

**TAMADAM BONDED WAREHOUSE BERHAD (“TAMADAM” OR “COMPANY”)
 PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN DEWINA HOST SDN BHD (“DHOST”)
 FOR A CASH CONSIDERATION OF RM20.0 MILLION (“PROPOSED ACQUISITION”)**

1. INTRODUCTION

As part of the Company’s strategy to build on its food and beverage (F&B) business, it plans to undertake an acquisition of an operator of restaurants and cafes. Towards this end, on behalf of the Board of Directors of Tamadam (Board), HwangDBS Investment Bank Berhad (HwangDBS) wishes to announce that Tamadam has on 16 May 2011 entered into a conditional share sale agreement (SSA) with Dewina Holdings Sdn Bhd (DHSB) or Vendor in relation to the Proposed Acquisition.

2. THE PROPOSED ACQUISITION

The Proposed Acquisition will involve the acquisition of 127,500 ordinary shares of RM1.00 each (Shares) in DHost, representing 51% of the issued and paid-up share capital of DHost (Sale Shares) for a purchase consideration of RM20.0 million to be satisfied entirely via cash (Purchase Consideration).

The Purchase Consideration is proposed to be settled as follows:

Purchase Consideration	Payment Percentage	Timing
RM2.0 million	10%	Upon execution of the SSA
RM18.0 million	90%	No later than 15 business days from the date the SSA becomes unconditional

DHost will be a 51%-owned subsidiary of Tamadam upon completion of the Proposed Acquisition.

The Purchase Consideration will be funded via bank borrowings.

Tamadam will not assume any liabilities arising from the Proposed Acquisition other than those liabilities of DHost which arise from the ordinary course of business of DHost.

DHost’s business operation is currently income generating and has sufficient cashflow for its working capital. Accordingly, there is no additional financial commitment required from Tamadam for DHost’s existing operations at this juncture.

2.1 Background information on DHost

DHost was incorporated in Malaysia under the Companies Act, 1965 (Act) as a private limited company on 9 June 1997 under the name of Ratna Klasik Sdn Bhd. On 20 September 1997, DHost changed its name to Dewina Host Sdn Bhd. As at 20 April 2011, the authorised share capital of DHost is RM250,000 divided into 250,000 Shares, of which 250,000 Shares are issued and fully paid-up.

DHost is principally involved in the F&B business and is an operator of restaurants and cafés in Kuala Lumpur International Airport (LIA) and Low Cost Carrier Terminal (CCT). The restaurants and cafés currently operated by DHost include inter-alia, Burger King, Taste of Asia and Café Barbera.

Based on its audited financial statements for the financial year ended (YE) 31 December 2010, DHost recorded profit after tax (PAT) of RM4.70 million whilst its net assets (NA) as at 31 December 2010 was RM10.64 million.

Please refer to **Appendix I** of this announcement for further information on DHost.

2.2 Basis and justification of arriving at the purchase consideration

The Purchase Consideration was negotiated on an arm's length basis based on commercial terms and arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

- (a) the operating history of DHost since 1998;
- (b) the historical earnings and earnings potential of DHost; and
- (b) the audited NA of DHost as at 31 December 2010 of RM10.64 million on a debt-free basis.

Based on the audited PAT and NA of DHost for the FYE 31 December 2010 of RM4.70 million and RM10.64 million, the Purchase Consideration represents a historical price-earning-ratio of 8.34 times and price-to-book ratio of 3.68 times respectively.

DHSB's original total cost of investment in DHost is approximately RM4.427 million which was incurred between the years 1997 and 1998.

2.3 Salient terms and conditions of the SSA

The salient terms and conditions of the SSA are as follows:

- (a) Vendor shall sell and Tamadam shall purchase the Sale Shares with full title guarantee and free from all encumbrances, liens, options, claims, charges and other encumbrances but with all rights, benefits and advantages attaching thereto and accruing thereon for the Purchase Consideration upon the terms and conditions of the SSA;
- (b) Immediately upon the execution of the SSA, Tamadam shall pay to the Vendor in cleared funds a sum equivalent to 10% of the Purchase Consideration (Deposit);
- (c) Unless otherwise waived by Tamadam, the Vendor shall allow Tamadam's employees and/or professional advisers reasonable access to premises and persons to inspect DHost's records, accounts, books and documents to verify and/or confirm the Vendor's various warranties and representations as provided in the SSA ("Due Diligence Audit");
- (d) Tamadam shall commence the Due Diligence Audit within 5 Business Days (as defined in the SSA as a day excluding Saturday, Sunday or a gazetted public holiday) from the date of the SSA (Commencement Date) and complete the Due Diligence Audit within 5 Business Days from the Commencement Date. By the completion date of the Due Diligence Audit, Tamadam shall confirm in writing to the Vendor whether it is satisfied or otherwise with the Due Diligence Audit;
- (e) Tamadam and the Vendor agree that the sale and purchase of the Sale Shares shall be subject to the following conditions precedent being fulfilled within 3 months from the date of the SSA or such later date as Tamadam and the Vendor may mutually agree (Conditional Period):
 - (i) the approvals of the shareholders of the Vendor being obtained;
 - (ii) the approvals of the shareholders of Tamadam being obtained;
 - (iii) the Due Diligence Audit is confirmed satisfactory by Tamadam; and
 - (iv) any other relevant approvals from the authorities.

(collectively Conditions Precedent)

[The rest of this page is intentionally left blank]

- (f) All the Conditions Precedent shall be fulfilled or satisfied within the Conditional Period. If any of the Conditions Precedent shall not have been obtained or fulfilled by then, either Tamadam or the Vendor shall be entitled by written notice to the other party or the other party's solicitors, to terminate the SSA, whereupon the SSA shall be terminated and deemed to be null and void and all monies paid towards the Deposit shall be refunded by the Vendor within 14 days from the date of the written notice to terminate;
- (g) Tamadam shall satisfy or cause to be satisfied the balance 90% of the Purchase Consideration (~~Balance Purchase Consideration~~) on a day mutually agreed between Tamadam and the Vendor to be the completion date of the SSA which shall not be later than 15 Business Days (as defined in the SSA as a day excluding Saturday, Sunday or a gazetted public holiday) from the date the SSA becomes unconditional or such later date as may be agreed between the parties (~~Completion Date~~);
- (h) In the event the Balance Purchase Consideration is not settled by the Completion Date, the Vendor shall grant a further period of 2 months to Tamadam to pay the Balance Purchase Consideration provided interest at the rate of 8% per annum calculated on a daily basis on the balance outstanding shall be paid by Tamadam from the Completion Date on the balance outstanding to the date of actual payment; and
- (i) The Vendor, amongst others, represents and warrants to Tamadam that the net tangible assets (meaning the total assets minus total liabilities less intangible assets such as goodwill, patent or trademark) of DHost shall not, as at the Completion Date, be less than RM10.64 million. Any claim for breach of warranty against the Vendor must be made within 2 years from the Completion Date and the maximum quantum claimable shall be capped at the Purchase Consideration.

2.4 Information on the Vendor

DHSB was incorporated on 21 June 2001 under the Act. Its present authorised share capital is RM100,000 comprising 100,000 Shares (~~DHSB Shares~~), of which 100,000 DHSB Shares have been issued and fully paid-up.

The principal activity of DHSB is investment holding, management services and property investment.

As at 20 April 2011, the Directors of DHSB and their respective shareholdings in DHSB are as follows:

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Datuk Ibrahim bin Haji Ahmad (Datuk Ibrahim)	99,998	99.99	-	-
Datin Dr. Hiryati binti Abdullah (Datin Dr. Hiryati)	-	-	*99,998	99.99
Nur Fatin binti Ibrahim	-	-	**99,998	99.99
Nur Azizah binti Ibrahim	-	-	**99,998	99.99
Ahmad Fahimi bin Ibrahim	-	-	**99,998	99.99

Notes:

- * Deemed interested by virtue of her husband's shareholdings in DHSB pursuant to Section 6A of the Act
- ** Deemed interested by virtue of their father's shareholdings in DHSB pursuant to Section 6A of the Act

3. RATIONALE

The strategic decision of your Board to shift from logistics business to F&B related business since 2008 after the acquisition of 51% equity interest in Brahim's-LSG Sky Chefs Holdings Sdn Bhd has come to fruition with more than 95% of the Group's revenue and PAT for the FYE 2010 derived from the new core business in food services.

Your Board intends to leverage on Tamadam's niche F&B related competencies and capture business synergies across the Group via the Proposed Acquisition. The Proposed Acquisition will allow the Group to position itself to serve the different needs of airline customers in more locations in the airports. The extensive operating history of DHost in the airport F&B business since 1998 is expected to provide a platform for Tamadam to strengthen its F&B business, and drive the Company to build on its existing core strengths in F&B services whilst mitigating the dependency on a single segment of aviation food services.

The Proposed Acquisition will broaden the quality of the Company's earnings base by creating a more balanced and robust business portfolio comprising both in-flight catering services and operation of restaurants and cafés in airports. The Board intends to focus on its F&B business and competencies. Upon completion of the Proposed Acquisition, DHost will be a subsidiary of Tamadam and Tamadam will benefit from the profitable business of DHost via consolidation of DHost's financial results.

4. OUTLOOK AND PROSPECTS

DHost is an operator of restaurants and cafés in KLIA and the LCCT. Accordingly, DHost's business prospects are dependent on airport passenger traffic which is in turn dependent on the prospects of the air transportation and tourism industry in Malaysia both inbound and outbound.

4.1 Overview of the tourism industry in Malaysia

Tourism is a rapidly growing industry with tourist arrivals and receipts increasing 9.0% and 12.0% per annum, respectively, from 2004 to 2009. Despite the challenging environment in 2009, when countries worldwide suffered declines in tourist arrivals, Malaysia posted growth of 7.3% in tourist arrivals to 23.6 million while receipts increased 7.7% to RM53.4 million. In terms of global ranking for 2009 by the United Nations World Tourism Organisation, Malaysia moved up 2 notches to 9th in tourist arrivals and 13th in receipts.

Efforts will be intensified towards maintaining Malaysia among the top 10 tourist destinations, particularly focusing on attracting a larger share of high-spending and long-stay tourists. While continuing to promote existing tourism products such as eco-tourism, edu-tourism and health tourism as well as the Malaysia My Second Home and home stay programmes, the promotion of innovative tourism products will be accelerated.

Private investment is targeted to grow 12.8% or RM115 billion per annum to sustain growth of 6.0% during the 10th Malaysia Plan period. To ensure this target is achieved, the Government will vigorously promote investments in the services sector, focusing on niche areas such as capital market and financial services, tourism, information and communication technology as well as health and business services.

(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)

4.2 Overview of the air transportation sector in Malaysia

Growth of the air transport segment improved markedly during the first 7 months of 2010, due to strong demand for passenger and cargo services, especially from Asia and the Middle East. Total passengers on 5 domestic airlines, namely Malaysia Airlines System, AirAsia, Firefly, MASWings and AirAsia X rose 13.6% to 18.9 million (January - July 2009: 8.3%; 16.7 million), driven by higher demand, particularly from budget travelers.

Passenger traffic at airports nationwide registered significant growth of 16.0% to 33.5 million (January . July 2009: 2.7%; 28.9 million), on account of capacity expansion and higher tourist arrivals. Similarly, passenger traffic at the KLIA rose 18.9% to 19.3 million, accounting for 57.5% (January . July 2009: 2.0%; 16.2 million; 56.1%) of total passenger volume.

(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)

Malaysia Airports Holdings Berhad (MAHB) is expecting to see 12% year-on-year growth in passengers for the first 3 months for the year, compared with the earlier forecast of 7%.

As quoted by MAHB managing director Tan Sri Bashir Ahmad Abdul Majid, traffic has continued to be encouraging in the first 3 months despite recent developments in the Middle East and Japan. The aviation industry is very volatile at the moment, but MAHB expects to reach about 7% to 10% growth for the full year, and achieve the targeted 60 million passenger traffic volume in 2011, premised on the good gross domestic products growth and increase in the number of travelling Malaysians as well as tourism activities in the country.

(Source: MAHB Sees 12% Air Traffic Increase in 1Q, The Edge Financial Daily, 14 April 2011)

4.3 Overview of the global and Malaysian economy

The global economy continued to strengthen at an uneven pace during the 4th quarter of 2010.

The Malaysian economy registered growth of 4.8% (Q3 2010: 5.3%) in the 4th quarter of 2010. Performance in the quarter was mainly driven by continued strong domestic demand, albeit moderating exports. On the supply side, all sectors of the economy except mining and agriculture recorded positive growth. For the year 2010, the economy expanded strongly by 7.2% (2009: -1.7%), surpassing the official forecast of 7.0% in the 2011 Budget. Growth was broad-based, led by strong expansion in all sectors, particularly manufacturing (11.4%), services (6.8%) and construction (5.2%).

The wholesale and retail trade sub-sector grew 8.2% (Q3 2010: 5.7%) supported by higher wholesale activities. The accommodation and restaurant sub-sector increased 3.4% (Q3 2010: 5.1%) driven by steady domestic consumption, particularly during the year-end holidays. The Fabulous Food Malaysia campaign, which was held during the quarter also contributed to the growth of the sub-sector.

Growth in the air passenger segment was sustained, fuelled by offerings of attractive products and services at affordable rates by airlines, particularly during the festive and year-end holiday seasons. Total passenger traffic at all airports rose 6.3% to 15.9 million (Q3 2010: 10.0%; 14.9 million). Similarly, air cargo volume rose 3.0% (Q3 2010: 10.7%).

(Source: Quarterly Update on the Malaysian Economy – 4th Quarter 2010, Ministry of Finance)

4.4 Prospects of DHost

DHost is well poised to reap the benefits of the expected growth in passenger traffic at both airports riding on the gradual recovery of the global and Malaysian economy, and the Government's continuous effort to promote the tourism industry in Malaysia. Such positive prospects augur well for the F&B business of DHost, which is expected to bode well for Tamadam as it may result in higher income and cashflow contribution from DHost.

The new permanent low-cost carrier terminal, dubbed KLIA 2, is scheduled for operation in October 2012. KLIA 2 is built to handle 30 million passengers a year with the ability to expand to 45 million passengers a year as opposed to 15 million passengers currently. Your Board is excited over the retail and commerce opportunities offered by KLIA 2 which is expected to attract more airlines and visitors to the country.

The remaining 49% equity interest of DHost is held by Host International Inc. Host International Inc is wholly-owned by HMSHost Corporation (previously known as Host Marriott Services Corporation) which is part of the world's largest provider of food, beverage and retail services for travelers. Despite the change in shareholding arising from the Proposed Acquisition, Tamadam is expected to work closely with Host International Inc which is the recognized industry leader. The Proposed Acquisition will allow Tamadam to leverage on Host International Inc's expertise to create innovative dining experiences at airports to capitalize on the influx of tourists and spending power flowing through the arrival and departure gates in airports. In the event that there are more opportunities for DHost to expand its reach to travelers by operating more restaurants in the airports, especially KLIA 2, Tamadam together with Host International Inc via DHost would submit tenders as and when such business opportunities arise.

(Source: The management of DHost and Tamadam)

5. RISK FACTORS

5.1 Restaurant operations risks

Restaurant operation business in airports is highly competitive and is characterised by sensitivity to price changes, branding of products and changes in consumer preferences and behaviour. The investment in DHost will assist the Group to reinforce its foothold in restaurant operations and the Proposed Acquisition is expected to derive some synergistic benefits from the Group's niche F&B competencies. However, there can be no assurance that such synergies can be immediately realised. It is the intention of Tamadam to constantly review its business strategies together with Host International Inc to mitigate business risks associated with restaurant operations.

5.2 Industry risks

The Proposed Acquisition will enable the Group to expand its F&B related business activities to include those of restaurant operator in the airports. The future performance of DHost is therefore not only dependent on the performance of the F&B service sector, but also on the growth of the tourism industry as well as the air transportation sector of the country. As such, factors such as increase in operating costs, changes in general outlook and operating environment in the said sectors, demand and supply conditions, unforeseen outbreak of disease, the international and domestic tourism industry, seasonality, emergence of new routes and services, liberalisation of markets and economic conditions, political stability, possible threat of terrorism, health scare as well as the supply and prices of fuel will affect the Group's performance.

There can be no assurance that any change to these factors will not have a material and/or adverse effect on the business and financial performance of the Group.

5.3 Risk relating to food business and operations

The food-industry is susceptible to the outbreak of animal and food-related diseases. Such outbreaks could interrupt the operations of DHost and may have an adverse effect on the business of DHost. In addition, the food preparation and restaurants operations are also subject to periodic checks by the relevant authorities, which may withdraw or suspend DHost's rights/licence as a result of health and hygiene issues. In the event that there are any food poisoning cases or food scares related to the restaurants that DHost are operating, it may have an adverse effect on the financial position of the Group.

Nonetheless, the management believes that the Group has sufficient experience and knowledge in F&B related services to mitigate the above risks.

[The rest of this page is intentionally left blank]

5.4 Political and economic considerations

Like any other concession, DHost's rights to operate the restaurants in the airport could materially and/or adversely be affected by changes in political and economic conditions in Malaysia. These political and economic uncertainties include, but are not limited to, changes in political leadership, nationalisation, expropriation and taxation.

5.5 Rental fluctuation and tenancy renewal

DHost's restaurants are operated on rented properties within the premises of KLIA and LCCT, accordingly DHost has significant exposure to the retail rental market. From FYE 2007 to FYE 2010, DHost's rental expenses were approximately 30% of total operating expenses. As the rental expenses comprise a significant portion of the total operating expenses of DHost, any substantial increase in rental may adversely affect the profitability of DHost.

Most of DHost's tenancy agreements are for periods of between 2 to 3 years. Nonetheless, certain outlets are operated based on month to month tenancies. Upon the expiry of the tenancy of a restaurant, Malaysia Airport (Sepang) Sdn Bhd or its affiliates (the Landlord) will have the right to review and alter the terms and conditions of the tenancy agreement. DHost will negotiate with the Landlord on the terms and conditions for the extension of the tenancy upon the expiration of the tenancy agreement. However, there is no assurance that the tenancy agreement will be renewed or extended.

Nonetheless, based on the successful renewal of tenancy agreements by DHost historically, the management believes that DHost would be able to maintain a cordial relationship with the Landlord in the future.

5.6 Human resources and manpower

As DHost's business is service oriented and food quality driven, it is important that DHost has sound training methodology and human resource expertise in staff training, recruitment, compensation and staff retention. Any perceived poor service, decline in food quality and competition in pricing may have an adverse impact on DHost's or the Group's business or earnings.

6. EFFECTS

6.1 Issued and paid-up share capital and substantial shareholders' shareholdings

The Proposed Acquisition does not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of Tamadam as the Purchase Consideration is to be satisfied entirely in cash.

6.2 Earnings and earnings per share ("EPS")

The Proposed Acquisition is not expected to contribute significantly to the earnings and EPS for the financial year ending 31 December 2011 as the Proposed Acquisition is only expected to be completed by the third quarter of 2011. The Board expects the Proposed Acquisition to be earnings accretive and contribute to the future earnings and EPS of Tamadam in view of the earnings potential of DHost.

[The rest of this page is intentionally left blank]

6.3 NA and gearing

For illustrative purposes only, the proforma effects of the Proposed Acquisition on the audited consolidated NA and gearing of Tamadam based on its audited consolidated financial statements as at 31 December 2010 are set out below:

	Audited as at 31 December 2010 (RM'000)	After the Proposed Acquisition (RM'000)
Share capital	179,005	179,005
Share premium	12,384	⁽¹⁾ 11,734
Accumulated losses	(32,115)	(32,115)
Shareholders' funds	159,274	158,624
No. of shares in issue (₹000)	179,005	179,005
NA per share (RM)	0.89	0.89
Total borrowings (RM'000)	62,993	⁽²⁾ 82,993
Gearing ratio (times)	0.40	0.52

Notes:

- (1) After deducting the estimated expenses of RM650,000 in respect of the Proposed Acquisition from the share premium account
- (2) The total borrowings of the Company will increase by RM20.0 million as the Proposed Acquisition will be funded via bank borrowings

7. APPROVALS REQUIRED

Based on Tamadam's audited consolidated financial statements for the FYE 31 December 2010, the highest percentage ratio applicable to the Proposed Acquisition under Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) is 36.6%. Accordingly, the Proposed Acquisition is subject to the following approvals being obtained:

- (i) Shareholders of Tamadam at an Extraordinary General Meeting (EGM) to be convened; and
- (ii) any other relevant authorities/parties, if required.

The Proposed Acquisition is not conditional upon any other corporate exercise undertaken or to be undertaken by Tamadam.

[The rest of this page is intentionally left blank]

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors, major shareholders of the Company and/or persons connected to them has any interest, directly or indirectly, in the Proposed Acquisition:

	As at 20 April 2011			
	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Interested Directors				
Datuk Ibrahim	-	-	⁽¹⁾ 118,605,000	66.26
Tan Sri Datoq Mohd Ibrahim bin Mohd Zain (%Tan Sri Datoq Mohd Ibrahim+)	-	-	⁽²⁾ 93,605,000	52.29
Datoq Choo Kah Hoe (%Datoq Choo+)	-	-	⁽³⁾ 25,000,000	13.97
Mohamed Zamry bin Mohamed Hashim (%En Zamry+)	-	-	-	-
Interested Major Shareholders				
Brahim International Franchises Sdn Bhd (%BIF+)	93,605,000	52.29	-	-
Fahim Capital Sdn Bhd (%FCSB+)	-	-	⁽⁴⁾ 93,605,000	52.29
Semantan Capital Sdn Bhd (%SCSB+)	-	-	⁽⁴⁾ 93,605,000	52.29
IBH Capital (Labuan) Limited (%IBHC+)	25,000,000	13.97	-	-

Notes:

- (1) Deemed interested by virtue of his shareholdings in BIF and IBHC and also FCSB which is a shareholder of BIF pursuant to Section 6A of the Act
- (2) Deemed interested by virtue of his shareholdings in SCSB which is a shareholder of BIF pursuant to Section 6A of the Act
- (3) Deemed interested by virtue of his shareholdings in IBHC pursuant to Section 6A of the Act
- (4) Deemed interested by virtue of its shareholdings in BIF pursuant to Section 6A of the Act

Datuk Ibrahim, the Executive Chairman of Tamadam is also:

- the Director and shareholder of DHSB and DHost;
- the Director and shareholder of FCSB, which in turn is a shareholder of BIF, which holds 52.29% equity interest in Tamadam; and
- the Director and shareholder of IBHC, which holds 13.97% equity interest in Tamadam.

Tan Sri Datoq Mohd Ibrahim is the Non-Independent Non-Executive Director of Tamadam. He is also the Director and shareholder of SCSB. SCSB is a shareholder of BIF, which holds 52.29% equity interest in Tamadam.

Datoq Choo is the Non-Independent Non-Executive Director of Tamadam. He is also the Director and shareholder of IBHC, which holds 13.97% equity interest in Tamadam.

En Zamry is the Non-Independent Non-Executive Director of Tamadam and the alternate Director for Datin Dr Hiriyati in DHost, who is the wife of Datuk Ibrahim.

Accordingly, Datuk Ibrahim, Tan Sri Datoq Mohd Ibrahim, Datoq Choo and En Zamry are deemed interested in the Proposed Acquisition (%Interested Directors+). They have abstained and will continue to abstain from deliberating and voting on and from making any opinion on the Proposed Acquisition at the relevant meetings of the Board. They will also abstain from voting in respect of their direct and/or indirect shareholdings, if any, in Tamadam, and will also ensure that persons connected to them shall abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

BIF, a major shareholder which holds 52.29% equity interest in Tamadam, is a person connected to the Interested Directors by virtue of the following:

- (a) FCSB and SCSB are shareholders of BIF;
- (b) Datuk Ibrahim is a shareholder of FCSB and IBHC;
- (c) Tan Sri DatoqMohd Ibrahim is a shareholder of SCSB; and
- (d) DatoqChoo is a shareholder of IBHC.

BIF and IBHC will abstain from voting in respect of their respective direct and/or indirect shareholdings in Tamadam on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM. BIF and IBHC will also ensure that persons connected to it shall abstain from voting, in respect of their direct and/or indirect shareholdings, if any, on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

9. RELATED PARTY TRANSACTIONS WITH DHOST

Save as disclosed below, there was no related party transaction entered into between Tamadam and DHost during the preceding twelve (12) months prior to this announcement:

Pursuant to an agreement dated 6 January 2011 entered into between DHost and Café Barbera (SEA) Sdn. Bhd. (~~%(Café Barbera+)~~), which is a wholly owned subsidiary of Tamadam, Café Barbera has licensed to DHost the right to use the trademarks in relation to Café Barbera at a royalty rate of 2.5% of the gross revenue of the café(s) operated by DHost using the trademarks for a period of 3 years commencing on 6 January 2011 to 5 January 2014 with an option to renew for a further period of 3 years or such other period as may be agreed between the parties on the terms and conditions therein contained.

10. ADVISER AND INDEPENDENT ADVISER

HwangDBS has been appointed by Tamadam to act as its Principal Adviser for the Proposed Acquisition.

In view of the interests of the Interested Directors and the interested major shareholders as set out in Section 8 above, the Proposed Acquisition is deemed a related party transaction pursuant to paragraph 10.08 of the Main Market Listing Requirements of Bursa Securities. In this respect, TA Securities Holdings Berhad has been appointed to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of Tamadam as to whether the Proposed Acquisition is fair and reasonable and whether the Proposed Acquisition is to the detriment of the non-interested shareholders.

11. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee of Tamadam (~~%(Audit Committee+)~~), having considered all aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is:

- (a) **in the best interests of Tamadam** after taking into consideration the rationale for the Proposed Acquisition and the earnings potential of DHost;
- (b) **fair, reasonable and on normal commercial terms**; and
- (c) **is not detrimental to the interests of the minority shareholders** as the Proposed Acquisition is expected to contribute positively towards the financial performance of the Tamadam Group in the long term barring unforeseen circumstances and risk factors as described in Section 5 above.

The Audit Committee has sought the opinion of the Independent Adviser and the Independent Adviser is of the view that the implied price-earnings-ratio of 8.34 times represents a discount against the average of local comparable public listed companies which are involved in similar or closely similar business activities with that of DHost (Comparable Companies), which is fair. However, the Independent Adviser has also highlighted that the Purchase Consideration may not be fair in terms of price-to-book ratio of 3.68 times which appears higher than the industry average of the Comparable Companies.

Based on the above, the Independent Adviser has given its view that the Proposed Acquisition is not fair but reasonable and that it will recommend to non-interested shareholders to vote in favour of the Proposed Acquisition taking into consideration DHost is a profitable company, operates in a captive market with limited competitors and DHost's business is synergistic to Tamadam's new core business of food services.

The Audit Committee, taking into account the opinion of the Independent Adviser, maintains its view set out above principally due to the fairness of the Purchase Consideration from a price-earnings-ratio perspective. Furthermore, DHost is profitable and its audited financial statements for FYE 2010 show that DHost is debt free.

12. DIRECTORS' STATEMENT

The Board, apart from the Interested Directors, after taking into consideration all aspects of the Proposed Acquisition including but not limited to the rationale and the views of the Independent Adviser, is of the opinion that the Proposed Acquisition is in the best interests of the Company and the terms of the Proposed Acquisition is in line with commercial terms. Accordingly, the Proposed Acquisition is fair and reasonable and is not detrimental to the minority shareholders and is in the best interests of the Company.

13. ESTIMATED TIME FRAME FOR COMPLETION

The circular in relation to the Proposed Acquisition is expected to be submitted to Bursa Securities for clearance within 1 month from this announcement.

Barring any unforeseen circumstances, and subject to all relevant approvals being obtained, the Proposed Acquisition is expected to be completed by the third quarter of 2011.

14. DOCUMENTS FOR INSPECTION

The SSA is available for inspection during normal office hours (except public holidays) at the registered office of Tamadam at 10th Floor, Menara Hap Seng, 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur for a period of 3 months from the date of this announcement.

This announcement is dated 16 May 2011.

INFORMATION ON DHOST

1. DESCRIPTION OF BUSINESS

DHost is principally involved in the F&B business. DHost was successfully awarded the first tender to operate a number of F&B outlets at KLIA in 1998.

At KLIA, DHost's current flagship outlets are Burger King in the Arrivals Hall and Satellite Building, Café Barbera in the departures check-in hall, and Food Paradise at the mezzanine level of the main terminal building. At LCCT, DHost has its foothold via Taste of Asia at the public concourse and Café Espresso at the International Departure Hall.

2. DIRECTORS AND THEIR SHAREHOLDINGS

The Directors of DHost and their shareholdings in DHost as at 20 April 2011 are as follows:

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Datuk Ibrahim	-	-	*127,500	51
David Joseph Mackay	-	-	-	-
Datin Dr. Hiriyati	-	-	**127,500	51
Patrick Keith Banducci	-	-	-	-
Kim Margaret Ann Smith (Alternate Director to David Joseph Mackay)	-	-	-	-
Mohamed Zamry bin Mohamed Hashim (Alternate Director to Datin Dr. Hiriyati)	-	-	-	-
Chang Yean Ling (Alternate Director to Datuk Ibrahim)	-	-	-	-
Chew Siew Lay (Alternate Director to Patrick Keith Banducci)	-	-	-	-

Notes:

* Deemed interested by virtue of his shareholdings in DHSB pursuant to Section 6A of the Act

** Deemed interested by virtue of her husband's shareholdings in DHSB pursuant to Section 6A of the Act

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more) of DHost and their respective shareholdings in DHost as at 20 April 2011 are as follows:

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
DHSB	127,500	51	-	-
Host International Inc	122,500	49	-	-
Datuk Ibrahim	-	-	*127,500	51

Note:

* Deemed interested by virtue of his shareholdings in DHSB pursuant to Section 6A of the Act

4. SUBSIDIARY

As at 20 April 2011, DHost does not have any subsidiary.

5. FINANCIAL SUMMARY

The key financial results of DHost for the past 3 years from FYE 31 December 2008 to 31 December 2010 are as follows:

	Audited		
	FYE 31 December		
	2008	2009	2010
	RM'000	RM'000	RM'000
Revenue	32,366	31,784	32,145
Gross profit	19,826	19,520	19,659
Profit before tax	6,027	6,231	6,401
PAT	4,172	4,666	4,703
Shareholders funds	7,275	8,941	10,644
NA	7,275	8,941	10,644
Minority interest	-	-	-
Paid-up capital	250	250	250
Total borrowings	-	-	-
Gross profit margin (%)	61.3	61.4	61.2
PATMI margin (%)	12.9	14.7	14.6
NA per share (RM)	29.10	35.76	42.58
Gross EPS (RM)	24.11	24.92	25.60
Net EPS (RM)	16.69	18.66	18.81
Current ratio (times)	2.18	2.61	3.21
Gearing ratio (times)	-	-	-

Commentaries:

The financial results of DHost reflect the resilience of its F&B business. Revenue is maintained at above RM30 million per annum with consistent high gross profit margin of 61.3%, 61.4% and 61.2% for the FYE 2008, 2009 and 2010 respectively.

The high gross profit margin recorded by DHost allowed the business to absorb the changes in the variable and other fixed costs which translate into an average net profit margin of 14.1% throughout the years under review.

Being self-sufficient in generating free cash flows, DHost has no bank borrowings which allow for maximum cash retention. As a result, the shareholders funds registered double digit percentage growth year-on-year from 2008 to 2010.

[The rest of this page is intentionally left blank]