899	(7,726,476)	(8,769,030)

The annexed notes form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act 1965. The domicile of the Company is Malaysia. The registered office and the principal place of business are as follows:-

Registered office : 10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur.

Principal place of business : 7 - 05, 7th Floor Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 April 2010.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of providing bonded warehousing, freight forwarding and transportation services. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is Brahim's International Franchises Sdn. Bhd., a company incorporated in Malaysia.

4. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have material foreign currency transactions, assets or liabilities and hence is not exposed to any significant or material currency risks.

(ii) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group does not have any quoted investment and hence is not exposed to price risk.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group's concentration of credit risks relates to the amount owing by a major customer which made up 60% of its trade receivables at the balance sheet date.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risk

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

5. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

The Group has not applied in advance the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

FRSs/IC Interpretations	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. BASIS OF PREPARATION (CONT'D)

FRSs/IC Interpretations	Effective date
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. BASIS OF PREPARATION (CONT'D)

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:

The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 1 and FRS 127 remove the definition of "cost method" currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 138 clarify the requirements under the revised FRS 3 (2010) regarding accounting for intangible assets acquired in a business combination. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. BASIS OF PREPARATION (CONT'D)

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

6. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

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

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(iv) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Operating Lease

The Company entered into a conditional Sale and Purchase Agreement for the sale of the Company's leasehold land and buildings with Amanah Raya Berhad ("ARB"). Subsequently, the properties were leased back by the Company from ARB for a lease period of ten (10) years commencing from December 2006 with the option to buy back the properties at the end of the primary lease term period should ARB decide to sell the properties during the term of the lease. The directors are of the opinion that the lease arrangement should be treated as an operating lease as presently the management has no intention to buy back the properties at the end of the primary lease term and the lease term does not constitute the major part of the economic life of the properties.

(vi) Recognition of Compensation from A Customer

During the previous financial year, the subsidiary of the joint venture recognised a compensation sum amounting to RM12,949,000 as a result of shortfall in revenue earned from the customer for the financial year ended 31 December 2008 pursuant to a catering agreement with the customer.

Subsequent to the financial year end, the customer offered an amount of RM8,500,000 as full settlement subject to certain conditions. Management of the subsidiary of the joint venture did not accept the offer and will proceed with dispute resolution procedures and file for arbitration to recover the entire outstanding amount. Based on legal opinion obtained, management of the subsidiary of the joint venture is of the view that they have valid grounds to recover the entire amount from the customer.

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the parent's functional and presentation currency.

(ii) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2009.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets

(i) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(ii) Computer Software

Computer software licences acquired are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

Costs associated with maintaining computer software programmes are recognised as expenses when incurred.

(f) Investments

(i) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(ii) Investments in Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The Group recognises its interest in the joint ventures using proportionate consolidation. The financial statements of the joint ventures are prepared for the same reporting year as the parent company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of the joint ventures to ensure consistency of accounting policies with those of the Group.

When the Group contributes or sells assets to the joint ventures, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint ventures, the Group does not recognise its share of the profits of the joint ventures from the transactions until it resells the assets to an independent party. The joint ventures are proportionately consolidated until the date on which the Group ceases to have joint control over the joint ventures.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments (Cont'd)

(ii) Investments in Joint Ventures (Cont'd)

Investments in joint ventures are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in joint ventures, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(iii) Other Investments

Other investments held on a long-term basis are stated at cost less allowance for permanent diminution in value.

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

(g) Property, Plant and Equipment

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

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Warehouse buildings	Over the lease period of 55 $\frac{3}{4}$ years
Pallets	33 $\frac{1}{3}$ %
Plant and machinery	5% to 33 $\frac{1}{3}$ %
Renovation and electrical installations	10%
Signboard	30% to 33 $\frac{1}{3}$ %
Furniture, fittings and office equipment	5% to 33 $\frac{1}{3}$ %
Motor vehicles	10% to 50%
Containers	10%
Lorries and trucks	10%
EDP equipment	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(i) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements.

Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

Plant and equipment acquired under hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

(j) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. In arriving at a net realisable value, due allowance is made for all damaged, obsolete and slow moving inventories.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(m) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

(n) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(o) Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(p) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when declared for appropriation.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(u) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(v) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity of its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Related Parties (Cont'd)

- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(w) Revenue Recognition

(i) Warehousing Revenue

Warehousing revenue is recognised on a due and receivable basis.

(ii) Forwarding and Transportation Revenue

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) In-flight Catering, Related Service Revenue and Sale of Goods

Revenue is recognised upon delivery of products and customers' acceptance or performance of services, if any, net of discounts.

(iv) Rental and Commission Income

Rental and commission income are recognised on an accrual basis.

(v) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

7. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2009	2008
	RM	RM
Unquoted shares, at cost:-		
At 1 January	80,906	80,906
Addition during the financial year	500,000	-
At 31 December	580,906	80,906

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2009	2008	
	%	%	
Tamadam Crest Sdn. Bhd.	100	100	Insurance agency.
Tamadam Industries Sendirian Berhad	100	100	Provision of warehouse for rental.
Tamadam Marketing Sdn. Bhd. (formerly known as Dreamspire Logistics Sdn. Bhd.)	100	100	Dormant.
Cafe Barbera (SEA) Sdn. Bhd.*	100	-	Operating a restaurant.

* Not audited by Messrs. Crowe Horwath.

8. INVESTMENT IN JOINT VENTURES

	THE COMPANY	
	2009	2008
	RM	RM
Unquoted shares, at cost:-		
At 1 January	130,000,051	130,000,051
Addition during the financial year	5,049	-
At 31 December	130,005,100	130,000,051

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

8. INVESTMENT IN JOINT VENTURES (CONT'D)

Details of the joint ventures, which are all incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2009 %	2008 %	
Brahim's - LSG Sky Chefs Holdings Sdn. Bhd.	51	51	Investment holding company.
Tamadam CWT Sdn. Bhd.	51	51	Provision of logistics services, freight forwarding and warehousing.

Details of the subsidiary held through Brahim's - LSG Sky Chefs Holdings Sdn. Bhd., which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2009 %	2008 %	
LSG Sky Chefs - Brahim's Sdn. Bhd.	70	70	Catering related services.

The Group's aggregate share of the non-current assets, current assets, non-current liabilities, current liabilities, income and expenses of the joint venture is as follows:-

	THE GROUP	
	2009 RM	2008 RM
Assets & Liabilities		
Non-current assets	70,049,520	75,384,120
Current assets	51,401,370	41,687,400
Total assets	121,450,890	117,071,520
Non-current liabilities	47,060,760	59,547,600
Current liabilities	49,875,450	44,869,290
Total liabilities	96,936,210	104,416,890
Results		
Revenue	149,968,050	98,580,960
Other income	2,238,900	2,402,100
Expenses, including finance costs and taxation	(140,346,900)	(99,248,040)

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. PROPERTY, PLANT AND EQUIPMENT

	AT 1.1.2009 RM	ADDITIONS RM	DISPOSAL RM	WRITTEN OFF RM	DEPRECIATION CHARGE RM	AT 31.12.2009 RM
THE GROUP						
NET BOOK VALUE						
Warehouse buildings and improvements	27,904,552	-	-	-	(616,675)	27,287,877
Containers, pallets, plant and machinery	10,439,895	892,650	-	-	(2,529,528)	8,803,017
Renovation and electrical installations	121,077	507,974	-	(359)	(32,707)	595,985
Signboard, furniture and fittings, EDP equipment and office equipment	1,270,964	609,544	-	-	(431,696)	1,448,812
Motor vehicles, lorries and trucks	2,922,117	2,078,760	(214,030)	-	(838,771)	3,948,076
	42,658,605	4,088,928	(214,030)	(359)	(4,449,377)	42,083,767

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	AT 1.1.2008 RM	ACQUISITION OF JOINT VENTURES RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 31.12.2008 RM
NET BOOK VALUE						
Warehouse buildings and improvements	28,521,227	-	-	-	(616,675)	27,904,552
Containers, pallets, plant and machinery	983,615	14,221,911	505,910	(266,660)	(5,004,881)	10,439,895
Renovation and electrical installations	76,867	-	65,831	-	(21,621)	121,077
Signboard, furniture and fittings, EDP equipment and office equipment	160,639	1,019,888	515,293	-	(424,856)	1,270,964
Motor vehicles, lorries and trucks	1,248,287	1,878,901	337,495	-	(542,566)	2,922,117
	30,990,635	17,120,700	1,424,529	(266,660)	(6,610,599)	42,658,605

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 31.12.2009			
Warehouse buildings and improvements	34,370,690	(7,082,813)	27,287,877
Containers, pallets, plant and machinery	104,987,173	(96,184,156)	8,803,017
Renovation and electrical installations	1,876,278	(1,280,293)	595,985
Signboard, furniture and fittings, EDP equipment and office equipment	8,484,557	(7,035,745)	1,448,812
Motor vehicles, lorries and trucks	15,982,166	(12,034,090)	3,948,076
	165,700,864	(123,617,097)	42,083,767
AT 31.12.2008			
Warehouse buildings and improvements	34,370,690	(6,466,138)	27,904,552
Containers, pallets, plant and machinery	105,574,033	(95,134,138)	10,439,895
Renovation and electrical installations	1,368,663	(1,247,586)	121,077
Signboard, furniture and fittings, EDP equipment and office equipment	8,022,403	(6,751,439)	1,270,964
Motor vehicles, lorries and trucks	15,602,498	(12,680,381)	2,922,117
	164,938,287	(122,279,682)	42,658,605

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AT 1.1.2009 RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 31.12.2009 RM
THE COMPANY					
NET BOOK VALUE					
Containers, pallets, plant and machinery	571,028	58,800	-	(114,678)	515,150
Renovation and electrical installations	121,077	65,405	-	(28,652)	157,830
Signboard, furniture and fittings, EDP equipment and office equipment	370,800	81,095	-	(77,087)	374,808
Motor vehicles, lorries and trucks	1,034,478	-	(213,010)	(214,021)	607,447
	2,097,383	205,300	(213,010)	(434,438)	1,655,235

	AT 1.1.2008 RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 31.12.2008 RM
THE COMPANY					
NET BOOK VALUE					
Containers, pallets, plant and machinery	983,615	-	(266,660)	(145,927)	571,028
Renovation and electrical installations	76,867	65,831	-	(21,621)	121,077
Signboard, furniture and fittings, EDP equipment and office equipment	160,639	282,451	-	(72,290)	370,800
Motor vehicles, lorries and trucks	1,248,287	62,033	-	(275,842)	1,034,478
	2,469,408	410,315	(266,660)	(515,680)	2,097,383

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
THE COMPANY			
AT 31.12.2009			
Containers, pallets, plant and machinery	6,092,053	(5,576,903)	515,150
Renovation and electrical installations	1,434,068	(1,276,238)	157,830
Signboard, furniture and fittings, EDP equipment and office equipment	4,544,718	(4,169,910)	374,808
Motor vehicles, lorries and trucks	1,970,426	(1,362,979)	607,447
	14,041,265	(12,386,030)	1,655,235
AT 31.12.2008			
Containers, pallets, plant and machinery	6,033,253	(5,462,225)	571,028
Renovation and electrical installations	1,368,663	(1,247,586)	121,077
Signboard, furniture and fittings, EDP equipment and office equipment	4,463,623	(4,092,823)	370,800
Motor vehicles, lorries and trucks	3,054,458	(2,019,980)	1,034,478
	14,919,997	(12,822,614)	2,097,383

Included in the net book value of property, plant and equipment of the Group and the Company at the balance sheet date were the following assets acquired under hire purchase terms:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Lorries and trucks	387,468	440,911	387,468	440,911
Motor vehicles	1,152,651	1,511,031	-	111,373
	1,540,119	1,951,942	387,468	552,284

The net book value of assets pledged to banks as security for banking facilities granted to the Group and the Company is as follows:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Leasehold land, building and improvements	27,287,877	27,904,552	-	-

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

10. OTHER INVESTMENT

	THE GROUP/THE COMPANY	
	2009 RM	2008 RM
At cost:		
Unquoted shares	125,000	125,000
Allowance for diminution in value	(124,999)	(124,999)
	1	1

11. INTANGIBLE ASSETS

	THE GROUP COMPUTER SOFTWARE	
	2009 RM	2008 RM
Net Book Value		
At 1 January	923,100	-
Acquisition of joint venture	-	1,169,940
Addition	835,380	96,900
Amortisation during the financial year	(656,880)	(343,740)
At 31 December	1,101,600	923,100
Cost	3,786,750	2,951,370
Accumulated amortisation	(2,685,150)	(2,028,270)
Net book value	1,101,600	923,100

The remaining amortisation period of the computer software at the balance sheet date ranged from 1 to 4 years (2008 - 1 to 4 years).

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

12. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2009 RM	2008 RM
At 1 January	177,442,170	80,000
Acquisition of joint ventures during the financial year (Note 35)	-	177,362,170
At 31 December	177,442,170	177,442,170

During the financial year, the Group assessed the recoverable amount of the purchased goodwill, and determined that goodwill is not impaired.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years.

The key assumptions used for value-in-use calculations are as follows:-

Gross margin	31%
Growth rate	1%
Discount rate	8%

Management determined the budgeted gross margin based on past performance and its expectations of market development. The growth rate used is based on the past years achievement and the expected contracts to be secured. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

13. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting, are shown in the balance sheet:

	THE GROUP	
	2009 RM	2008 RM
Deferred tax assets	7,348,590	12,578,130

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

13. DEFERRED TAX ASSETS (CONT'D)

The movements in deferred tax assets during the financial year are as follows:

	THE GROUP	
	2009 RM	2008 RM
At 1 January	12,578,130	–
Acquisition of joint venture	–	18,118,770
Charged to income statement (Note 32)	(5,229,540)	(5,540,640)
<hr/>		
At 31 December	7,348,590	12,578,130
<hr/>		
Subject to income tax		
Deferred tax assets (before offsetting)		
Allowances	652,800	415,140
Tax losses	8,843,400	14,876,700
<hr/>		
	9,496,200	15,291,840
Offsetting	(2,147,610)	(2,713,710)
<hr/>		
Deferred tax assets (after offsetting)	7,348,590	12,578,130
<hr/>		
Deferred tax liabilities (before offsetting)		
Property, plant and equipment and intangible assets	(2,147,610)	(2,713,710)
<hr/>		
	(2,147,610)	(2,713,710)
Offsetting	2,147,610	2,713,710
<hr/>		
Deferred tax liabilities (after offsetting)	–	–
<hr/>		

14. INVENTORIES

	THE GROUP	
	2009 RM	2008 RM
Catering stores	1,618,740	1,595,790
Food and beverage	279,305	–
General stores	374,340	406,470
Maintenance stores	536,010	539,580
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	2,808,395	2,541,840
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NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

15. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade balances	37,127,663	24,458,802	4,644,286	6,092,186
Accrued compensation receivable from customer	6,950,790	6,603,990	-	-
	44,078,453	31,062,792	4,644,286	6,092,186
Allowance for doubtful debts	(9,917,094)	(2,600,254)	(2,374,194)	(2,347,804)
	34,161,359	28,462,538	2,270,092	3,744,382
Allowance for doubtful debts At 1 January	(2,600,254)	(2,253,252)	(2,347,804)	(2,253,252)
Acquisition of joint venture	-	(148,410)	-	-
Addition for the financial year	(7,442,543)	(198,592)	(47,543)	(94,552)
Write-back for the financial year	104,550	-	-	-
Write-back for the financial year	21,153	-	21,153	-
At 31 December	(9,917,094)	(2,600,254)	(2,374,194)	(2,347,804)

The normal trade credit terms granted by the Group and the Company range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	3,658,111	3,445,548	1,896,686	1,866,668
Deposits	5,056,386	5,225,204	4,842,551	5,033,991
Prepayments	120,970	21,789	83,145	334,825
	8,835,467	8,692,541	6,822,382	7,235,484
Allowance for doubtful debts	(1,783,920)	(501,531)	(1,679,794)	(501,531)
	7,051,547	8,191,010	5,142,588	6,733,953
Allowance for doubtful debts				
At 1 January	(501,531)	(403,693)	(501,531)	(403,693)
Addition for the financial year	(1,282,389)	(200,000)	(1,178,263)	(200,000)
Write-off during the financial year	–	102,162	–	102,162
At 31 December	(1,783,920)	(501,531)	(1,679,794)	(501,531)

Included in the deposits of the Group and of the Company was an amount of RM4,575,600 (2008 - RM4,575,600) in respect of rental deposit for leaseback of the properties.

17. AMOUNT OWING BY SUBSIDIARIES

	THE COMPANY	
	2009 RM	2008 RM
Non-trade balances	35,384,185	33,520,644
Allowance for doubtful debts	(676,834)	(432,639)
	34,707,351	33,088,005
Allowance for doubtful debts		
At 1 January	(432,639)	–
Addition for the financial year	(244,195)	(432,639)
At 31 December	(676,834)	(432,639)

The Company's normal trade credit terms to the subsidiaries are assessed and approved on a case-by-case basis. The amount owing is unsecured and to be settled in cash.

The non-trade amount is unsecured, interest-free and repayable on demand except for an amount owing by subsidiaries of RM16,478,962 (2008 - RM14,915,305) which is subject to effective interest rates ranging from 7.8% to 8.0% (2008 - 7.8%) per annum. The amount owing is to be settled in cash.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

18. FIXED DEPOSITS WITH A LICENSED BANK

The effective interest rates of the fixed deposits range from 1.25% to 2.00% (2008 - 2.5% to 3.0%). The fixed deposits have maturity periods ranging from 1 to 30 days (2008 - 1 to 30 days).

The fixed deposits of RM1,211,894 (2008 - RM1,000,000) have been pledged to a licensed bank as security for banking facilities granted to the Company.

19. SHARE CAPITAL

	THE COMPANY			
	2009 NUMBER OF SHARES	2008	2009 RM	2008 RM
ORDINARY SHARES OF RM1.00 EACH:-				
AUTHORISED				
At 1 January	500,000,000	100,000,000	500,000,000	100,000,000
Increase during the financial year	–	400,000,000	–	400,000,000
At 31 December	500,000,000	500,000,000	500,000,000	500,000,000
ISSUED AND FULLY PAID UP				
At 1 January	179,005,000	49,005,000	179,005,000	49,005,000
Allotment during the financial year	–	130,000,000	–	130,000,000
At 31 December	179,005,000	179,005,000	179,005,000	179,005,000

The Company has 21,780,000 warrants in issue as at the balance sheet date which were offered free to the entitled shareholders of the Company. The warrants have the following terms:-

- (i) each warrant carries the right to subscribe for 1 new ordinary share of RM1 each in the Company at the exercise price of RM1.45 per share; and
- (ii) the warrant may be exercised at any time within the period commencing 1 day after the date of the issue of the warrants and ended on 4 January 2010.

As at 31 December 2009, none of the holders of the 21,780,000 (2008 - 21,780,000) outstanding Warrant 2000/2010 have exercised their entitlements.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

20. RESERVES

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Accumulated losses	(38,616,491)	(40,998,456)	(41,097,199)	(37,201,838)
NON-DISTRIBUTABLE Share premium	12,384,295	12,384,295	12,384,295	12,384,295
	(26,232,196)	(28,614,161)	(28,712,904)	(24,817,543)

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act 1965.

21. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Term loans (Note 22)	34,442,119	47,062,763	3,842,119	4,222,763
Hire purchase payables (Note 23)	1,063,876	1,513,943	158,116	361,343
Advances				
- a former shareholder of the joint venture	7,933,050	7,933,050	-	-
- a shareholder of the joint venture	7,621,950	7,621,950	-	-
	51,060,995	64,131,706	4,000,235	4,584,106

The advances from a former shareholder and a former shareholder of the joint venture are unsecured.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

22. TERM LOANS

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Current portion:				
- repayable within one year (Note 26)	12,671,912	12,594,821	431,912	354,821
Non-current portion:				
- repayable between one to two years	31,063,441	43,224,981	463,441	384,981
- repayable between two to five years	1,491,818	1,253,114	1,491,818	1,253,114
- repayable after five years	1,886,860	2,584,668	1,886,860	2,584,668
Total non-current portion (Note 21)	34,442,119	47,062,763	3,842,119	4,222,763
	47,114,031	59,657,584	4,274,031	4,577,584

Details of the term loans outstanding at the balance sheet date are as follows:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Term loan				
I	4,274,031	4,577,584	4,274,031	4,577,584
II	42,840,000	55,080,000	-	-
	47,114,031	59,657,584	4,274,031	4,577,584

The weighted average effective interest rates at the balance sheet date for borrowings which bore interest at fixed rates, were as follows:-

	THE GROUP		THE COMPANY	
	2009 %	2008 %	2009 %	2008 %
Term loans	7.40	8.64	7.30	9.87

- (a) Term loan I is secured by a third party deed of assignment over a subsidiary's sub-lease on 25 acres of land and warehouse buildings.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

22. TERM LOANS (CONT'D)

(b) Term loan II is secured by:-

- (i) a debenture creating a first fixed and floating charge over all the present and future assets, rights and benefits of the joint venture's subsidiary;
- (ii) a legal assignment of all proceeds recoverable by the joint venture's subsidiary from/under the catering agreement with a shareholder of the joint venture's subsidiary dated 25 September 2003;
- (iii) a charge/legal assignment over the designated accounts in reference to Note (ii) above; and
- (iv) a legal assignment of all rights, benefits, proceeds from/under all insurance policies over the joint venture's subsidiary's assets.

23. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Future minimum hire purchase payments:				
- not later than one year	571,800	583,569	186,240	198,009
- later than one year and not later than five years	1,616,682	1,976,115	204,492	433,875
- later than five years	-	256,020	-	-
	2,188,482	2,815,704	390,732	631,884
Future finance charges	(711,525)	(891,762)	(66,375)	(107,382)
Present value of hire purchase payables	1,476,957	1,923,942	324,357	524,502
Present value of hire purchase payables are as follows:-				
Current:				
- not later than one year (Note 26)	413,081	409,999	166,241	163,159
Non-current:				
- later than one year and not later than five years	1,063,876	1,348,703	158,116	361,343
- later than five years	-	165,240	-	-
Total non-current portion (Note 21)	1,063,876	1,513,943	158,116	361,343
	1,476,957	1,923,942	324,357	524,502

The hire purchase payables bore effective interest rates ranging from 6.30% to 8.06% (2008 - 6.18% to 8.06%) per annum at the balance sheet date.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

24. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 60 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The currency exposure profile of trade payables is as follows:

	THE GROUP	
	2009 RM	2008 RM
Euro	13,260	278,460
Others	7,650	159,120

25. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals of the Group and of the Company were the amount owing to the holding company and the amount owing to the directors of RM5,746,307 (2008 - RM429,434) and RM1,626,332 (2008 - RM2,396,635), respectively.

The amount owing to the holding company of RM5,647,142 (2008 - RM429,434) is subject to an effective interest rate of 8% per annum.

26. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Term loans (Note 22)	12,671,912	12,594,821	431,912	354,821
Hire purchase payables (Note 23)	413,081	409,999	166,241	163,159
Revolving credit	10,200,000	13,770,000	-	-
	23,284,993	26,774,820	598,153	517,980

The weighted average effective interest rates at the balance sheet date for borrowings which bore interest at fixed rates, were as follows:-

	THE GROUP		THE COMPANY	
	2009 %	2008 %	2009 %	2008 %
Term loans	7.40	8.64	7.30	9.87

The revolving credit bears a weighted average effective interest rate of 6.10% (2008 - 7.40%) and is secured in the same manner as the term loan II disclosed in Note 22(b) to the financial statements.

27. BANK OVERDRAFTS (UNSECURED)

The bank overdrafts bear interest which range from 7.05% to 8.05% (2008 - 8.25% to 9.25%) per annum.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

28. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of RM152,772,804 (2008 - RM150,390,839) attributable to the number of ordinary shares in issue at the balance sheet date of 179,005,000 (2008 - 179,005,000).

29. REVENUE

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
In-flight catering and related services	149,968,050	98,580,960	-	-
Logistics and related services	6,763,740	9,010,855	6,763,740	8,995,642
Restaurant services	8,740	-	-	-
	156,740,530	107,591,815	6,763,740	8,995,642

30. DIRECT OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
In-flight catering and related services	59,443,560	35,615,340	-	-
Logistics and related services	7,246,742	9,447,422	6,952,769	9,398,539
Restaurant services	28,037	-	-	-
	66,718,339	45,062,762	6,952,769	9,398,539

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

31. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(Loss) before taxation is arrived at after charging/ (crediting):-				
Allowance for doubtful debts	8,724,932	398,592	1,470,001	727,191
Amortisation of intangible assets	656,880	343,740	-	-
Audit fee:				
- current year	97,910	97,450	39,950	37,800
- underprovision in the previous financial year	5,200	-	5,200	-
Bad debt written off	2,109	-	-	-
Depreciation of property, plant and equipment	4,449,377	6,610,599	434,438	515,680
Directors' fees	120,000	56,000	120,000	56,000
Directors' non-fee emoluments	292,220	266,577	292,220	266,577
Financing charges	25,557	109,995	25,557	109,995
Hire of equipment	335,825	477,573	335,175	477,573
Hire of trucks and lorries	98,696	143,800	98,696	143,800
Interest expense	6,286,664	5,308,972	1,361,084	1,171,776
Lease land rental	71,983	71,983	-	-
Property, plant and equipment written off	359	-	-	-
Preliminary expenses written off	2,740	-	-	-
Realised loss on foreign exchange	10,160	13,111	197	3,558
Rental of buildings	2,414,624	3,450,772	3,216,306	3,338,902
Staff costs	35,652,007	34,066,331	2,620,532	3,517,015
(Gain)/Loss on disposal of property, plant and equipment	(131,295)	(261,617)	(47,145)	380
Interest income	(712,388)	(448,247)	(1,724,148)	(1,200,042)
Rental income	(72,420)	(160,313)	(9,000)	(87,000)
Writeback of allowance for doubtful debts	(21,153)	-	(21,153)	-

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

32. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax:				
- for the financial year	46,410	-	-	-
- overprovision in the previous financial year	(77,010)	(187,680)	-	-
	(30,600)	(187,680)	-	-
Deferred tax (Note 13)				
- for the current financial year	6,027,690	3,790,640	-	-
- underprovision in the previous financial year	(798,150)	1,750,000	-	-
	5,229,540	5,540,640	-	-
	5,198,940	5,352,960	-	-

During the financial year, the Malaysian statutory tax rate was reduced from 26% to 25%, as announced in the Malaysian Budget 2008.

As gazetted in the Finance Act 2009, the subsidiaries of the Company will no longer enjoy the preferential tax rate of 20% on their chargeable income of up to RM500,000 effective from year of assessment 2009 as the Company has a paid-up share capital exceeding RM2,500,000.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

32. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(Loss) before taxation	11,176,405	1,693,160	(3,895,361)	(4,300,625)
Tax at statutory tax rate of 25% (2008 - 26%)	2,794,101	440,000	(973,840)	(1,118,000)
Tax effects of:-				
Non-deductible expenses	1,582,023	1,731,640	284,309	386,000
Deferred tax assets not recognised during the financial year	1,173,696	1,117,000	689,531	732,000
(Over)/Underprovision of taxation in the previous financial year				
- current tax	(77,010)	(187,680)	-	-
- deferred tax	(798,150)	1,750,000	-	-
Change in tax rates	524,280	502,000	-	-
	5,198,940	5,352,960	-	-

Subject to agreement with the tax authorities, the unutilised tax losses and unabsorbed capital allowances of the Group and the Company available at the balance sheet date to be carried forward for offset against future taxable business income is as follows:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Unutilised tax losses	10,755,000	7,602,000	6,727,000	5,755,000
Unabsorbed capital allowances	16,893,000	15,464,000	4,538,000	4,294,000

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

33. EARNINGS/(LOSS) PER SHARE

The basic earnings per ordinary share of the Group is calculated by dividing the Group's profit attributable to the equity holders of the Company of RM2,381,965 by the number of ordinary shares in issue during the financial year of 179,005,000.

The basic loss per ordinary share of the Group in the previous financial year was calculated by dividing the Group's loss for the financial year of RM4,102,990 by the weighted average number of ordinary shares in issue during the financial year of 146,505,000.

Fully diluted earnings/(loss) per ordinary share is not disclosed as the effects of the conversion of warrants to ordinary shares is anti-dilutive.

34. PURCHASE OF PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost of plant and equipment purchased	4,088,928	1,424,529	205,300	410,315
Amount financed through hire purchase	-	(50,500)	-	(50,500)
<hr/>				
Cash disbursed for purchase of plant and equipment	4,088,928	1,374,029	205,300	359,815

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

35. ACQUISITION OF JOINT VENTURES

The details of the Group's share of net assets acquired and cash flow arising from the acquisition of the joint ventures in the previous financial year were as follows:-

	THE GROUP	
	2009	2008
	RM	RM
Goodwill (Note 12)	-	49,226,220
Non-current assets	-	36,409,410
Current assets	-	34,831,470
Non-current liabilities	-	(72,034,440)
Current liabilities	-	(37,513,050)
<hr/>		
Fair value of net assets acquired	-	10,919,610
Goodwill on consolidation (Note 12)	-	128,135,950
Minority interests	-	(9,055,560)
<hr/>		
Total purchase consideration	-	130,000,000
Satisfied by the issuance of shares	-	(130,000,000)
<hr/>		
Cash outflow from acquisition of joint ventures	-	-
Cash and cash equivalents of joint ventures acquired	-	(15,410,670)
<hr/>		
Net cash inflow on acquisition of joint ventures	-	(15,410,670)

The effects of the acquisition of the joint ventures on the financial results of the Group in the previous financial year were as follows:-

	THE GROUP	
	2009	2008
	RM	RM
Revenue	-	98,580,960
<hr/>		
Profit after taxation	-	1,735,020

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

36. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Fixed deposits with a licensed bank	5,601,974	11,672,770	1,211,894	1,000,000
Cash and bank balances	11,600,744	2,249,197	280,221	80,038
Bank overdrafts	(9,218,591)	(9,849,068)	(9,218,591)	(9,849,068)
	7,984,127	4,072,899	(7,726,476)	(8,769,030)

37. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors:				
- Salaries and other emoluments	276,620	266,577	276,620	266,577
- Fees	45,000	21,000	45,000	21,000
	321,620	287,577	321,620	287,577
Non-executive directors:				
- Salaries and other emoluments	15,600	-	15,600	-
- Fees	75,000	35,000	75,000	35,000
	90,600	35,000	90,600	35,000
	412,220	322,577	412,220	322,577

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

37. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company whose total remuneration received from the Group during the financial year fell within the following bands is analysed below:-

	THE COMPANY	
	2009	2008
Executive directors:		
- Below RM50,000	1	1
- RM250,001 - RM300,000	1	1
Non-executive directors:		
- Below RM50,000	5	5
	7	7

38. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	THE COMPANY	
	2009 RM	2008 RM
Storage and handling fee paid/payable to a subsidiary	1,064,349	218,015
Transportation and forwarding fee received/ receivable from a subsidiary	800	-
Interest income received/receivable from a subsidiary	1,198,420	966,794
Management fee received/receivable from subsidiaries	180,000	180,000
Rental income received/receivable from a subsidiary	9,000	9,000
Rental paid/payable to a subsidiary	1,041,600	1,041,600
Insurance paid/payable to a subsidiary	30,385	63,005
Commission paid/payable to a subsidiary	21,853	-

39. RELATED PARTY DISCLOSURES

The Group has related party relationships with:-

- its subsidiaries and joint venture, as disclosed in Notes 7 and 8 to the financial statements;
- the directors who are the key management personnel; and
- close members of the families of certain directors.

The details of the amount owing by the subsidiaries, amount owing to holding company and the directors, the key management personnel compensation, and related company transactions are disclosed in Note 17, Note 25, Note 37 and Note 38, respectively.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

40. SEGMENTAL REPORTING

2009	Warehouse Rental, Freight Forwarding & Transportation Services RM	Trading & Insurance Agency RM	Food and Beverage RM	Catering Services RM	Eliminations RM	Consolidated RM
REVENUE						
External sales	6,763,740	–	8,740	149,968,050	–	156,740,530
Intersegment revenue	1,041,600	1,116,587	–	–	2,158,187	–
Total revenue	7,805,340	1,116,587	8,740	149,968,050	2,158,187	156,740,530
RESULTS						
Segment results	(3,959,975)	(345,456)	(188,420)	21,984,571		17,490,720
Finance costs						(6,314,315)
Profit before taxation						11,176,405
Income tax expense						(5,198,940)
Profit after taxation						5,977,465
OTHER INFORMATION						
Segment assets	166,111,631	99,190	1,566,485	121,422,840		289,200,146
Other investments						1
Tax recoverable						28,050
Consolidated total assets						289,228,197
Segment liabilities	12,191,515	174,073	242,366	27,188,610		39,796,564
Unallocated corporate liabilities						83,564,579
						123,361,143
Capital expenditure	205,300	–	777,218	3,106,410		4,088,928
Depreciation of property, plant and equipment	1,051,113	–	9,314	3,388,950		4,449,377
Allowance for doubtful debts	1,329,932	–	–	7,395,000		8,724,932

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

40. SEGMENTAL REPORTING (CONT'D)

2008	Warehouse Rental, Freight Forwarding & Transportation Services RM	Trading & Insurance Agency RM	Catering Services RM	Eliminations RM	Consolidated RM
REVENUE					
External sales	8,995,642	15,213	98,580,960	-	107,591,815
Intersegment revenue	1,041,600	281,020	-	(1,322,620)	-
Total revenue	10,037,242	296,233	98,580,960	(1,322,620)	107,591,815
RESULTS					
Segment results	(3,764,936)	(174,683)	11,057,820		7,118,201
Finance costs					(5,425,041)
Profit before taxation					1,693,160
Income tax expense					(5,352,960)
Loss after taxation					(3,659,800)
OTHER INFORMATION					
Segment assets	168,605,683	98,220	116,711,970		285,415,873
Other investments					1
Tax recoverable					361,150
Unallocated corporate assets					1,303,487
Consolidated total assets					287,080,511
Segment liabilities	7,343,005	479,873	18,612,450		26,435,328
Unallocated corporate liabilities					100,755,594
Consolidated total liabilities					127,190,922
Capital expenditure	410,315	-	1,014,494		1,424,809
Depreciation of property, plant and equipment	1,132,355	-	5,478,244		6,610,599
Allowance for doubtful debts	294,552	-	104,040		398,592

No segmental information is provided on a geographical basis as the Group's activities are predominantly in Malaysia.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 15 January 2009, the Company subscribed for 99 ordinary shares of RM1 each in Cafe Barbera (SEA) Sdn Bhd ("CBSB"), a company incorporated in Malaysia for a cash consideration of RM99. Subsequently, on 19 January 2009, the Company further acquired the balance of 1 ordinary share in CBSB, for a consideration of RM1 and consequently CBSB became a wholly-owned subsidiary of the Company; and
- (ii) On 17 September 2009, the issued and fully paid-up capital of Tamadam CWT Sdn. Bhd. was increased from RM100 to RM10,000. The Company subscribed for an additional 5,049 ordinary shares of RM1.00 each for a cash consideration of RM5,049 to retain the Company's equity interest of 51%.

42. LEASE COMMITMENTS

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Lease rentals payable:-				
Within one year	2,223,876	2,222,978	2,148,300	2,148,300
Within two to five years	9,758,952	9,425,606	9,374,400	9,123,300
Within six to ten years	5,752,351	8,309,577	5,077,800	7,477,200
	17,735,179	19,958,161	16,600,500	18,748,800

The lease rentals payable of the Company are in respect of the lease agreement entered into by the Company with Amanah Raya Berhad for the leaseback of the properties for a period of 10 years with an option to renew for a further period of 5 years.

The lease rental payable of a subsidiary is in respect of the lease agreement entered between the subsidiary, Tamadam Industries Sendirian Berhad with KTM Warehouse Management Sdn. Bhd. for a piece of land for a period of 30 years with an option to renew for a further period of 30 years.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

43. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Unquoted Investments

For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

(b) Long-Term Bank Borrowings

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

(c) Hire Purchase Payables

The carrying amounts approximated the fair values of these instruments. The fair values of the hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

(d) Bank Balances and Short-Term Receivables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

(e) Short-Term Borrowings and Other Current Liabilities

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

44. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	THE GROUP	
	AS RESTATED	AS PREVIOUSLY REPORTED
	RM	RM
BALANCE SHEET (EXTRACT):		
Trade receivables	28,462,538	21,858,548
Other receivables, deposits and prepayments	8,191,010	14,795,000

LIST OF PROPERTIES

Address	Tenure	Size	Description and existing use	Net Book Value (RM)	Owner/ Date of acquisition	Approximate age of buildings
Part of Lot 14473 Mukim of Klang, District of Klang Selangor Darul Ehsan	Leasehold - expiring 10 December 2027 with an option to renew for 30 years	15.134 acres	Land with warehouse	27,478,318	Tamadam Industries Sdn Bhd/ 1 November 1991	10 Years

ANALYSIS OF SHAREHOLDINGS

AS AT 19 MAY 2010

SHARE CAPITAL

Authorised Share Capital	:	RM500,000,000.00
Issued and Paid-Up Share Capital	:	RM179,005,000.00 comprising of 179,005,000 ordinary shares of RM1.00 each
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	Every member of the Company, present in person or by proxy or by attorney or other duly authorised representatives, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each ordinary share held
Number of shareholders	:	2,734

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	120	4.39	4,969	0.00
100 to 1,000	778	28.46	738,548	0.41
1,001 to 10,000	1,413	51.68	6,114,886	3.42
10,001 to 100,000	365	13.35	11,542,650	6.45
100,001 to less than 5% of issued shares	55	2.01	41,998,947	23.46
5% and above of issued shares	3	0.11	118,605,000	66.26
Total	2,734	100	179,005,000	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of Shares Held Direct	%	No. of Shares Held Indirect	%	Total No. of Shares Held	%
1	Brahim's International Franchises Sdn Bhd	93,605,000	52.29	-	-	93,605,000	52.29
2	Fahim Capital Sdn Bhd	-	-	93,605,000 *	52.29	93,605,000	52.29
3	Semantan Capital Sdn Bhd	-	-	93,605,000 *	52.29	93,605,000	52.29
4	Datuk Ibrahim bin Haji Ahmad	-	-	118,605,000 **	66.26	118,605,000	66.26
5	Cheam Heng Cheang	14,121,000	7.89	1,375,000 ***	0.77	15,496,000	8.66
6	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	-	-	93,605,000 ****	52.29	93,605,000	52.29
7	Dato' Choo Kah Hoe	-	-	25,000,000 *****	13.97	25,000,000	13.97

* Deemed interested in shares by virtue of their shareholdings in Brahim's International Franchises Sdn Bhd

** Deemed interested in shares by virtue of his shareholdings in Fahim Capital Sdn Bhd which is a shareholder of Brahim's International Franchises Sdn Bhd and IBH Capital (Labuan) Limited

*** Deemed interested in shares by virtue of his shareholdings in Inveshold Sdn Bhd

**** Deemed interested in shares by virtue of his shareholdings in Semantan Capital Sdn Bhd which is a shareholder of Brahim's International Franchises Sdn Bhd

***** Deemed interested in shares by virtue of his shareholdings in IBH Capital (Labuan) Limited

ANALYSIS OF SHAREHOLDINGS

AS AT 19 MAY 2010

DIRECTORS' SHAREHOLDING

No.	Name	Direct Interest		Indirect Interest		Total No. of Shares Held	
		No. of Shares	%	No. of Shares	%		%
1.	Datuk Ibrahim bin Haji Ahmad	-	-	118,605,000 *	66.26	118,605,000	66.26
2.	Cheam Heng Cheang	14,121,000	7.89	1,375,000 **	0.77	15,496,000	8.66
3.	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	-	-	93,605,000 ***	52.29	93,605,000	52.29
4.	Col (Rtd) Dato' Ir Cheng Wah	22,500	0.01	-	-	22,500	0.01
5.	Dato' Choo Kah Hoe	-	-	25,000,000 ****	13.97	25,000,000	13.97
6.	Goh Joon Hai	-	-	-	-	-	-
7.	Mohamed Zamry Bin Mohamed Hashim	-	-	-	-	-	-

* Deemed interested in shares by virtue of his shareholdings in Fahim Capital Sdn Bhd which is a shareholder of Brahim's International Franchises Sdn Bhd and IBH Capital (Labuan) Limited

** Deemed interested in shares by virtue of his shareholdings in Inveshold Sdn Bhd

*** Deemed interested in shares by virtue of his shareholdings in Semantan Capital Sdn Bhd which is a shareholder of Brahim's International Franchises Sdn Bhd

**** Deemed interested in shares by virtue of his shareholdings in IBH Capital (Labuan) Limited

ANALYSIS OF SHAREHOLDINGS

AS AT 19 MAY 2010

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 MAY 2010

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	Brahim's International Franchises Sdn Bhd	82,105,000	45.87
2.	IBH Capital (Labuan) Limited	25,000,000	13.97
3.	Brahim's International Franchises Sdn Bhd	11,500,000	6.42
4.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheam Heng Cheang (BSR 21168-6)	7,700,000	4.30
5.	Cheam Heng Cheang	6,421,000	3.59
6.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Yean Teong	3,929,300	2.20
7.	Ivory Holdings Sdn Bhd	3,274,807	1.83
8.	Lim Swee Sie	3,024,940	1.69
9.	Lim Gaik Bway @ Lim Chiew Ah	1,673,500	0.93
10.	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	1,428,500	0.80
11.	Inveshold Sdn Bhd	1,375,000	0.77
12.	Ng Nai Waing	1,020,000	0.57
13.	Apsara Vohrah	776,500	0.43
14.	Koay Keng Ling	605,200	0.34
15.	Lee Ming Chong @ Lee Ming Cheung	550,000	0.31
16.	Othman Bin Mohd Noor	536,100	0.30
17.	Koay Keng Teik @ Koay Chia Wah	508,000	0.28
18.	Teo Kwee Hock	504,400	0.28
19.	JF Apex Securities Berhad IVT (DE1B)	500,000	0.28
20.	Siah Gim Siew	400,000	0.22
21.	Ng Yep Min @ Yam Woo	400,000	0.22
22.	Lee Ah Yew	370,000	0.21
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities account for Yong Keat Foo (E-TSA)	330,400	0.18
24.	Trans Pacific Corporation Sdn Bhd	326,000	0.18
25.	Khong Hong Choo	321,700	0.18
26.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soh Eng Choong (D Jaya-CL)	319,000	0.18
27.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lu Li (REM 868-Margin)	310,000	0.17
28.	Lim Mee Shia	300,000	0.17
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Neo Eng Hui (8062105)	300,000	0.17
30.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Mee Shia (JH8)	300,000	0.17

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting of TAMADAM BONDED WAREHOUSE BERHAD (the "Company") will be held at Café Barbera, 18 Lorong Maarof, Bangsar Park, 59000 Kuala Lumpur on Monday, 28 June 2010 at 10.00 a.m. for the following purposes:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' Fees for the financial year ended 31 December 2009. **(Ordinary Resolution 1)**
3. To re-elect the following Directors, who are retiring in accordance with Article 98 of the Articles of Association of the Company:
 - (i) Datuk Ibrahim Bin Haji Ahmad **(Ordinary Resolution 2)**
 - (ii) Cheam Heng Cheang **(Ordinary Resolution 3)**
4. To pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:
 - (i) "That pursuant to Section 129(6) of the Companies Act, 1965, Col (R) Dato' Ir Cheng Wah be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **(Ordinary Resolution 4)**
 - (ii) "That pursuant to Section 129(6) of the Companies Act, 1965, Goh Joon Hai be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **(Ordinary Resolution 5)**
5. To re-appoint Messrs Crowe Horwath (formerly known as Messrs Horwath) as Auditors and to authorize the Directors to fix their remuneration. **(Ordinary Resolution 6)**

Special Business

To consider and if thought fit, with or without any modification, to pass the following resolutions:

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**
 "THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act"), the Directors be and are hereby empowered to allot and issue shares in the share capital of the Company at any time until the conclusion of the next Annual General Meeting ("AGM") and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue, subject to the Articles of Association of the Company and approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary." **(Ordinary Resolution 7)**
7. **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**
 "THAT existing Article 135 in the Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:

New Article 135 – Dividend payable

Any dividend or other money payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or such person as the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited at the risk of the person entitled to the money represented thereby. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends out of its accounts. Any dividend or other money payable in cash on or in respect of a share may by directly crediting the dividend entitlement into the member's bank account of the member or person entitled thereto in consequence of the death or bankruptcy of the holder may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where the Company has acted on any such directions."

(Special Resolution)

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

LIM MING TOONG (MAICSA 7000281)
MASHARUM BINTI ABDUL WAHAB (MAICSA 7041619)

Company Secretaries

Kuala Lumpur
4 June 2010

Notes:-

- (1) A member entitled to attend and vote at the meeting may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
- (2) A Member may appoint up to two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, the appointment shall not be valid unless the Member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.
- (3) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing a proxy and the power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registrars at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.

Explanatory note to Special Business:

- (i) Ordinary Resolution 7

Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 7, if passed, will empower the Directors from the date of this Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with the convening of such meeting(s). No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 28 June 2009. The Directors will utilise the proceeds raised from this mandate for working capital or such other applications they may in their absolute discretion deem fit.

- (ii) Special Resolution

Proposed Amendment to the Articles of Association of the Company

The proposed Special Resolution will render the Company's Articles of Association to be in line with the Main Market Listing Requirements and to enable the Company to implement the Electronic Dividend Payment ("eDividend").

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Directors standing for re-election

The Directors who are standing for re-election at the Twenty-Eighth Annual General Meeting of the Company are as follows:-

- (i) Datuk Ibrahim Bin Haji Ahmad
- (ii) Cheam Heng Cheang

The Directors who are standing for re-appointment at the Twenty-Eighth Annual General Meeting of the Company are as follows:

- (i) Col (R) Dato' Ir Cheng Wah
- (ii) Goh Joon Hai

The details of the Directors who are standing for re-election and/or re-appointment are set out in the Directors' Profile appearing on pages 3 to 6 of this Annual Report and their attendance at Board Meeting are set out on page 16 of this Annual Report.

Shareholdings of Directors who are standing for re-election and/or re-appointment

The shareholdings of the Directors who are standing for re-election and/or re-appointment are set out in the Analysis of Shareholdings on page 84 of this Annual Report.

PROXY FORM

No. of Shares Held	CDS Account No.

* I/We
of
being a Member(s) of TAMADAM BONDED WAREHOUSE BERHAD (82731-A), hereby appoint
.....
of or failing
him/her of
..... or # THE CHAIRMAN OF THE MEETING as *my/our proxy to
vote for *me/us on *my/our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held at Café
Barbera, 18 Lorong Maarof, Bangsar Park, 59000 Kuala Lumpur at 10.00 a.m. or at any adjournment thereof and
to vote as indicated below:-

Resolutions		For	Against
1.	To approve the payment of Directors' Fees (Ordinary Resolution 1)		
2.	To re-elect Datuk Ibrahim Bin Haji Ahmad (Ordinary Resolution 2)		
3.	To re-elect Cheam Heng Cheang (Ordinary Resolution 3)		
4.	To re-appoint Col (R) Dato' Ir Cheng Wah (Ordinary Resolution 4)		
5.	To re-appoint Goh Joon Hai (Ordinary Resolution 5)		
6.	To re-appoint Messrs Crowe Horwath (formerly known as Messrs Horwath) as Auditors of the Company (Ordinary Resolution 6)		
7.	Special Business Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965 (Ordinary Resolution 7)		
8.	Proposed Amendment to the Articles of Association of the Company (Special Resolution)		

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies or more and wish them to vote differently this should be specified.

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* Delete if not applicable.

Signed this..... day of 2010

.....
Signature / Common Seal of Shareholder



Notes:

- (1) A member entitled to attend and vote at the meeting may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
- (2) A Member may appoint up to two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, the appointment shall not be valid unless the Member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.
- (3) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing a proxy and the power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registrars at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.

TAMADAM BONDED WAREHOUSE BHD

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

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