TAMADAM BONDED WAREHOUSE BERHAD

(Incorporated in Malaysia)
Company No : 82731 - A

FINANCIAL REPORT

for the financial year ended 31 December 2010

CONTENTS

TAMADAM BONDED WAREHOUSE BERHAD
(Incorporated in Malaysia)
Company No : 82731 - A

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 2010.

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 6 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	12,243,790	(11,118,410)
Attributable to:-		
Owners of the Company	6,552,190	(11,118,410)
Minority interest	5,691,600	-
	12,243,790	(11,118,410)

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.

WARRANTS

On 5 January 2000, 21,780,000 warrants were granted to the entitled shareholders of the Company at an exercise price of RM1.45 to subscribe for one new ordinary share of RM1 each of the Company. The warrants expired on 4 January 2005 and were extended for a period of five years from 5 January 2005 up to 4 January 2010.

The warrants expired on 4 January 2010.

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 impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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 impairment losses on receivables in the financial statements of the Group and of the Company.

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

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 1.1.2010	Bought	Sold	At 31.12.2010
Direct Interests				
Col (Rtd) Dato' Ir Cheng Wah	22,500	-	-	22,500
Cheam Heng Cheang	14,031,000	90,000	-	14,121,000
Indirect Interests				
Datuk Ibrahim Bin Haji Ahmad	118,605,000	-	-	118,605,000
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	93,605,000	-	-	93,605,000
Cheam Heng Cheang	1,375,000	-	-	1,375,000
Dato' Choo Kah Hoe	25,000,000	-	-	25,000,000

	Number Of Warrants 2000/2010 Of The Company			
	At 1.1.2010	Bought	Expired	At 31.12.2010
Col (Rtd) Dato' Ir Cheng Wah	10,000	-	(10,000)	-
Cheam Heng Cheang	7,096,000	-	(7,096,000)	-

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' BENEFITS (CONT'D)

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 EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year of the Group and of the Company is disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 APRIL 2011

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 92 are 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 state of affairs of the Group and of the Company at 31 December 2010 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 41, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 APRIL 2011

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 92 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 26 April 2011

Ching Kian Hoe

Before me

Datin Hajah Raihela 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 statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 92.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with 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 2010 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 requirements 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 6 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.

The supplementary information set out in Note 41 on page 93 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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	**James Chan Kuan Chee**
Firm No: AF 1018	Approval No: 2271/10/11 (J)
Chartered Accountants	Chartered Accountant

26 April 2011

Kuala Lumpur

TAMADAM BONDED WAREHOUSE BERHAD

(Incorporated in Malaysia)
Company No : 82731 - A

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2010

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	580,906	580,906
Investment in joint ventures	7	-	-	130,005,100	130,005,100
Property, plant and equipment	8	42,276,418	42,083,767	1,348,103	1,655,235
Other investment	9	1	1	1	1
Intangible assets	10	929,220	1,101,600	-	-
Goodwill	11	177,442,170	177,442,170	-	-
Deferred tax assets	12	22,950	7,348,590	-	-
		220,670,759	227,976,128	131,934,110	132,241,242
CURRENT ASSETS					
Inventories	13	3,685,994	2,808,395	-	-
Trade receivables	14	34,595,910	34,161,359	1,581,666	2,270,092
Other receivables, deposits and prepayments	15	5,583,719	7,051,547	796,070	5,142,588
Amount owing by subsidiaries	16	-	-	29,300,499	34,707,351
Tax recoverable		19,380	28,050	-	-
Fixed deposits with licensed banks	17	4,756,549	5,601,974	268,549	1,211,894
Cash and bank balances		14,892,633	11,600,744	109,224	280,221
		63,534,185	61,252,069	32,056,008	43,612,146
TOTAL ASSETS		284,204,944	289,228,197	163,990,118	175,853,388
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	179,005,000	179,005,000	179,005,000	179,005,000
Reserves	19	(19,730,496)	(26,232,196)	(39,831,314)	(28,712,904)
		159,274,504	152,772,804	139,173,686	150,292,096
Minority interest		18,764,430	13,094,250	-	-
TOTAL EQUITY		178,038,934	165,867,054	139,173,686	150,292,096
NON-CURRENT LIABILITY					
Long-term borrowings	20	24,425,776	51,060,995	5,355,346	4,000,235

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2010 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2010 RM	2009 RM	2010 RM	2009 RM
CURRENT LIABILITIES					
Trade payables	23	18,979,906	17,734,108	854,403	1,241,792
Other payables and accruals	24	24,193,603	22,062,456	11,010,613	10,502,521
Short-term borrowings	25	32,337,461	23,284,993	1,366,806	598,153
Bank overdrafts	26	6,229,264	9,218,591	6,229,264	9,218,591
		81,740,234	72,300,148	19,461,086	21,561,057
TOTAL LIABILITIES		106,166,010	123,361,143	24,816,432	25,561,292
TOTAL EQUITY AND LIABILITIES		284,204,944	289,228,197	163,990,118	175,853,388
NET ASSETS PER ORDINARY SHARE (RM)	27	0.89	0.85		

TAMADAM BONDED WAREHOUSE BERHAD

(Incorporated in Malaysia)
Company No : 82731 - A

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	NOTE	THE GROUP 2010 RM	THE GROUP 2009 RM	THE COMPANY 2010 RM	THE COMPANY 2009 RM
REVENUE	28	165,810,937	156,740,530	4,397,456	6,763,740
DIRECT OPERATING EXPENSES	29	(74,009,483)	(66,718,339)	(5,514,044)	(6,952,769)
GROSS PROFIT/(LOSS)		91,801,454	90,022,191	(1,116,588)	(189,029)
OTHER INCOME		3,051,593	2,895,486	2,060,311	2,039,884
DISTRIBUTION EXPENSES		(127,776)	(103,819)	(107,285)	(98,656)
ADMINISTRATIVE EXPENSES		(65,260,613)	(66,539,456)	(3,267,065)	(2,788,630)
OTHER EXPENSES		(4,831,576)	(8,783,682)	(7,066,665)	(1,470,198)
		(70,219,965)	(75,426,957)	(10,441,015)	(4,357,484)
PROFIT/(LOSS) FROM OPERATIONS		24,633,082	17,490,720	(9,497,292)	(2,506,629)
FINANCE COSTS		(4,994,292)	(6,314,315)	(1,621,118)	(1,388,732)
PROFIT/(LOSS) BEFORE TAXATION	30	19,638,790	11,176,405	(11,118,410)	(3,895,361)
INCOME TAX EXPENSE	31	(7,395,000)	(5,198,940)	-	-
PROFIT/(LOSS) AFTER TAXATION		12,243,790	5,977,465	(11,118,410)	(3,895,361)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		12,243,790	5,977,465	(11,118,410)	(3,895,361)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (CONT'D)

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		6,552,190	2,381,965	(11,118,410)	(3,895,361)
Minority interest		5,691,600	3,595,500	-	-
		12,243,790	5,977,465	(11,118,410)	(3,895,361)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		6,552,190	2,381,965	(11,118,410)	(3,895,361)
Minority interest		5,691,600	3,595,500	-	-
		12,243,790	5,977,465	(11,118,410)	(3,895,361)
Earnings per share					
- basic	32	3.66 sen	1.33 sen		
- diluted	32	N/A	N/A		

TAMADAM BONDED WAREHOUSE BERHAD

(Incorporated in Malaysia)
Company No : 82731 - A

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		← NON-DISTRIBUTABLE	→	DISTRIBUTABLE			
	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	ACCUMULATED LOSSES RM	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	MINORITY INTEREST RM	TOTAL EQUITY RM
THE GROUP							
Balance at 1.1.2009		179,005,000	12,384,295	(40,998,456)	150,390,839	9,498,750	159,889,589
Total comprehensive income for the financial year		-	-	2,381,965	2,381,965	3,595,500	5,977,465
Balance at 31.12.2009/1.1.2010							
- as previously reported		179,005,000	12,384,295	(38,616,491)	152,772,804	13,094,250	165,867,054
- effect of adopting FRS 139	4a(iii)	-	-	(50,490)	(50,490)	(21,420)	(71,910)
- as restated		179,005,000	12,384,295	(38,666,981)	152,722,314	13,072,830	165,795,144
Total comprehensive income for the financial year		-	-	6,552,190	6,552,190	5,691,600	12,243,790
Balance at 31.12.2010		179,005,000	12,384,295	(32,114,791)	159,274,504	18,764,430	178,038,934

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

TAMADAM BONDED WAREHOUSE BERHAD
(Incorporated in Malaysia)
Company No : 82731 - A

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (CONT'D)

	NON-DISTRIBUTABLE		DISTRIBUTABLE	
	SHARE CAPITAL RM	SHARE PREMIUM RM	ACCUMULATED LOSSES RM	TOTAL EQUITY RM
THE COMPANY				
Balance at 1.1.2009	179,005,000	12,384,295	(37,201,838)	154,187,457
Total comprehensive expenses for the financial year	-	-	(3,895,361)	(3,895,361)
Balance at 31.12.2009/1.1.2010	179,005,000	12,384,295	(41,097,199)	150,292,096
Total comprehensive expenses for the financial year	-	-	(11,118,410)	(11,118,410)
Balance at 31.12.2010	179,005,000	12,384,295	(52,215,609)	139,173,686

TAMADAM BONDED WAREHOUSE BERHAD

(Incorporated in Malaysia)
Company No : 82731 - A

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	19,638,790	11,176,405	(11,118,410)	(3,895,361)
Adjustments for:-				
Allowance for impairment losses on receivables	1,899,399	8,724,932	7,030,855	1,470,001
Amortisation of intangible assets	403,920	656,880	-	-
Bad debt written off	-	2,109	-	-
Depreciation of property, plant and equipment	4,770,500	4,449,377	307,255	434,438
Financing charges	7,190	25,557	7,190	25,557
Interest expense	4,985,268	6,286,664	1,612,144	1,361,084
Property, plant and equipment written off	1,020	359	-	-
Interest income	(645,730)	(712,388)	(1,684,213)	(1,724,148)
Net gain on disposal of property, plant and equipment	(126,430)	(131,295)	(127,095)	(47,145)
Write-back of allowance for impairment losses on receivables	(133,510)	(21,153)	(910)	(21,153)
Operating profit/(loss) before working capital changes	30,800,417	30,457,447	(3,973,184)	(2,396,727)
Increase in inventories	(877,599)	(266,555)	-	-
(Increase)/Decrease in trade and other receivables	(732,612)	(13,265,246)	4,572,105	1,861,002
Increase in trade and other payables	3,376,945	13,361,236	120,703	4,058,205
CASH FROM OPERATIONS	32,567,151	30,286,882	719,624	3,522,480
Tax (paid)/refund	(60,690)	363,700	-	-
Interest paid	(4,985,268)	(6,286,664)	(1,612,144)	(1,361,084)
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD	27,521,193	24,363,918	(892,520)	2,161,396

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (CONT'D)

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		27,521,193	24,363,918	(892,520)	2,161,396
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Investment in joint ventures		-	-	-	(5,049)
Additional investment in a subsidiary		-	-	-	(500,000)
Advances to subsidiaries		-	-	(1,160,254)	(1,863,541)
Interest income		645,730	712,388	1,684,213	1,724,148
Purchase of intangible assets		(231,540)	(835,380)	-	-
Purchase of plant and equipment		(5,099,268)	(4,088,928)	(134,328)	(205,300)
Proceeds from disposal of plant and equipment		261,527	345,325	261,300	260,155
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(4,423,551)	(3,866,595)	650,931	(589,587)
BALANCE CARRIED FORWARD		23,097,642	20,497,323	(241,589)	1,571,809

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (CONT'D)

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
BALANCE BROUGHT FORWARD		23,097,642	20,497,323	(241,589)	1,571,809
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Financing charges paid		(7,190)	(25,557)	(7,190)	(25,557)
Restructuring of bank borrowings		3,000,000	-	3,000,000	-
Drawdown of short-term loan		393,714	-	-	-
Repayment of bank borrowings		(20,645,871)	(16,113,553)	(720,572)	(303,553)
Payment of hire purchase payables		(402,504)	(446,985)	(155,664)	(200,145)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(17,661,851)	(16,586,095)	2,116,574	(529,255)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,435,791	3,911,228	1,874,985	1,042,554
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		7,984,127	4,072,899	(7,726,476)	(8,769,030)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	13,419,918	7,984,127	(5,851,491)	(7,726,476)

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	:	10^{th} Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	:	7 - 05, 7^{th} 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 26 April 2011.

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 6 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. BASIS OF PREPARATION

The Group's financial statements 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.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

4. BASIS OF PREPARATION (CONT'D)

(a) **FRSs and IC Interpretations (including the Consequential Amendments)**

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

4. BASIS OF PREPARATION (CONT'D)

(a) (ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

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 classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 40(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

	THE GROUP Balance As At 1 January 2010		
	As previously reported RM	Effects of adopting FRS 139 RM	As adjusted RM
At 1 January 2010			
Borrowings	74,345,998	71,910	74,417,908
Accumulated losses	(38,616,491)	(50,490)	(38,666,981)
Minority Interest	13,094,250	(21,420)	13,072,830

4. BASIS OF PREPARATION (CONT'D)

(a) (iii) All these financial impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted/represented by virtue of the exemption given in this standard.

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

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011

4. BASIS OF PREPARATION (CONT'D)

(b)

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interprétation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
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
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

4. BASIS OF PREPARATION (CONT'D)

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) FRS 3 (Revised) 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.

(ii) FRS 127 (Revised) 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 FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting of its future transactions or arrangements.

5. 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 Non-financial 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iv) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Recognition of Compensation from A Customer

The subsidiary of the joint venture entered into a Catering Agreement with its major customer in 2003. One of the principal clauses in the agreement is for the customer to provide a guarantee on the minimum revenue billable to them for a period for 9 years commencing from 1 April 2004 to 31 March 2013.

The subsidiary of the joint venture invoiced the customer compensation sums amounting to RM12,949,000 and RM680,000 in 2008 and 2009 respectively, as a result of a shortfall in revenue earned from the customer.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(vi) Recognition of Compensation from A Customer (Cont'd)

During the financial year, the subsidiary of the joint venture entered into negotiations with the customer in relation to the compensation sums. As a result of the negotiations, on 9 February 2010, the customer offered an amount of RM8,500,000 as full settlement of the compensation sums, subject to certain conditions. This was followed by the signing of a memorandum of understanding ("MOU") between a shareholder of the joint venture and a shareholder of the subsidiary of the joint venture on 2 July 2010, whereby both parties agreed to a settlement of RM8,500,000 on the compensation sum, subject to certain conditions. Accordingly, the directors of the joint venture provided for an impairment of trade receivables of RM5,129,000 (2009 - RM2,500,000) in the financial statements for the year ended 31 December 2010. The directors of the joint venture also expect the payment of settlement amounting to RM8,500,000 to be received within 12 months at the end of the reporting period.

(vii) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

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 statement of financial position 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Minority interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with minority interests are accounted for as transactions with owners. Gain or loss on disposal to minority interests is recognised directly in equity.

(c) 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 assets, liabilities and contingent liabilities 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 profit or loss. 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 profit or loss.

(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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company'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 end of the reporting period 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 recognised in profit or loss.

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position 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.

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

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are stated initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(iii) 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 approved for appropriation.

(f) Investments

(i) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position 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 recognised in profit or loss.

(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 joint venture is a joint venture that involves the establishment of a separate entity in which each entity 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments (Cont'd)

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

When the Group contributes or sells assets to the joint venture, 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.

Investments in joint ventures are stated at cost in the statement of financial position 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 recognised in profit or loss.

(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 recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 ¾ years
Pallets	33 1/3%
Plant and machinery	5% to 33 1/3%
Renovation and electrical installations	10%
Signboard	30% to 33 1/3%
Furniture, fittings and office equipment	5% to 33 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 the end of each reporting period 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, Plant and Equipment (Cont'd)

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. 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 recognised in profit or loss.

(h) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period 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' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets (Cont'd)

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 profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(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 profit or loss 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(l) Borrowing 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 recognised in profit or loss as expenses in the period in which they are incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Provisions

Provisions are recognised when the Group 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 the end of each reporting period 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.

(n) 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 end of the reporting period.

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 profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period 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.

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 end of the reporting period.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income Taxes (Cont'd)

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 income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination 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.

(o) 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.

(p) 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 recognised in profit or loss 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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
(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.

(t) 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Revenue Recognition (Cont'd)

(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.

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY 2010 RM	THE COMPANY 2009 RM
Unquoted shares, at cost:-		
At 1 January	580,906	80,906
Addition during the financial year	-	500,000
At 31 December	580,906	580,906

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

Name of Company	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Tamadam Crest Sdn. Bhd.	100	100	Insurance agency.
Tamadam Industries Sendirian Berhad	100	100	Provision of warehouse for rental.
Tamadam Marketing Sdn. Bhd.	100	100	Dormant.
Cafe Barbera (SEA) Sdn. Bhd.*	100	100	Operating a restaurant.

* Not audited by Messrs. Crowe Horwath.

7. INVESTMENT IN JOINT VENTURES

	THE COMPANY 2010 RM	THE COMPANY 2009 RM
Unquoted shares, at cost:-		
At 1 January	130,005,100	130,000,051
Addition during the financial year	-	5,049
At 31 December	130,005,100	130,005,100

7. 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 2010 %	2009 %	Principal Activities
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 2010 %	2009 %	Principal Activities
LSG Sky Chefs - Brahim's Sdn. Bhd.	70	70	Catering related services.

7. INVESTMENT IN JOINT VENTURES (CONT'D)

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

	THE GROUP	
	2010	2009
	RM	RM
Assets and Liabilities		
Non-current assets	63,476,130	70,049,520
Current assets	60,075,450	51,401,370
Total assets	123,551,580	121,450,890
Non-current liabilities	19,070,430	47,060,760
Current liabilities	61,199,490	49,875,450
Total liabilities	80,269,920	96,936,210
Results		
Revenue	160,223,640	149,968,050
Other income	2,369,460	2,238,900
Expenses, including finance costs and taxation	(143,754,210)	(140,346,900)

8. PROPERTY, PLANT AND EQUIPMENT

	AT 1.1.2010 RM	ADDITIONS RM	DISPOSALS RM	WRITTEN OFF RM	DEPRECIATION CHARGE RM	AT 31.12.2010 RM
THE GROUP						
NET BOOK VALUE						
Warehouse buildings and improvements	27,287,877	-	-	-	(616,675)	26,671,202
Containers, pallets, plant and machinery	8,803,017	3,142,110	(46,600)	(1,020)	(2,708,280)	9,189,227
Renovation and electrical installations	595,985	215,851	(175)	-	(76,842)	734,819
Signboard, furniture and fittings, EDP equipment and office equipment	1,448,812	464,267	(717)	-	(381,046)	1,531,316
Motor vehicles, lorries and trucks	3,948,076	1,277,040	(87,605)	-	(987,657)	4,149,854
	42,083,767	5,099,268	(135,097)	(1,020)	(4,770,500)	42,276,418

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

	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

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

THE GROUP	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 31.12.2010			
Warehouse buildings and improvements	34,370,690	(7,699,488)	26,671,202
Containers, pallets, plant and machinery	107,706,344	(98,517,117)	9,189,227
Renovation and electrical installations	2,091,946	(1,357,127)	734,819
Signboard, furniture and fittings, EDP equipment and office equipment	8,948,090	(7,416,774)	1,531,316
Motor vehicles, lorries and trucks	16,711,535	(12,561,681)	4,149,854
	169,828,605	(127,552,187)	42,276,418
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

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

THE COMPANY	AT 1.1.2010 RM	ADDITIONS RM	DISPOSALS RM	DEPRECIATION CHARGE RM	AT 31.12.2010 RM
NET BOOK VALUE					
Containers, pallets, plant and machinery	515,150	15,300	(46,600)	(111,870)	371,980
Renovation and electrical installations	157,830	106,388	-	(28,478)	235,740
Signboard, furniture and fittings, EDP equipment and office equipment	374,808	12,640	-	(60,020)	327,428
Motor vehicles, lorries and trucks	607,447	-	(87,605)	(106,887)	412,955
	1,655,235	134,328	(134,205)	(307,255)	1,348,103

THE COMPANY	AT 1.1.2009 RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 31.12.2009 RM
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

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

THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 31.12.2010			
Containers, pallets, plant and machinery	5,710,934	(5,338,954)	371,980
Renovation and electrical installations	1,540,456	(1,304,716)	235,740
Signboard, furniture and fittings, EDP equipment and office equipment	4,557,358	(4,229,930)	327,428
Motor vehicles, lorries and trucks	1,422,755	(1,009,800)	412,955
	13,231,503	(11,883,400)	1,348,103
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

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

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Lorries and trucks	334,024	387,468	334,024	387,468
Motor vehicles	905,736	1,152,651	-	-
	1,239,760	1,540,119	334,024	387,468

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Leasehold land, building and improvements	26,671,202	27,287,877	-	-

9. OTHER INVESTMENT

	THE GROUP/THE COMPANY	
	2010	2009
	RM	RM
At cost:-		
Unquoted shares	125,000	125,000
Allowance for diminution in value	(124,999)	(124,999)
	1	1

10. INTANGIBLE ASSETS

	THE GROUP COMPUTER SOFTWARE	
	2010	2009
	RM	RM
Net Book Value		
At 1 January	1,101,600	923,100
Addition	231,540	835,380
Amortisation during the financial year	(403,920)	(656,880)
At 31 December	929,220	1,101,600
Cost	4,018,290	3,786,750
Accumulated amortisation	(3,089,070)	(2,685,150)
Net book value	929,220	1,101,600

The remaining amortisation period of the computer software at the end of the reporting period ranged from 1 to 4 years (2009 - 1 to 4 years).

11. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2010	2009
	RM	RM
Goodwill	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	-	57%
Growth rate	-	Revenue is estimated to increase by 8% in year 2011, further increase of 3% per annum in year 2012 and 2013, followed by a decrease of 4% in year 2014 and remained unchanged in year 2015, based on management's expectation of customer demands.
Discount rate	-	9.8%

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.

12. 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 statements of financial position:

	THE GROUP	
	2010	2009
	RM	RM
Deferred tax assets	22,950	7,348,590

12. DEFERRED TAX ASSETS (CONT'D)

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

	THE GROUP	
	2010	2009
	RM	RM
At 1 January	7,348,590	12,578,130
Charged to profit or loss (Note 31)	(7,325,640)	(5,229,540)
At 31 December	22,950	7,348,590
Subject to income tax		
Deferred tax assets (before offsetting)		
Allowances	1,629,960	652,800
Tax losses	913,920	8,843,400
	2,543,880	9,496,200
Offsetting	(2,520,930)	(2,147,610)
Deferred tax assets (after offsetting)	22,950	7,348,590
Deferred tax liabilities (before offsetting)		
Property, plant and equipment and intangible assets	(2,520,930)	(2,147,610)
Offsetting	2,520,930	2,147,610
Deferred tax liabilities (after offsetting)	-	-

13. INVENTORIES

	THE GROUP	
	2010 RM	2009 RM
Catering stores	2,392,920	1,618,740
Food and beverage	200,144	279,305
General stores	541,110	374,340
Maintenance stores	551,820	536,010
	3,685,994	2,808,395

14. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade balances	33,208,103	37,127,663	4,418,699	4,644,286
Accrued compensation receivable from customer	6,950,790	6,950,790	-	-
	40,158,893	44,078,453	4,418,699	4,644,286
Allowance for impairment losses	(5,562,983)	(9,917,094)	(2,837,033)	(2,374,194)
	34,595,910	34,161,359	1,581,666	2,270,092
Allowance for Impairment losses:-				
At 1 January	(9,917,094)	(2,600,254)	(2,374,194)	(2,347,804)
Addition during the financial year	(1,899,399)	(7,442,543)	(463,749)	(47,543)
Write-off during the financial year	6,120,000	104,550	-	-
Write-back during the financial year	133,510	21,153	910	21,153
At 31 December	(5,562,983)	(9,917,094)	(2,837,033)	(2,374,194)

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.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables	3,438,616	3,658,111	1,680,328	1,896,686
Deposits	2,048,739	5,056,386	722,711	4,842,551
Prepayments	1,880,284	120,970	72,825	83,145
	7,367,639	8,835,467	2,475,864	6,822,382
Allowance for impairment losses	(1,783,920)	(1,783,920)	(1,679,794)	(1,679,794)
	5,583,719	7,051,547	796,070	5,142,588
Allowance for Impairment losses:-				
At 1 January	(1,783,920)	(501,531)	(1,679,794)	(501,531)
Addition during the financial year	-	(1,282,389)	-	(1,178,263)
At 31 December	(1,783,920)	(1,783,920)	(1,679,794)	(1,679,794)

Included in the deposits of the Group and of the Company was an amount of RM620,941 (2009 - RM4,575,600) in respect of the rental deposit for the leaseback of the properties.

16. AMOUNT OWING BY SUBSIDIARIES

	THE COMPANY	
	2010	2009
	RM	RM
Non-trade balances	36,544,439	35,384,185
Allowance for impairment losses	(7,243,940)	(676,834)
	29,300,499	34,707,351
Allowance for impairment losses:-		
At 1 January	(676,834)	(432,639)
Addition during the financial year	(6,567,106)	(244,195)
At 31 December	(7,243,940)	(676,834)

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 of RM17,140,622 (2009 - RM16,478,962) which is subject to effective interest rates ranging from 7.8% to 8.0% (2009 - 7.8% to 8.0%) per annum. The amount owing is to be settled in cash.

17. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rates of the fixed deposits range from 1.25% to 2.75% (2009 - 1.25% to 2.00%) per annum. The fixed deposits have maturity periods ranging from 1 to 365 days (2009 - 1 to 30 days).

The fixed deposits of RM200,000 (2009 - RM1,211,894) have been pledged to licensed banks as security for banking facilities granted to the Company.

18. SHARE CAPITAL

	THE COMPANY			
	2010	2009	2010	2009
	NUMBER OF SHARES		RM	RM
ORDINARY SHARES OF RM1.00 EACH:-				
AUTHORISED	500,000,000	500,000,000	500,000,000	500,000,000
ISSUED AND FULLY PAID UP	179,005,000	179,005,000	179,005,000	179,005,000

19. RESERVES

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Accumulated losses	(32,114,791)	(38,616,491)	(52,215,609)	(41,097,199)
NON-DISTRIBUTABLE				
Share premium	12,384,295	12,384,295	12,384,295	12,384,295
	(19,730,496)	(26,232,196)	(39,831,314)	(28,712,904)

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.

20. LONG-TERM BORROWINGS

	THE GROUP 2010 RM	THE GROUP 2009 RM	THE COMPANY 2010 RM	THE COMPANY 2009 RM
Term loans (Note 21)	23,754,997	34,442,119	5,343,487	3,842,119
Hire purchase payables (Note 22)	670,779	1,063,876	11,859	158,116
Advances:				
- a former shareholder of the joint ventures	-	7,933,050	-	-
- a shareholder of the joint ventures	-	7,621,950	-	-
	24,425,776	51,060,995	5,355,346	4,000,235

The advances from a former shareholder and a former shareholder of the joint ventures in the previous financial year were unsecured.

21. TERM LOANS

	THE GROUP 2010 RM	THE GROUP 2009 RM	THE COMPANY 2010 RM	THE COMPANY 2009 RM
Current portion:				
- repayable within one year (Note 25)	13,828,787	12,671,912	1,209,972	431,912
Non-current portion:				
- repayable between one to two years	19,720,855	31,063,441	1,309,345	463,441
- repayable between two to five years	2,391,331	1,491,818	2,391,331	1,491,818
- repayable after five years	1,642,811	1,886,860	1,642,811	1,886,860
Total non-current portion (Note 20)	23,754,997	34,442,119	5,343,487	3,842,119
	37,583,784	47,114,031	6,553,459	4,274,031

21. TERM LOANS (CONT'D)

Details of the term loans outstanding at the end of the reporting period are as follows:-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Term loan				
I	3,998,857	4,274,031	3,998,857	4,274,031
II	2,554,602	-	2,554,602	-
III	378,815	-	-	-
IV	30,651,510	42,840,000	-	-
	37,583,784	47,114,031	6,553,459	4,274,031

The weighted average effective interest rates at the end of the reporting period for borrowings which bore interest at fixed rates, were as follows:-

	THE GROUP		THE COMPANY	
	2010 %	2009 %	2010 %	2009 %
Term loans	7.54	7.40	8.15	7.30

(a) Term loans I and II are secured by:-

(i) a third party deed of assignment over a subsidiary's sub-lease on 15 acres of land and warehouse buildings; and

(ii) a pledge of the fixed deposits with licensed banks.

(b) Term loan III is secured by:-

(i) a letter of support from the Company; and

(ii) a fixed charge on the financed equipment.

21. TERM LOANS (CONT'D)

(c) Term loan IV 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.

22. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Future minimum hire purchase payments:				
- not later than one year	554,844	571,800	169,284	186,240
- later than one year and not later than five years	1,061,838	1,616,682	35,208	204,492
	1,616,682	2,188,482	204,492	390,732
Future finance charges	(542,229)	(711,525)	(35,799)	(66,375)
Present value of hire purchase payables	1,074,453	1,476,957	168,693	324,357

22. HIRE PURCHASE PAYABLES (CONT'D)

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Present value of hire purchase payables are as follows:-				
Current:				
- not later than one year (Note 25)	403,674	413,081	156,834	166,241
Non-current:				
- later than one year and not later than five years (Note 20)	670,779	1,063,876	11,859	158,116
	1,074,453	1,476,957	168,693	324,357

The hire purchase payables bore effective interest rates ranging from 6.30% to 8.06% (2009 - 6.30% to 8.06%) per annum at the end of the reporting period.

23. 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	
	2010 RM	2009 RM
Euro	139,740	13,260
Others	87,210	7,650

24. 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 RM6,995,635 (2009 - RM5,746,307) and RM2,476,133 (2009 - RM1,626,332), respectively.

The amount owing to the holding company of RM5,777,312 (2009 - RM5,647,142) is subject to an effective interest rate of 8% (2009 - 8%) per annum.

25. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Term loans (Note 21)	13,828,787	12,671,912	1,209,972	431,912
Hire purchase payables (Note 22)	403,674	413,081	156,834	166,241
Revolving credit	2,550,000	10,200,000	-	-
Advances:				
- a former shareholder of the joint ventures	7,933,050	-	-	-
- a shareholder of the joint ventures	7,621,950	-	-	-
	32,337,461	23,284,993	1,366,806	598,153

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

The weighted average effective interest rates at the end of the reporting period for borrowings which bore interest at fixed rates, were as follows:-

	THE GROUP		THE COMPANY	
	2010 %	2009 %	2010 %	2009 %
Term loans	7.54	7.40	8.15	7.30

The revolving credit bears a weighted average effective interest rate of 6.50% (2009 - 6.10%) and is secured in the same manner as the term loan IV disclosed in Note 21(c) to the financial statements.

26. BANK OVERDRAFTS

The bank overdrafts bear interest which range from 7.80% to 8.80% (2009 - 7.05% to 8.05%) per annum and are secured in the same manner as term loan I and II disclosed in Note 21(a) to the financial statements.

27. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of RM159,274,504 (2009 - RM152,772,804) attributable to the number of ordinary shares in issue at the end of the reporting period of 179,005,000 (2009 -179,005,000).

28. REVENUE

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
In-flight catering and related services	160,223,640	149,968,050	-	-
Logistics and related services	4,399,943	6,763,740	4,397,456	6,763,740
Restaurant services	1,187,354	8,740	-	-
	165,810,937	156,740,530	4,397,456	6,763,740

29. DIRECT OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
In-flight catering and related services	68,097,240	59,443,560	-	-
Logistics and related services	5,514,090	7,246,742	5,514,044	6,952,769
Restaurant services	398,153	28,037	-	-
	74,009,483	66,718,339	5,514,044	6,952,769

30. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/ (crediting):-				
Allowance for impairment losses	1,899,399	8,724,932	7,030,855	1,470,001
Amortisation of intangible assets	403,920	656,880	-	-
Audit fee:				
- current year	105,880	97,910	36,000	39,950
- underprovision in the previous financial year	14,300	5,200	14,700	5,200
Bad debt written off	-	2,109	-	-
Depreciation of property, plant and equipment	4,770,500	4,449,377	307,255	434,438
Directors' fees	120,000	120,000	120,000	120,000
Directors' non-fee emoluments	945,420	292,220	945,420	292,220
Financing charges	7,190	25,557	7,190	25,557
Hire of equipment	113,942	335,825	106,142	335,175
Hire of trucks and lorries	16,112	98,696	16,112	98,696
Interest expense	4,985,268	6,286,664	1,612,144	1,361,084
Lease land rental	71,984	71,983	-	-
Property, plant and equipment written off	1,020	359	-	-
Preliminary expenses written off	-	2,740	-	-
Realised loss on foreign exchange	68,457	10,160	117	197
Rental of buildings	1,339,010	2,414,624	2,050,870	3,216,306
Staff costs	36,183,121	35,652,007	2,173,405	2,620,532
Vehicle rental	42,330	48,450	-	-
Net gain on disposal of property, plant and equipment	(126,430)	(131,295)	(127,095)	(47,145)
Interest income	(645,730)	(712,388)	(1,684,213)	(1,724,148)
Rental income	(58,440)	(72,420)	(19,500)	(9,000)

30. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Writeback of allowance for impairment losses	(133,510)	(21,153)	(910)	(21,153)

31. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current tax:				
- for the financial year	69,360	46,410	-	-
- overprovision in the previous financial year	-	(77,010)	-	-
	69,360	(30,600)	-	-
Deferred tax (Note 12):				
- for the current financial year	7,473,540	6,027,690	-	-
- overprovision in the previous financial year	(147,900)	(798,150)	-	-
	7,325,640	5,229,540	-	-
	7,395,000	5,198,940	-	-

31. 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) before taxation	19,638,790	11,176,405	(11,118,410)	(3,895,361)
Tax at statutory tax rate of 25%	4,909,698	2,794,101	(2,779,603)	(973,840)
Tax effects of:-				
Non-taxable gain	(1,673,371)	-	-	-
Non-deductible expenses	3,084,707	1,582,023	1,948,751	284,309
Deferred tax assets not recognised during the financial year	1,221,866	1,173,696	830,852	689,531
Overprovision of taxation in the previous financial year:				
- current tax	-	(77,010)	-	-
- deferred tax	(147,900)	(798,150)	-	-
Change in tax rates	-	524,280	-	-
Income tax expense for the financial year	7,395,000	5,198,940	-	-

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

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Unutilised tax losses	13,261,000	10,755,000	9,776,000	6,727,000
Unabsorbed capital allowances	18,313,000	16,893,000	4,852,000	4,538,000

32. EARNINGS 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 RM6,552,190 by the number of ordinary shares in issue during the financial year of 179,005,000.

The basic earnings per ordinary share of the Group in the previous financial year was calculated by dividing the Group's profit for the financial year of RM2,381,965 by the number of ordinary shares in issue during the financial year of 179,005,000.

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

33. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with licensed institutions (Note 17)	4,756,549	5,601,974	268,549	1,211,894
Cash and bank balances	14,892,633	11,600,744	109,224	280,221
Bank overdrafts	(6,229,264)	(9,218,591)	(6,229,264)	(9,218,591)
	13,419,918	7,984,127	(5,851,491)	(7,726,476)

34. 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	
	2010	2009	2010	2009
	RM	RM	RM	RM
Executive directors:				
- Salaries and other emoluments	933,920	276,620	933,920	276,620
- Fees	45,000	45,000	45,000	45,000
	978,920	321,620	978,920	321,620
Non-executive directors:				
- Salaries and other emoluments	11,500	15,600	11,500	15,600
- Fees	75,000	75,000	75,000	75,000
	86,500	90,600	86,500	90,600
	1,065,420	412,220	1,065,420	412,220

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	
	2010	2009
Executive directors:		
- Below RM50,000	-	1
- RM250,001 - RM300,000	1	1
- RM650,001 - RM700,000	1	-
Non-executive directors:		
- Below RM50,000	5	5
	7	7

35. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	THE COMPANY	
	2010	2009
	RM	RM
Storage and handling fee paid/payable to a subsidiary	904,207	1,064,349
Transportation and forwarding fee received/ receivable from a subsidiary	-	800
Interest income received/receivable from subsidiaries	1,314,393	1,198,420
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	31,125	30,385
Commission paid/payable to a subsidiary	18,084	21,853

36. RELATED PARTY DISCLOSURES

The Group has related party relationships with:-

(a) its subsidiaries and joint ventures, as disclosed in Notes 6 and 7 to the financial statements;

(b) the directors who are the key management personnel; and

(c) close members of the families of certain directors.

The details of the amount owing by the subsidiaries, amount owing to the holding company and the directors, the key management personnel compensation, and related company transactions are disclosed in Note 16, Note 24, Note 34 and Note 35, respectively.

37. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business unit offer different products and services, and are managed separately. The following summary describes the operations in each of the Group's reportable segments:

(i) Warehouse rental, freight forwarding & transportation services, trading & insurance agency - providing bonded warehousing, freight forwarding and transportation services and insurance agency.

(ii) Food and beverage - restaurant of cafes and food.

(iii) Catering services - catering related services.

2010	Warehouse Rental, Freight Forwarding & Transportation Services and Trading & Insurance Agency RM	Food and Beverage RM	Catering Services RM	Eliminations RM	Consolidated RM
REVENUE					
External sales	4,399,943	1,187,354	160,223,640	-	165,810,937
Intersegment revenue	1,955,016	-	-	(1,995,016)	-
Total revenue	6,394,959	1,187,354	160,223,640	(1,995,016)	165,810,937
RESULTS					
Segment results	(4,608,158)	(351,510)	29,592,750		24,633,082
Finance costs					(4,994,292)
Profit before taxation					19,638,790
Income tax expense					(7,395,000)
Profit after taxation					12,243,790
OTHER INFORMATION					
Segment assets	30,971,788	1,545,625	251,668,150		284,185,563
Other investments					1
Tax recoverable					19,380
Consolidated total assets					284,204,944

37. OPERATING SEGMENTS (CONT'D)

2010	Warehouse Rental, Freight Forwarding & Transportation Services and Trading & Insurance Agency RM	Food and Beverage RM	Catering Services RM	Consolidated RM
Segment liabilities	12,456,593	109,266	30,607,650	43,173,509
Unallocated corporate liabilities				62,992,501
				106,166,010
Capital expenditure	134,328	306,600	4,658,340	5,099,268
Depreciation of property, plant and equipment	923,930	113,880	3,732,690	4,770,500
Allowance for impairment losses	463,749	-	1,435,650	1,899,399

37. OPERATING SEGMENTS (CONT'D)

2009	Warehouse Rental, Freight Forwarding & Transportation Services and 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	2,158,187	-	-	(2,158,187)	-
Total revenue	8,921,927	8,740	149,968,050	(2,158,187)	156,740,530
RESULTS					
Segment results	(4,305,431)	(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	166,210,821	1,566,485	121,422,840		289,200,146
Other investments					1
Tax recoverable					28,050
Consolidated total assets					289,228,197
Segment liabilities	12,365,588	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 impairment losses	1,329,932	-	7,395,000		8,724,932

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

37. OPERATING SEGMENTS (CONT'D)

Revenue from one major customer, with revenue equal to or more than 10% of Group revenue, amounting to RM125,155,530 (2009 - RM120,533,400) arose from sales of the catering services segment.

38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 14 June 2010, the Company announced that it had reached a mutual agreement with Amanah Raya-REIT Managers Sdn. Bhd., the management company of AmanahRaya Real Estate Investment Trust to have an early mutual termination of a Lease Annexure dated 14 December 2006 originally signed between AmanahRaya Berhad ("ARB") and the Company in respect of the leasehold land and buildings ("the Property").

By a Novation Agreement dated 26 November 2007, ARB had assigned and transferred the lease of the Property together with the rights, title and interest, benefits and obligations under and in the Lease Annexure to CIMB Trustee Berhad ("the Trustee") the registered and beneficial owner of the Property.

The Company had entered into a Deed of Mutual Termination with the Trustee to terminate the Agreements which took effect from 14 June 2010.

39. LEASE COMMITMENTS

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Lease rentals payable:-				
Within one year	75,576	2,223,876	-	2,148,300
Within two to five years	308,976	9,758,952	-	9,374,400
Within six to ten years	674,551	5,752,351	-	5,077,800
	1,059,103	17,735,179	-	16,600,500

The lease rentals payable of the Company in the previous financial year were 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.

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group does not have material foreign currency transactions or balances denominated in foreign currencies and hence are not exposed to foreign currency risk.

Foreign currency risk sensitivity analysis

A 5% strengthening/weakening of the RM against the Euro as at the end of the reporting period would have immaterial impact on profit after taxation. This assumes that all other variables remain constant.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 40(a)(iii) to the financial statements.

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP 2010 Increase/ (Decrease) RM	THE COMPANY 2010 Increase/ (Decrease) RM
Effects on profit after tax		
Increase of 1%	153,327	127,827
Decrease of 1%	(153,327)	(127,827)
Effects on equity		
Increase of 1%	153,327	127,827
Decrease of 1%	(153,327)	(127,827)

(iii) Equity Price Risk

The Company does not have any quoted investments and hence is not exposed to equity price risk.

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by a major customer which constituted approximately 51% of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Exposure to credit risk (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	34,595,910	34,161,359	1,581,666	2,270,092

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2010 is as follows:-

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2010			
Not past due	24,572,392	(54,060)	24,518,332
Past due:			
- less than 3 months	3,122,705	(21,930)	3,100,775
- 3 to 6 months	1,393,432	(18,870)	1,374,562
- over 6 months	11,070,364	(5,468,123)	5,602,241
	40,158,893	(5,562,983)	34,595,910

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

THE COMPANY	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2010			
Not past due	584,589	-	584,589
Past due:			
- less than 3 months	291,512	-	291,512
- 3 to 6 months	213,875	-	213,875
- over 6 months	3,328,723	(2,837,033)	491,690
	4,418,699	(2,837,033)	1,581,666

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
2010						
Hire purchase payables	6.49	1,074,453	1,616,682	554,844	1,061,838	-
Term loans	7.54	37,583,784	74,592,368	29,983,366	42,997,188	1,611,814
Revolving credit	6.50	2,550,000	2,550,000	2,550,000	-	-
Shareholders' advances	-	15,555,000	15,555,000	15,555,000	-	-
Bank overdrafts	8.15	6,229,264	6,229,264	6,229,264	-	-
Trade payables	-	18,979,906	18,979,906	18,979,906	-	-
Other payables and accruals	-	24,193,603	24,193,603	24,193,603	-	-
		106,166,010	143,716,823	98,045,983	44,059,026	1,611,814

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
2009						
Hire purchase payables	6.56	1,476,957	2,188,482	571,800	1,616,682	-
Term loans	7.47	47,114,031	101,509,956	30,258,029	69,082,177	2,169,750
Revolving credit	6.10	10,200,000	10,200,000	10,200,000	-	-
Shareholders' advances	-	15,555,000	15,555,000	-	15,555,000	-
Bank overdrafts	7.37	9,218,591	9,218,591	9,218,591	-	-
Trade payables	-	17,734,108	17,734,108	17,734,108	-	-
Other payables and accruals	-	22,062,456	22,062,456	22,062,456	-	-
		123,361,143	178,468,593	90,044,984	86,253,859	2,169,750

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
2010						
Hire purchase payables	7.52	168,693	204,492	169,284	35,208	-
Term loans	8.15	6,553,459	8,143,361	1,868,705	4,662,842	1,611,814
Trade payables	-	854,403	854,403	854,403	-	-
Other payables and accruals	-	11,010,613	11,010,613	11,010,613	-	-
Bank overdrafts	8.15	6,229,264	6,229,264	6,229,264	-	-
		24,816,432	26,442,133	20,132,269	4,698,050	1,611,814

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
2009						
Hire purchase payables	7.49	324,357	390,732	186,240	204,492	-
Term loans	8.15	4,274,031	5,889,320	743,914	2,975,656	2,169,750
Trade payables	-	1,241,792	1,241,792	1,241,792	-	-
Other payables and accruals	-	10,502,521	10,502,521	10,502,521	-	-
Bank overdrafts	7.37	9,218,591	9,218,591	9,218,591	-	-
		25,561,292	27,242,956	21,893,058	3,180,148	2,169,750

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2010 RM	2009 RM
Hire purchase payables	1,074,453	1,476,957
Revolving credits	2,550,000	10,200,000
Term loans	37,583,784	47,114,031
Trade payables	18,979,906	17,734,108
Other payables and accruals	24,193,603	22,062,456
Shareholders' advances	15,555,000	15,555,000
Bank overdrafts	6,229,264	9,218,591
	106,166,010	123,361,143
Less: Fixed deposits with licensed banks	(4,756,549)	(5,601,974)
Less: Cash and bank balances	(14,892,633)	(11,600,744)
Net debt	86,516,828	106,158,425
Total equity	178,038,934	165,867,054
Debt-to-equity ratio	0.49 : 1	0.64 : 1

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

(c) Classification Of Financial Instruments

	THE GROUP 2010 RM	THE COMPANY 2010 RM
Financial assets		
Loans and receivables financial assets		
Trade receivables	34,595,910	1,581,666
Other receivables and deposits	3,680,995	723,245
Amount owing by subsidiaries	-	29,300,499
Fixed deposits with licensed banks	4,756,549	268,549
Cash and bank balances	14,892,633	109,224
	57,926,087	31,983,183
Available-for-sale financial assets		
Other investments	1	1
	57,926,088	31,983,184

40. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments (Cont'd)

	THE GROUP 2010 RM	THE COMPANY 2010 RM
Financial liabilities		
Other financial liabilities		
Shareholders' advances	15,555,000	-
Hire purchase payables	1,074,453	168,693
Revolving credits	2,550,000	-
Term loans	37,583,784	6,553,459
Trade payables	18,979,906	854,403
Other payables and accruals	24,193,603	11,010,613
Bank overdrafts	6,229,264	6,229,264
	106,166,010	24,816,432

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

	2010		2009	
	CARRYING AMOUNT RM	FAIR VALUE RM	CARRYING AMOUNT RM	FAIR VALUE RM
THE GROUP				
Hire purchase payables	1,074,453	971,907	1,476,957	1,353,632
Term loans	37,583,784	34,732,519	47,114,031	43,462,431
	38,658,237	35,704,426	48,590,988	44,816,063
THE COMPANY				
Hire purchase payables	168,693	167,637	324,357	321,392

40. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments (Cont'd)

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

41. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of accumulated loss of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP 2010 RM	THE COMPANY 2010 RM
Total accumulated losses:		
- realised	(37,841,592)	(52,215,609)
- unrealised	22,950	-
	(37,818,642)	(52,215,609)
Less: Consolidation adjustments	5,703,851	-
At 31 December	(32,114,791)	(52,215,609)