

# 2015

## Annual Report

*We Deliver Halal Cuisine of the World*



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Form of Proxy

## Our Mission

To achieve a RM1.0 billion revenue by 2017 and rewarding stakeholders through steady earnings growth and dividends. To constantly improve execution skills, upgrading R&D processes and financial and risk management to meet future challenges. To develop viable and sustainable CSR programmes and be a preferred employer.

## Vision Statement

To be an integrated high performance Halal Food Group with a brand globally recognised for its halal quality and food safety from farm to fork.

## Delivering Results Beyond 2015

With the 'Game Changer' and synergy in place, we have created new opportunities by rebuilding and realigning our core businesses and capabilities to meet the changing needs to stay relevant. By responding to challenges, it sharpens our ability to create new and rewarding business opportunities and possibilities.

**Brahim's**  
Brahim's Holdings Berhad

**2015**  
Annual Report

We Deliver Halal Cuisine of the World

# Chairman's Message

Dato' Seri Ibrahim bin Haji Ahmad,  
Executive Chairman

*Dear fellow Shareholders,*

## A WORD OF WELCOME

Greetings. On behalf of the Board of Brahim's Holdings Berhad (BHB), it gives me great pleasure to present you my EIGHTH Annual Message in your 34th Annual General Meeting.

As your Executive Chairman, I am pleased to announce that after much angst in 2014 and a larger part of 2015, we have picked ourselves up with continuous momentum in rebuilding and reinforcing ourselves from the bleakness of the past year's events. We are now able to move forward **Beyond 2015**.

*"Every cloud has a silver lining."*

Before I present you with the year that was 2015, please allow me to give you a brief recall of the turbulent circumstances of 2014, which deeply affected us. In your Company's Annual Report 2014, I had given you details of the 'tsunami' your Company had experienced and the events resulting in the 'huge losses', which had enormously affected our cashflow, operations and consequentially stunted our potential acquisitions and growth in 2015.

The two MAS air disasters in 2014 proved to be a crunch for the already struggling airline business, which had reported losses for several years as a result of decline in performance and strong regional competition. With these two most unfortunate incidences occurring within a short period of four months, the fledging airline embarked on immediate salvage plans to reduce the frequency of flights and size of aircraft for certain routes.



## “A divestment plan to save your Company.”

The implementation of MAS restructuring under the MAS Recovery Plan created unfavourable business conditions that plunged your Company into an unprecedented loss position as announced in FYE2014.

### THE RESTRUCTURING OF MALAYSIA'S NATIONAL CARRIER

On 1 June 2015, Mr Christoph Mueller, Malaysia Airlines' newly appointed chief executive said in a news conference, **"We are technically bankrupt"**. In a statement, the airline official said, "... as part of its Recovery Plan, it is an immediate priority to "stop the bleeding" in 2015, then to stabilise next year (2016) and start growing again by 2017".

BHB through its 70% owned subsidiary, Brahim's Airline Catering Sdn Bhd (BAC), is the exclusive inflight caterer to MAS, which holds 30% stake in BAC. As our anchor customer, the cut in inflight meals, reduction in routes and flight frequencies directly impacted our performance and business stretching from 2014 into 2015.

### THE MAS RECOVERY PLAN AND IMPACT ON YOUR COMPANY

*“A bitter pill to swallow.”*

On 29 August 2014, the Prime Minister of Malaysia called for the support of all parties to assist in the national carrier's Recovery Plan. One of the 12 principal actions called for all supply contracts to be reviewed and re-assessed and re-negotiated based on stringent benchmarks.

On 26 February 2015, BHB entered into a Settlement Agreement (SA) with Malaysian Airline System Berhad (MAS) as part of the MAS Recovery Plan. Up to the point of the announcement, BAC was the exclusive inflight caterer to MAS for KLIA and Penang International Airport under a 25-years catering agreement expiring in 2028.

The SA<sup>1</sup> commenced on 1 October 2014, and was to remain in force until a New Catering Agreement (NCA) is signed on or before 31 March 2015 (Interim Period). During the Interim Period, BAC shall provide a further reduction of 25% on the monthly final bill to MAS (Reduction).

On 31 March 2015, BAC entered into an Extension Agreement (EA) with MAS to facilitate negotiations in good faith to engage all reasonable best efforts towards the completion of a New Catering Agreement (NCA) which was mutually extended to 30 April 2015, to provide more time for both parties to negotiate and conclude the NCA. The NCAs were eventually signed on 10 May 2015, with the new catering terms with MAB ('the new MAS') taking effect on 15 September 2015.

The following events and eventual performance of your Company in FYE 2014 were as reported, and as the saying goes – **is history**. For those of you who wish to refresh yourselves of these events and actions, please download a softcopy from <http://www.klse.my/financial/annualReport/9474/31-Dec-2014.jsp>.

### OUR 2015 PERFORMANCE

Our Group revenue fell by 20.5% to RM281.2 million from RM353.9 million largely on the back of our major customer, MAB undergoing its Recovery Plan. However FY 2015, saw a normalisation of billings and collections with MAB despite the continuing 25% discount on monthly billings, which effectively ended on 15 September 2015. To this end, Group loss after taxation recovered by over 54% from a 2014 loss of RM33.8 million to RM15.4 million. The divestment of 49% equity interests in Brahim's Airline Catering Holdings Sdn Bhd (BACH) to SATS, which was completed on 5 February 2016 would see your Company returning into the black in the near future.

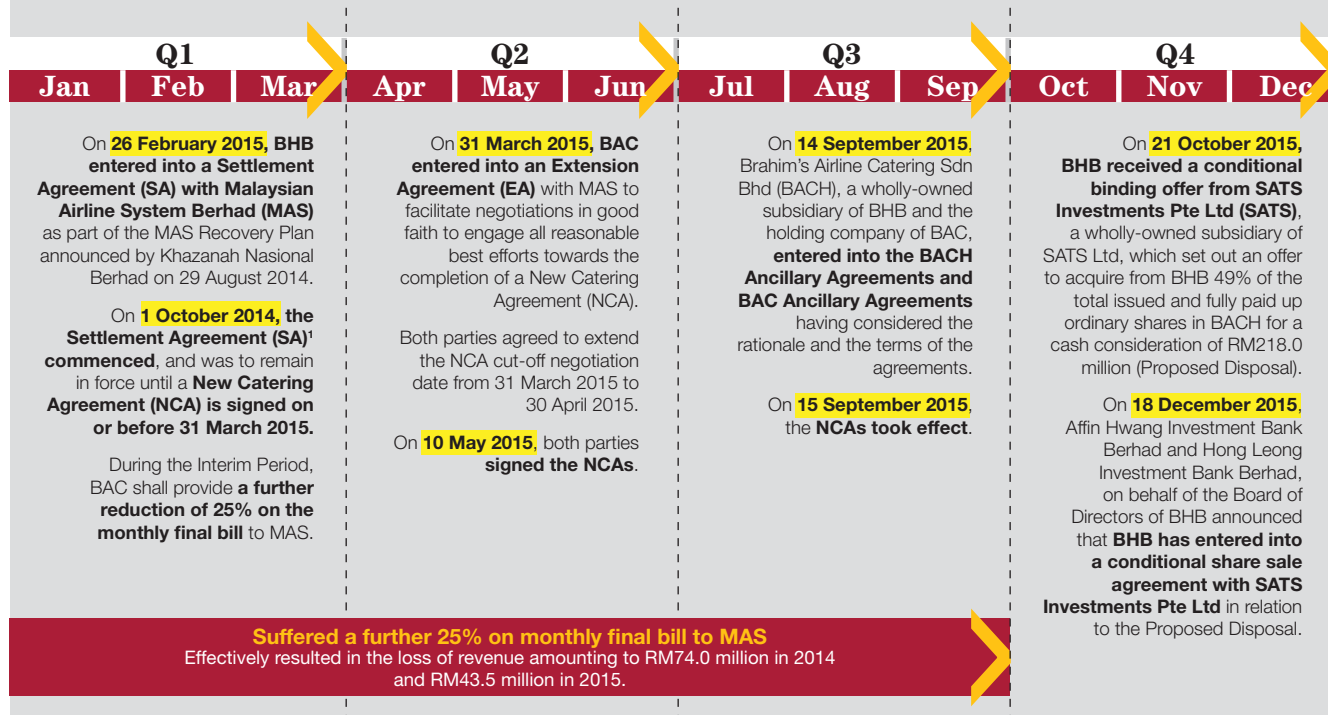
<sup>1</sup> The objective of the SA is to bring MAS' inflight catering contract in line with market norms and benchmarks, as called for under the MAS Recovery Plan. BAC can be compelled under the new MAS Act to continue supplies to MAS despite MAS withholding payments and is prevented from filing legal action for unpaid receivables. This has also caused severe problems in cashflow to BAC operations and has affected its ability to upstream dividends to BHB. BHB as a holding company requires cashflow from BAC to meet its debt obligation to avoid triggering loan defaults.

Under such circumstances and through no fault of BAC or BHB, the signing of the SA is the only option for BAC to maintain its role as an inflight meals caterer to MAS as well as staying relevant as a global halal flight kitchen servicing 35 other international airlines in KLIA. The signing of the SA is intended to ease the tight cashflow of BAC and that of BHB caused by MAS' action of withholding payments. MAS has also indicated they will not hesitate to look for new caterers to replace BAC for Malaysia Airlines Berhad should BAC not enter into the interim SA pending negotiation of the NCA.

On the other hand, upon signing the SA, MAS and BAC will work towards a NCA, which will be novated to Malaysia Airlines Berhad on 1 July 2015. In the interim period, the Catering Agreement remains intact save for the Reduction. The Catering Agreement will be superseded upon a NCA being executed. Should the parties fail to execute the NCA, the Catering Agreement remains binding on MAS and the Reduction ceases to be of effect.

Under such circumstances, BAC remains with MAS and the Catering Agreement will not be novated to Malaysia Airlines Berhad. In the absence of a NCA, there is a possibility that Malaysia Airlines Berhad or Khazanah Nasional Berhad, its shareholder, will look for other parties to replace BAC.

## 2015 Chronology of Major Events



The divestment proceeds were partly used to reduce your Company bank borrowings, which was fully explained in our circular to shareholders dated 31 December 2015. To better understand your Group performance please refer to the section "Management Discussion and Analysis" in your Annual Report 2015.

Our earnings/profits during the year remained lacklustre due to the challenging environment of the aviation industry as a whole. Our revenue declined due to lower contributions from our inflight catering segment. The average selling price/meal served to MAS was lower, in line with the latter's efforts to reduce unit cost of food services. Operating loss is mainly attributed to the concessions given to MAS under its Recovery Plan, which only effectively ended on 15 September 2015 when the NCA took effect. Adding to the lower meal pricing, passenger traffic at KLIA was also lower. This was attributed to two factors: first, the haze has not only smothered our skies but also passenger

traffic; and second, the depreciation on the MYR had led to slowdown and decline in outbound passenger movements. Furthermore, MAS, our anchor customer is still undergoing restructuring through to 2016 and is expected to stabilise in 2017.

For the year 2015, your Group uplifted a total of 15,958,542 meals to our airline customers and handled 82,264 flights translating into an average daily meals uplifted of 43,700 on the back of 225 flights daily. Foreign international airlines accounted for one-third of meals served.

For our shareholders reference, your Group uplifted 16.97 million meals and 17.89 million meals for FY 2013 and FY 2014 respectively. It is reasonable to expect a recovery in the volume of meals uplifted barring any unforeseen circumstances from 2016 onwards. In tandem with the above, your Group also embarked on a Cost Rationalisation Initiative under four tracks with a target of 15% overall cost reduction equivalent to RM26.0 million annually.

### DIVIDENDS

In 2013, I mentioned the Board's emphasis on providing investors with a stable dividend policy. Hence your Company paid a maiden dividend in FYE 2013 after a lapse of 15 years. The events in 2014 extending into 2015 disabled our ability to carry through the dividend pledge.

*Insyallah*, I look forward to resuming the dividend flow in the near future.

### MALAYSIA'S ECONOMIC AND INDUSTRY OUTLOOK

Malaysia met her obligations under millennium development goals (MDGs, 2015) and recently adopted the United Nations Agenda for sustainable development (Agenda 2030).

Real GDP registered a moderate growth of 4.9% in the second quarter of 2015 (Q1, 2015: 5.6%), performing better-than-expected in an environment of fragile global recovery and renewed uncertainty, associated with enhanced financial market volatility and continued decline in commodity prices.



**ABOVE** Group photo of Brahim's, SATS and Advisers.

While overall unemployment edged upward slightly to 3.2% of the total labour force in July this year, indicating full employment situation (threshold at 4%), consumer price inflation moderated slightly in August 2015, registering 3.1% year-on-year compared to 3.3% in the previous month (June: 2.5%, May 2015: 2.1%, April 2015: 1.8% and March 2015: 0.7%), on account of mostly policy-driven domestic cost-push factors.

These included the cumulative direct and indirect effects of GST implementation, adjustments in fuel end-user prices in August 2015 and also partly by higher import prices, following almost across-the-board declines in bilateral ringgit exchange rates, especially against Malaysia's major trading partners. Fortunately, pricing behaviour of firms and strong market competition, especially in the distribution and marketing channels, helped to minimise sharp increases in domestic consumer prices. Moreover, traders or retailers are not allowed to increase their net profit margin for any goods or services for 18 months from January 2015 to June 2016, as required under the Price Control and Anti-Profitteering Act 2011.

The MYR had undergone a steady depreciation since the beginning of August 2015. On 29 September, the Ringgit depreciated to a 17-year low of MYR4.46 to the USD, giving Malaysian

exporters a price advantage that had likely bolstered exports in Q4. And, will probably continue to do so through 2016. Malaysia's GDP is forecasted to expand 4.6% in 2016.

Your Company is not directly affected by the Ringgit/Dollar volatility as our billings are in domestic currency.

The encouraging news is the fundamentals for the Malaysian economy are robust. Growth in Q3 came in at 4.7%, though was slightly softer in comparison with Q2's result, but still strong in the face of external headwinds. The Malaysian financial system is still well capitalised and has withstood recent pressures.

On your Company's front, the external environment continued to be very difficult in 2015 with unprecedented domestic and geopolitical challenges, currency volatility and suppressed consumer confidence. Despite these headwinds, our proven leadership strategy and highly engaged workforce allowed us to consistently maintain and reinforce our niche and expertise in the halal industry across our markets. We made visible progress with our cost leadership initiatives, streamlining our production process at BAC and extending our reach and customer service while closely monitoring the cost factor.

Source: MALAYSIAN ECONOMIC OUTLOOK: 4Q2015, MIER

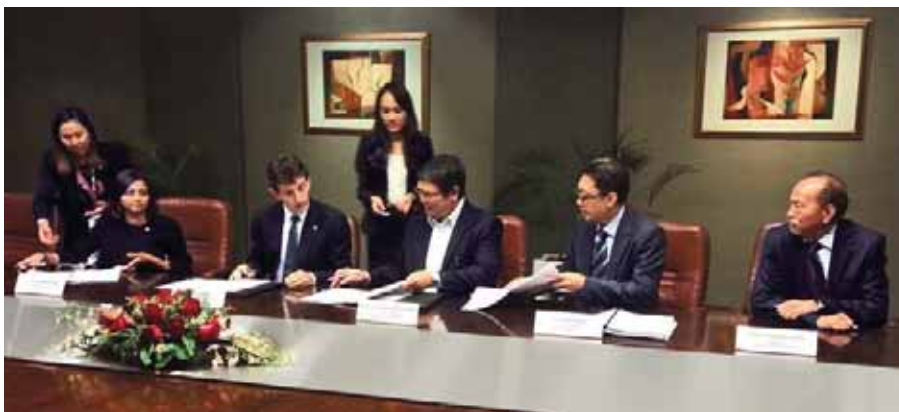
## REINVENTING OURSELVES AND CREATING PROSPECTS

*"That which does not kill us, makes us stronger."*

It was not all losses and bleak throughout 2015. Daily inflight operations and delivery continued with the support and contracts intact with 36 other international airlines including MAB ('the new MAS'). Quantity of meals delivered has been consistent throughout 2015. These statistics are discussed under the Section on Management Discussion & Analysis.

We continued to work hard in 2015 to achieve solid outcomes for you. This year, your Board has expanded its commitment to reduce financing costs, increased its focus on leadership and talent, focused on expanding non-aviation catering business and being better organised to serve our customers while reducing operational costs. These are areas we know best to rebuild the foundation for a strong sustainable growth and bring greater positive impact on shareholders' value.

## CHAIRMAN'S MESSAGE



**ABOVE** The signing of the Conditional Share Sale Agreement with SATS on 18 December 2015.

### A 'GAME CHANGER'

*"When life gives you lemons, make lemonade."*

To this end your Board had engage an investment bank for a solution to the Group's financial burden and potential debt service capacity mismatch. This exercise resulted in a 'Game Changer' for your Company as it had brought in a financially strong and regionally capable partner in SATS Ltd (SATS), a company with a market capitalisation in excess of SGD4.3 billion as at 17 December 2015.

SATS is a leading provider of gateway services and food solutions in Asia. Its food solutions business includes airline catering, institutional and remote catering, aviation laundry as well as food distribution and logistics. Its comprehensive gateway services encompass airfreight handling, passenger services, ramp handling, baggage handling, aviation security services, aircraft interior and exterior cleaning as well as cruise centre management. SATS is present at 43 airports and 11 countries across Asia and the Middle East.

#### SATS Offer

On 21 October 2015, your Board announced the Company received a conditional binding offer from **SATS Investments Pte Ltd** (SIPL), a wholly-owned subsidiary of SATS Ltd, which set out an offer to acquire from BHB 49% of the total issued and fully paid up ordinary

shares in BACH for a cash consideration of RM218 million, payable in 2 tranches: RM110 million upon the completion of the transaction; and, the balance of RM108 million conditional upon certain financial targets being achieved.

### BEYOND 2015

*"It's not about how hard you fall. It's how quick you get back up that matters."*

By 18 December 2015, your Board announced that BHB has entered into a conditional share sale agreement with SATS Investments Pte Ltd in relation to the Proposed Disposal. The transaction was fully completed on 5 February 2016, and RM55.0 million of the initial proceeds was used to repay your Company bank borrowings and leaving the balance to be repaid over a period to match the new cashflows of the Group, effectively avoiding potential financial obligations mismatch.

We are positive on the link up with SATS as our strategic partner which provides your Company with various opportunities to improve profitability moving forward as well as setting a new benchmark valuation for the catering business and aiding in reducing gearing. SATS is an integrated food services company, its operations consists of both aviation and non-aviation food services.

The potential synergy of both BHB and SATS will provide for profile

expansion for both parties in that we will be able to leverage on SATS existing network and Gateway expertise, whilst simultaneously, SATS will be looking to utilise our halal certifications and local expertise. This synergy could open up a world of endless possibilities not limited to, tendering for catering services for Middle Eastern airports and airlines, as well as non-aviation catering in the region. This corporate development has also set the precedence in terms of valuing our niche and expertise in the halal industry and know-how in the catering business.

Our non-aviation catering contracts such as the operations of the Emirates lounge in KLIA, dining facilities at private universities as well as providing meals on board the KTM service is the beginning of our diversification from aviation catering. We forecast growth in the non-aviation catering segment but will take time to be significant.

Whilst this is ongoing, you would be pleased to know that 2015 also saw good news from the business angle. BAC renewed its JAKIM Halal Certificate until 2017 and reaffirmed its ISO 22000 and ISO 9001 until Jan 2018 and July 2018, respectively. This is the core of its Halal and International Standards Compliance. We also received the Best in Class (2015) Malaysia Business Excellence Framework Award and the *Sijil Penghargaan Anugerah Inovasi Syariah dan Integriti* from the Ministry of Science & Technology as well as the Prestigious Award from the Ministry of Human Resources for our best practices in human resources performance standards.



We also received accolades for maintaining and delivering high standards of catering services and support from Oman Air and Iran Air. We secured 5 additional airlines inflight and cabin services contracts from namely; British Airways, ANA, Royal Jordanian Airlines, Ethiopian Airlines and the newly launched Syariah compliance airline, Rayani Air. We warmly welcome them to our family of airlines catered by BAC.

On 15 June 2015 BHB entered into a MoU with **Nippon Express (Malaysia) Sdn Bhd** (NEM), a part of the Nippon Express Group, an international freight forwarding and global logistics service provider, to collaborate and develop its supply chain benchmarking for world class Halal Logistics services. BHB plans to develop its businesses internationally and will take this opportunity to tap into the international network of Nippon Express Group, which has operations all over the world and expanding rapidly into South Asia and the Oceania region. BHB will then be able to ensure the integrity and reliability of its supply chain.

## SUSTAINABILITY TO STAY RELEVANT

*“Either positive or negative comments are good because it shows we are still relevant.”*

This year, in addition to presenting our operational and financial performance, your Company's annual report had integrated our practice of embedding sustainability at the centre of our operations.

Building community trust through the responsible and sustainable management of our business is an indispensable part of our culture. This is more important than ever in challenging times. Over the past years, we have consistently worked to integrate corporate social responsibility and sustainability across every aspect of our business. We continue to invest significantly in order to create shared value with our employees, communities, customers, consumers and shareholders.

Our sustainability initiatives focus on three key areas: promoting health and wellness, minimising our environmental impact and benefitting the local communities where we operate. To stay relevant, we will continue to set and put in place long-term sustainability targets and reporting on our progress. To this end, the Company has changed its CSR report into Corporate Sustainability Statement as recommended by Bursa Malaysia.

## ACKNOWLEDGEMENTS

Your Board believes strong governance and transparent reporting are critical to the long-term creation of value for shareholders. Our commitment to corporate governance best practices plays a key role in managing our risks and opportunities and continues to build trust and promotes the long-term interests of shareholders. Over the past several years our Committees have worked to ensure that the right balance of skills and breadth of experience is reflected on our Board.

We bid farewell to En. Mohamed Zamry bin Mohamed Hashim who retired this year after serving as Managing Director from 2014 and an 8-year term as a Board member. I would like to thank En. Zamry for his dedicated and distinguished service to us.

We welcome also En. Kamil bin Dato' Haji Abdul Rahman as an additional non-executive independent director who joined the Board on 25 February 2016 and En. Nasser bin Abu Bakar as Chief Executive Officer at the same time.

I look forward to working closely with them and the rest of the Board to deliver value for all of our shareholders.

On behalf of the Board, I would like to thank all employees of BHB Group for their tremendous efforts, passion and resilience in delivering results in what continues to be a very volatile environment. It is their commitment and focus to the Company that enables our substantial progress.

A very special thank you also goes to all our international airline customers and in particular Malaysia Airlines Berhad (MAB), our anchor customer for their loyalty and support. Also, a special mention of thanks to our bankers: OCBC Al-Amin Bank Berhad for their financial support and patience; and IBH Investment Bank Limited, which guided us through the difficult period.

I would also like to welcome our new partner SATS Ltd and look forward to the synergy gain between us.

And finally, THANK YOU, our esteemed shareholders, for your staunch support and continued confidence in us, which helped fuel the momentum towards an ever brighter future for your Company.

I look forward to seeing you at our 34th Annual General Meeting.



**Dato' Seri Ibrahim bin Haji Ahmad**  
Executive Chairman

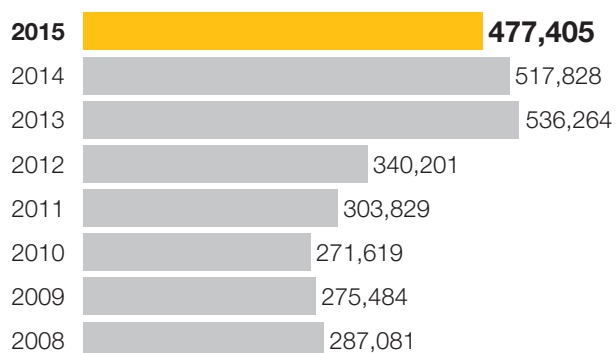
15 April 2016

# Financial Highlights 2015

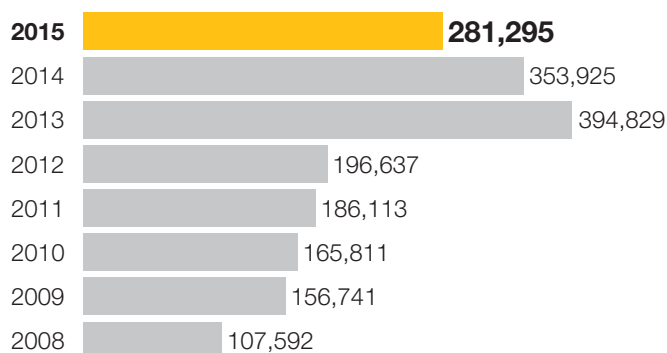
## SUMMARY OF FINANCIAL STATEMENT

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Statements of Comprehensive Income (RM '000)</b>								
Revenue	107,592	156,741	165,811	186,113	196,637	394,829	353,925	<b>281,295</b>
Profit/(Loss) before tax	1,639	11,176	19,639	24,465	24,254	58,800	(35,055)	<b>(14,021)</b>
Profit/(Loss) after tax	(3,660)	5,977	12,244	16,189	15,177	39,049	(33,832)	<b>(15,418)</b>
Profit/(Loss) attributable to equity holders of the Company	(4,103)	2,382	6,552	9,503	8,663	22,028	(31,962)	<b>(15,680)</b>
EPS/(LPS) (sen)	(2.80)	1.33	3.66	5.31	4.30	10.12	(13.64)	<b>(6.64)</b>
<b>Statements of Financial Position (RM '000)</b>								
Issued and paid-up capital	179,005	179,005	179,005	179,005	214,805	225,545	236,285	<b>236,285</b>
Total equity	159,890	152,051	164,294	179,840	230,442	288,883	273,361	<b>257,943</b>
Total assets	287,081	275,484	271,619	303,829	340,201	536,264	517,828	<b>477,405</b>

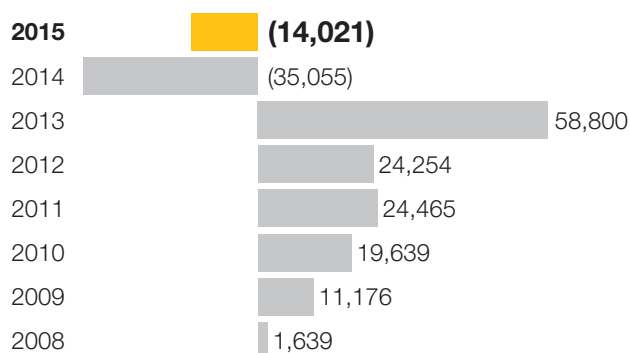
### TOTAL ASSETS (RM '000)



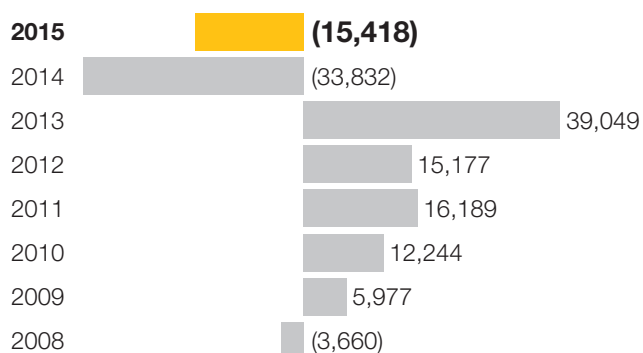
### REVENUE (RM '000)



### PROFIT BEFORE TAX (RM '000)



### PROFIT AFTER TAX (RM '000)



# Stock Information

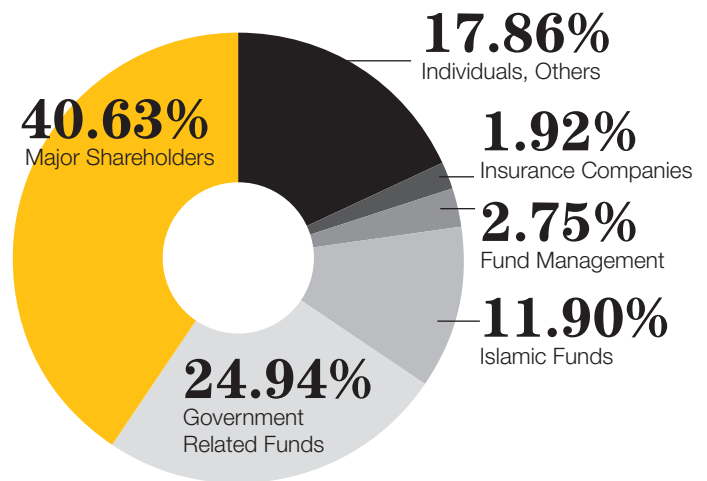
As at 31 March 2016

## STOCK SUMMARY

Stock Name	: BRAHIMS
Stock Code	: 9474
Number of Shares Issued	: 236,285,500 shares
Number of Shares Authorised	: 500,000,000 shares
Number of Shareholders	: 3,761

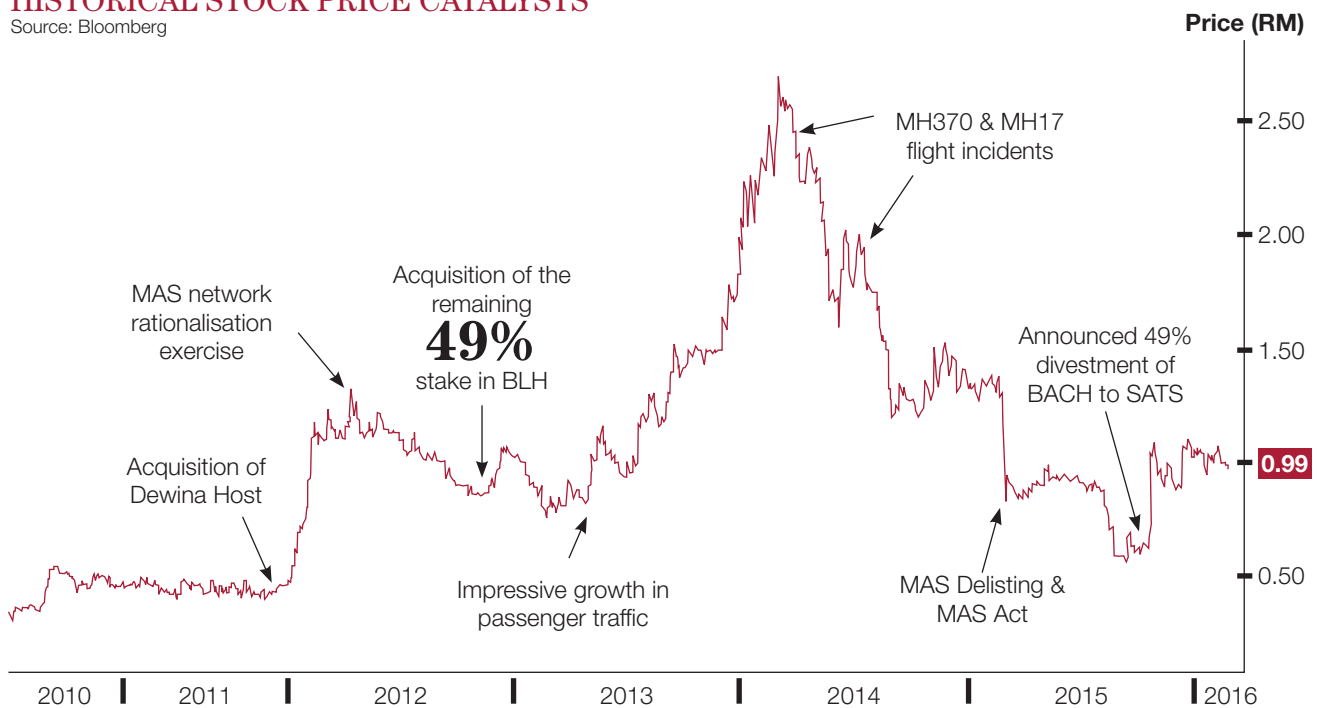
## BREAKDOWN OF SHARES BY TYPE OF SHAREHOLDERS

No.	Type of Shareholders	No. of Shares	%
1	Major Shareholders	96,005,000	40.63
2	Government Related Funds	58,922,738	24.94
3	Islamic Funds	28,109,762	11.90
4	Funds Management	6,496,350	2.75
5	Insurance Companies	4,545,600	1.92
6	Individuals, Others	42,206,050	17.86
<b>TOTAL</b>		<b>236,285,500</b>	<b>100</b>



## HISTORICAL STOCK PRICE CATALYSTS

Source: Bloomberg



# Financial & Investor Calendar 2015

## 1 JANUARY

### 15 January

Emergency BOD meeting to discuss on the legal effects and financial impact of the proposed Interim Agreement between BAC and MAS.

### 20 January

Launch of the New Syariah-Compliant Warewash Machine by Minister in the Prime Minister's Department Datuk Seri Jamil Khir Baharom at BAC.

### 23-25 January

Café Barbera participated in Malaysia Barista Championship 2015 and emerged at Top 6 position.

## 2 FEBRUARY

### 25 February

EGM on Proposed acquisition of 100% Equity Interest in Rancak Selera Sdn. Bhd. ("Rancak Selera") by Brahim's Trading Sdn. Bhd.

### 27 February

**Announcement of Q4 results.**

## 3 MARCH

### 6 March

Suspension of Trading & Securities pending announcement.

### 10 March

Resumption of Trading.

## 4 APRIL

### 1 April

Extension Agreement Entered into between BAC and MAB.

### 30 April

Announced 2014 BHB Audited Financial results.

## 5 MAY

### 8 May

2nd Extension Agreement (further to Company's announcement dated 1 April 2015).

### 11 May

New Catering Agreements entered between BAC and MAB as part of the MAS Recovery Plan announced by Khazanah Nasional Berhad on 29 August 2014.

### 28 May

**Announcement of Q1 results.**

## 6 JUNE

### 15 June

MOU between BHB and Nippon Express (Malaysia) Sdn Bhd.

### 16 June

33rd Annual General Meeting.

## 8 AUGUST

### 8 August

Majlis Jamuan Hari Raya Brahim's Dewina Group.

### 25-26 August

Visit to SATS Limited (SATS Inflight Catering Centre 1).

### 27 August

**Announcement of Q2 results.**

## 9 SEPTEMBER

### 8 September

Visit by Nippon Express.

### 17 September

Agreements entered between BAC (A 70%-owned subsidiary of BHB), BACH (A wholly-owned subsidiary of BHB), Malaysian Airline Systems Berhad and/or Malaysian Airlines Berhad:

- Termination agreement for the termination of the existing shareholders agreement between MAS, BACH and BAC;
- Shareholders agreement between BAC, BACH and MAB which regulates the relationship between BACH and MAB as shareholders of BAC;
- Termination agreement for the termination of the existing catering agreement between BAC and MAS;
- Termination agreement for the termination of the existing tenancy agreement between BAC and MAS for the use of the premises provided by MAS for BAC's kitchen and other facilities; and
- Tenancy Agreement between BAC and MAB for the provision of the Premises for BAC's kitchen and other facilities.

## 10 OCTOBER

### 12-16 October

Visit to Western Australian on Halal Abattoir project.

### 22 October

Trading Halt and Resumption of Trading pending announcement.

Received a conditional binding offer from SATS Investments Pte Ltd (a wholly-owned subsidiary of SATS Ltd).

### 27 October

Accepted offer to dispose BHB's 49% equity interest held in BACH to SATS.

## 11 NOVEMBER

### 24 November

**Announcement of Q3 results.**

## 12 DECEMBER

### 17 December

Signing ceremony between BAC and Rayani Air (new Syariah compliance airline).

### 18 December

Signing of Share Sale Agreement between BHB and SATS.

### 31 December

Announced resignation of En. Mohamed Zamry bin Mohamed Hashim as Managing Director due to health reasons.

# Media & Awards



**Brahim meterai kontrak bersama ANA**

KUALA LUMPUR 2 Sept. - Brahim's Airline Catering Sdn. Bhd. (BAC) menandatangani kontrak perkhidmatan penyajian di dalam pesawat dengan syarikat penerbangan Jepun, All Nippon Airways (ANA).

Ketua Pegawai Eksekutif BAC, Aimal Hazimran Abu Hassan berkata, perjanjian tersebut telah dimeterai dan dipersetujui berdasarkan syarat yang ditetapkan kerana pihak ANA yakin dengan pengalaman bertaraf dunia BAC dalam menyediakan hidangan di dalam pesawat.

"Kami telah membeli, melalui syarikat itu, BAC akan kekal makanan servis dalam pesawat terbang dari Singapura dan merembah ke Narita, mengambil masa 10 jam perjalanan."

**CERTIFICATES**

- Halal Certificate – JAKIM. (Valid until 15 Jan 2017)
- ISO 22000:2005 – TUV Nord, Germany. (Valid until 21 Jan 2018)
- ISO 9001:2008 – TUV Nord, Germany. (Valid until 15 July 2018)
- Malaysia Productivity Corporation – Membership Certificate – Malaysia Productivity and Innovation Class.
- Kongres Eksekutif Halal Malaysia 2015 (KEHMA2015) – Sijil Penghargaan Anugerah Inovasi Syariah dan Integriti.
- Certificate of Appreciation, Oman Air – BAC has been constantly providing Highest Standards of Catering Services and Professional Support to Oman Air for flights during the year 2015.
- Certificate of Recognition, Iran Air – BAC has been continuously delivering high standards of Catering Services and Support to Iran Air for flights during the year 2015.

**AWARDS**

- Minister's Award – The Department of Industrial Relations Malaysia Ministry of Human Resources certified that Brahim's Airline Catering has fulfilled all conditions and criteria to receive the prestigious Award for PLWS Practitioners 2015.
- 2nd International Best Practice Competition 2015 – Awarded to Brahim's Airline Catering for the best practice of to Improve company performance on financial department performance and staff quality through implementation of PLWS – Qualifier Top 20 Best Practices.
- Malaysia Business Excellence Framework (MBEF) – Best In Class (2015).



# Our Customers

KLIA is the largest and busiest airport in Malaysia. In 2014, it handled **48,930,409 passengers** and 753,899 tonnes of cargo. It is the world's 20th-busiest airport by total passenger traffic, 13th-busiest airport by international passenger traffic, and 28th-busiest airport by cargo traffic.

Source: KUALA LUMPUR INTERNATIONAL AIRPORT (KLIA)

FedEx  
Express



BRITISH AIRWAYS



Lufthansa

AIRFRANCE

# 36

Airlines

Over

# 977

destinations

Over

# 45,000

meals uplifted per day



UZBEKISTAN  
airways

TURKISH  
AIRLINES

IranAir

Mahan Air

Royal Nepal  
Airlines

KOREAN AIR

ANA

JAL

CHINA AIRLINES

CHINA SOUTHERN

DRAGONAIR

XIAMEN AIRLINES

CATHAY PACIFIC

EVA AIR

THAI

MYANMAR  
AIRWAYS INTERNATIONAL

Vietnam Airlines

RAYANI AIR

AirAsia

MASkargo

Malaysia

HASRAT ASIA

Malindo air

Garuda Indonesia

The Airline of Indonesia

AIR MAURITIUS

Ethiopian

# Board of Directors

As at 31 December 2015

**01 Dato' Seri Ibrahim bin Haji Ahmad**  
Executive Chairman

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

**03 Mohamed Zamry bin Mohamed Hashim**  
Managing Director (resigned on 31 December 2015)

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

**05 YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim**  
Non-Independent Non-Executive Director

**06 Col (R) Dato' Ir Cheng Wah**  
Senior Independent Non-Executive Director

**07 Goh Joon Hai**  
Independent Non-Executive Director

**08 Datuk Seri Panglima Sulong bin Matjeraie**  
Independent Non-Executive Director

**09 Professor Dr. Jinap binti Salamet**  
Independent Non-Executive Director

**10 Ahmad Fahimi bin Ibrahim**  
Alternate Director to En. Mohamed Zamry bin Mohamed Hashim

\* **Kamil bin Dato' Haji Abdul Rahman**  
Independent Non-Executive Director  
(appointed on 25 February 2016)





**AUDIT COMMITTEE**

**Col (R) Dato' Ir Cheng Wah**  
Chairman/Senior Independent  
Non-Executive Director

**Goh Joon Hai**  
Independent Non-Executive Director

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

**NOMINATION COMMITTEE**

**Goh Joon Hai**  
Chairman/Independent  
Non-Executive Director

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

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

**REMUNERATION COMMITTEE**

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

**Goh Joon Hai**  
Independent Non-Executive Director

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



# Board of Directors' Profile





## DATO' SERI IBRAHIM BIN HAJI AHMAD

Executive Chairman

<b>Nationality/Age</b>	Malaysian/69
<b>Date of Appointment</b>	15 May 2008
<b>Length of Service (as at 28 February 2016)</b>	7 years 9 months
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Master's Degree in Food Technology, Louisiana State University</li> <li>• Diploma in Agriculture, University Pertanian Malaysia</li> <li>• Former lecturer and founding member of the Faculty of Food Science and Biotechnology, University Putra Malaysia</li> <li>• Honoured with the 'Anugerah Usahawan' (Entrepreneurship Award) in 1993</li> <li>• Won the Outstanding Entrepreneur Award Asia-Pacific for 2013</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Director of Brahim's Holdings Berhad</li> <li>• Founder and Executive Chairman of Dewina Holdings Sdn Bhd</li> <li>• Chairman of Brahim's Airline Catering Sdn Bhd</li> <li>• Founder-Chairman of Baitul Hayati Charity Foundation</li> <li>• Chairman of Food Aid Foundation</li> <li>• Member of SME Development Council</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Head of Corporate Research and Development at a public listed company</li> <li>• National Representative of the UNESCO Regional Network for Basic Sciences</li> <li>• Secretary-General of ASEAN Federation of Food Processing Industries</li> <li>• Member of International Standards Committee SIRIM</li> <li>• Council Member of Malaysian Microbiological Society and Malaysian Institute of Food Technology</li> </ul>



## TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN

Non-Independent Non-Executive Director

<b>Nationality/Age</b>	Malaysian/73
<b>Date of Appointment</b>	15 May 2008
<b>Length of Service (as at 28 February 2016)</b>	7 years 9 months
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Graduate from British Institute of Management and Institute of Marketing in the United Kingdom</li> <li>• Master's in Business Administration from the University of Ohio, United States of America</li> <li>• Lecturer and Council member/Director of University of Technology MARA</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Director of Brahim's Holdings Berhad</li> <li>• Chairman of Censof Holdings Berhad, Rex Industry Berhad and Yayasan Arshad Ayub</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad</li> <li>• Chairman and Chief Executive Officer of Setron (Malaysia) Berhad</li> <li>• Chairman of Bank Kerjasama Rakyat (M) Berhad, Pan Malaysian Industries Berhad, Pan Malaysian Holdings Berhad, Pan Malaysia Capital Bhd, Chemical Company of Malaysia Berhad and Kawan Food Berhad</li> <li>• Deputy Chairman of Metrojaya Berhad</li> <li>• Director of (K &amp; N) Kenanga Bhd and AMMB Holdings Berhad</li> </ul>



## MOHAMED ZAMRY BIN MOHAMED HASHIM

Managing Director (resigned on 31 December 2015)

<b>Nationality/Age</b>	Malaysian/60
<b>Date of Appointment</b>	15 May 2008
<b>Length of Service (as at 28 February 2016)</b>	7 years 9 months
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Bachelor of Arts (Hons) in Accounting from the University of Bolton, UK</li> <li>• Post-graduate Master's of Marketing from the University of Newcastle, Australia</li> <li>• Diploma in Insurance, a Part 1 Banking Diploma from the Institute of Bankers, UK</li> <li>• Diploma in Banking and Financial Services from the Institute Bank-Bank Malaysia</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Director of Brahim's Holdings Berhad (resigned on 31 December 2015)</li> <li>• Associate Member of the Malaysian Insurance Institute</li> <li>• Associate of the Chartered Institute of Insurance, UK and also the Institut Bank-Bank Malaysia</li> <li>• Professional member and a Fellow of the Institute of Public Accountants, Australia, IPA and held the position of Vice-Chairman of the Malaysian branch of the IPA for a year</li> <li>• Managing Director of Brahim's-Dewina Group of Companies</li> <li>• Audit Committee of Brahim's Airline Catering Sdn Bhd</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Group Chief Operating Officer of Brahim's-Dewina Group of Companies</li> <li>• Standard Chartered Bank (1977-1994), Guardian Royal Exchange Berhad (1996-1998), AIP Business Advisory Sdn Bhd (1998-2000), Victoria Integrated Industrial Park Australia (1998-2000), Spartec Holdings Sdn Bhd (2000-2002), Perbadanan Komputer Nasional Berhad (2002-2003), Animated Electronics Industries Sdn Bhd (2003-2004) and TAP Capital Sdn Bhd (2005)</li> </ul>



## DATO' CHOO KAH HOE

Non-Independent Non-Executive Director

<b>Nationality/Age</b>	Malaysian/62
<b>Date of Appointment</b>	9 July 2008
<b>Length of Service (as at 28 February 2016)</b>	7 years 7 months
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Degree in Company Administration from Sheffield Hallam University</li> <li>• MBA from the University of Wales and Manchester Business School</li> <li>• Chartered Company Secretary, ACIS</li> <li>• Founding and fellow member of the Malaysian Institute of Commercial and Industrial Accountants, FCIA</li> <li>• Fellow Institute of Public Accountants, Australia, IPA</li> <li>• Fellow Chartered Banker, Asian Institute of Chartered Bankers</li> <li>• International Certification in AML/CFT</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Director of Brahim's Holdings Berhad</li> <li>• Managing Director &amp; CEO, IBH Investment Bank Ltd</li> <li>• Chairman of Labuan Investment Banks Group</li> <li>• Chairman, Board of Examinations, AICB</li> <li>• Industry Advisor for Universiti Malaysia Sarawak (UNIMAS), and Curtin University Sarawak Campus</li> <li>• Tutor for Wawasan Open University and University of Wollongong, Sydney Business School MBA Programme in the subject of Corporate Finance, International Financial Management and International Business Strategy</li> <li>• Member of the Company's Audit Committee</li> <li>• Member of the Nomination Committee and Chairman of the Remuneration Committee</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Managing Director &amp; Country Head, DBS Bank Labuan</li> <li>• Executive Director, DBS Thai Danu Bank, Thailand</li> <li>• Chairman, Executive Decision Panel for Nationwide Debt Restructuring, Bank of Thailand</li> <li>• Vice-Chairman, Singapore-Thai Chamber of Commerce</li> <li>• Chief Representative, DBS Bank Yangon Office</li> <li>• Advisor to the Chonburi Chamber of Commerce, University Malaysia Sabah, Labuan International Campus, Young Entrepreneurs Association Malaysia (PUMM)</li> </ul>



## YB DATUK SERI PANGLIMA HAJI ABDUL AZEEZ BIN ABDUL RAHIM

Non-Independent Non-Executive Director

<b>Nationality/Age</b>	Malaysian/49
<b>Date of Appointment</b>	26 June 2014
<b>Length of Service (as at 28 February 2016)</b>	1 year 8 months
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Master of Business Administration from Preston University, United States of America</li> <li>• Formed Kelab Putera 1 Malaysia after the idea was accepted by YAB Prime Minister, Dato' Sri Mohd Najib Tun Abdul Razak</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Non-Independent Non-Executive Director of Brahim's Holdings Berhad</li> <li>• Member of UMNO Supreme Council, as well as Member of Parliament for Baling since 2008</li> <li>• Chairman of Lembaga Tabung Haji (LTH)</li> <li>• Chairman of Yayasan Pembangunan Rakyat Baling, Kedah</li> <li>• Executive Chairman in several organisations</li> <li>• Advisor to several public listed companies</li> <li>• Chairman of Real Estate LLC and director of Theta Edge Berhad since 2012, both subsidiaries of Tabung Haji</li> <li>• Chairman of Putrajaya Perdana Berhad</li> <li>• Director of Seni Jaya Corporation Berhad</li> </ul>



## COL (R) DATO' IR CHENG WAH

Senior Independent Non-Executive Director

<b>Nationality/Age</b>	Malaysian/77
<b>Date of Appointment</b>	24 December 1993
<b>Length of Service (as at 28 February 2016)</b>	22 years 2 months
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Bachelor of Engineering degree in Civil Engineering from the University of Malaya</li> <li>• Professional Engineer with the Board of Engineers, Malaysia</li> <li>• A graduate of the Royal Military Academy, Sandhurst, UK and the Command and General Staff College, Fort Leavenworth, USA</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Director of Brahim's Holdings Berhad</li> <li>• Director of Hwa Tai Industries Berhad and Kien Huat Berhad</li> <li>• Chairman of the Company's Audit Committee</li> <li>• Member of the Nomination Committee and Remuneration Committee</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Director of Armed Forces Works, Logistics Division, Ministry of Defence in 1978</li> <li>• Director of Logistics, Ministry of Defence in 1980</li> <li>• Director of Development of Genting Group</li> <li>• Senior Vice President (Property Development) in Resorts World Berhad</li> <li>• Director in Koperasi Angkatan Tentera Malaysia Berhad (1978–1983), Chocolate Products Berhad (1986–1989), Pacific Bank Berhad (1983–2000) and Pacific Mas Berhad (2001–2007)</li> </ul>



## GOH JOON HAI

Independent Non-Executive Director

<b>Nationality/Age</b>	Malaysian/77
<b>Date of Appointment</b>	22 March 2002
<b>Length of Service (as at 28 February 2016)</b>	13 years 11 months
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Bachelor of Arts (Honours) Degree from the University of Malaya in 1964</li> <li>• Master of Business Administration from the University of British Columbia, Canada in 1966</li> <li>• Chartered Accountant for more than 45 years</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Director of Brahim's Holdings Berhad</li> <li>• Member of the Canadian Institute of Chartered Accountants, Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia</li> <li>• Member of the Company's Audit Committee</li> <li>• Chairman of the Nomination Committee</li> <li>• Member of the Remuneration Committee</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Lecturer in the Faculty of Economics and Administration, University of Malaya</li> <li>• Financial and corporate adviser to various organisations</li> <li>• Member of the Council of Malaysian Institute of Accountants between 1991 and 2000</li> <li>• Chairman of the Joint Technical Committee</li> <li>• Chairman of the Accounting and Auditing Committee</li> <li>• Member of the Council of the University of Malaya (1972–1975)</li> <li>• Former Treasurer and Vice President of the Guild of Graduates, University of Malaya</li> <li>• Member of the General Committee of the Royal Lake Club and was the President from 2006-2007</li> </ul>



## DATUK SERI PANGLIMA SULONG BIN MATJERAIE

Independent Non-Executive Director

<b>Nationality/Age</b>	Malaysian/69
<b>Date of Appointment</b>	18 July 2013
<b>Length of Service (as at 28 February 2016)</b>	2 years 7 months
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Bachelor of Arts (Hons) Degree from the University of Malaya in 1970</li> <li>• Read law at the Inns of Court School of Law in London in 1971</li> <li>• Bar of England and Wales in the Trinity Term of 1974 by the Honourable Society of Inner Temple, London</li> <li>• Master of Laws (LLM) Degree from the University of Southampton in 1977</li> <li>• Awarded a Certificate in Advanced Management Programme by the Banff School of Advanced Management, Alberta, Canada</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Director of Brahim's Holdings Berhad</li> <li>• Appointed by the Prime Minister, Malaysia as one of the four eminent persons to serve as a member of Judicial Appointments Commission for a period of two years in 2013, and has been extended further for a maximum period of another two more years until 9 February 2017</li> <li>• Bencher of the prestigious Honourable Society of the Inner Temple, London</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Federal Court Judge before his retirement in 2013 with over thirty years of legal and judicial experience</li> <li>• District Officer, Bintulu, State Training Officer, Sarawak, Secretary of the Government Examinations Board, Director of Civic Development Unit, General Manager of Sarawak Timber Industry Development Corporation and General Manager of Bintulu Development Authority</li> <li>• Set up Messrs Sulong Matjeraie &amp; Co and served as its Senior Partner</li> <li>• Judicial Commissioner at the High Court of Malaya in Johor in 1998</li> <li>• High Court Judge of Malaya in Johor Bahru in 2000</li> <li>• High Court Judge at Kota Kinabalu, Sabah and Sarawak</li> <li>• Judge of the Court of Appeal, and was later appointed at the Federal Court of Malaysia, Palace of Justice at Putrajaya</li> </ul>



## PROFESSOR DR. JINAP BINTI SALAMET

Independent Non-Executive Director

<b>Nationality/Age</b>	Malaysian/62
<b>Date of Appointment</b>	26 June 2014
<b>Length of Service (as at 28 February 2016)</b>	1 year 8 months
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Professor and the Head of Food Safety Research Centre at Universiti Putra Malaysia (UPM)</li> <li>• PhD Degree in Food Science from Pennsylvania State University</li> <li>• Master's Degree in Food Science from Louisiana State University</li> <li>• Diploma in Science and Education from Universiti Pertanian Malaysia</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Member of Industry Standard Committee for Food, Food Products and Food Safety (ISC-U)</li> <li>• Chairman and member of technical advisory committee of Malaysian Standards through SIRIM, and is involved in many National expert committees on Food Regulation, Food Contaminants, Food Additives, and Processed Food through the Ministry of Health</li> <li>• Member of National Codex Committee of Food Additives, and Food Contaminants</li> <li>• Fellow of Academy of Science of Malaysia (FASc)</li> <li>• Member of Food Analysis Act Main Committee and Fellow</li> <li>• Chief-in-Editor for International Food Research Journal</li> <li>• International Editorial Board for Food Additives and Contaminants</li> <li>• Board member for UPM Innovations Sdn Bhd and Malaysian Cocoa Board</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Former Dean of the Faculty of Food Science, Director of Innovation and Commercialisation Centre, Director of University Research Park at UPM</li> <li>• Former President of the Malaysian Institute of Food Technology (MIFT)</li> </ul>



## KAMIL BIN DATO' HAJI ABDUL RAHMAN

Independent Non-Executive Director

<b>Nationality/Age</b>	Malaysian/67
<b>Date of Appointment</b>	25 February 2016
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Bachelor of Commerce, University of Otago, New Zealand</li> <li>• Chartered Accountant, Institute of Chartered Accountants, New Zealand</li> <li>• Chartered Accountant, Malaysian Institute of Accountants</li> <li>• Fellow Chartered Secretary, Institute of Chartered Secretaries and Administrators, United Kingdom</li> <li>• Fellow, Institute of Company Secretaries Malaysia</li> <li>• Certificate, Building Contractor, Universiti Putra Malaysia</li> <li>• Director Accreditation Programme, Research Institute of Investment Analysts</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Setia DiRaja Kedah</li> <li>• Senior Independent Non-Executive Director and Chairman of the Audit Committee, Khind Holdings Berhad</li> <li>• Independent Non-Executive Director and Member of the Audit Committee, Jiankun International Berhad</li> <li>• Director and Treasurer, Malaysia South Africa Business Council (MSABC)</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Executive Director, Commerce International Merchant Bankers Berhad</li> <li>• Senior Vice President, Bank of Commerce (M) Berhad</li> <li>• Chairman of the Audit Committee, Global Carriers Berhad</li> <li>• Chairman of the Audit Committee, Magna Prima Berhad</li> <li>• Chairman of the Audit Committee, PJ Bumi Berhad</li> <li>• Chairman of the Audit Committee, Malaysian Merchant Marine Berhad</li> <li>• Chairman of the Audit Committee, Bukit Katil Resources Berhad</li> <li>• Chairman of the Audit Committee, Putera Capital Berhad</li> <li>• Chairman of the Audit Committee, Hotline Furniture Berhad</li> <li>• Chairman of the Audit Committee, Pancaran Ikrab Berhad</li> </ul>





## AHMAD FAHIMI BIN IBRAHIM

Alternate Director to Mohamed Zamry bin Mohamed Hashim

<b>Nationality/Age</b>	Malaysian/32
<b>Date of Appointment</b>	1 February 2014
<b>Length of Service (as at 28 February 2016)</b>	2 years
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Master's Degree in Business Administration (majoring in Finance), University Putra Malaysia</li> <li>• Bachelor's Degree in Creative Multimedia (majoring in Film &amp; Animation), Multimedia University</li> <li>• Holds a helicopter commercial pilot's license, having completed over 150 hours of flights training</li> </ul>
<b>Present Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Alternate Director to Dato' Seri Ibrahim bin Haji Ahmad (as at 31 December 2015)</li> <li>• Group Executive Director at Dewina Holdings Sdn Bhd</li> </ul>



## NASSER ABU BAKAR

Chief Executive Officer

<b>Nationality/Age</b>	Malaysian/47
<b>Date of Appointment</b>	25 February 2016
<b>Academic/ Professional Qualifications</b>	<ul style="list-style-type: none"> <li>• Senior Management Development Programme (SMDP)</li> <li>• Heriot-Watt – Candidate for MBA (Finance)</li> <li>• La Trobe University, Australia. B.Econs (Banking &amp; Finance)</li> <li>• Associate Member of Harvard Business School</li> </ul>
<b>Past Directorship(s) and/or Appointment(s)</b>	<ul style="list-style-type: none"> <li>• Senior General Manager, Group Strategic Planning and Business Development at Sapura Holdings Group of Companies</li> <li>• Senior General Manager at Telekom Malaysia Berhad, as well as Chief Executive Officer for TM Info-Media Sdn Bhd, wholly owned subsidiary of Telekom Malaysia</li> <li>• Chief Operating Office at Accountant OnLine - a wholly owned subsidiary of HeiTech Padu Berhad</li> <li>• Senior Investment Analyst – Buy Side at Soc-Gen Crosby (French Investment Bank) Malaysia</li> <li>• Senior Research Executive (Quantitative and Qualitative Research) at AC Nielsen Malaysia</li> <li>• Pricing Analyst at Melbourne Metropolitan Board of Works Australia/ Institute of Applied Economics and Social Research (IAESR), Melbourne University</li> </ul>

## BOARD OF DIRECTORS' PROFILE

### ADDITIONAL INFORMATION

#### Family Relationship with any Director and/or Major Shareholder

None of the directors have family relationship with any other directors or major shareholders of the Company except for the alternate director Ahmad Fahimi bin Ibrahim who is the son of the Executive Chairman.

#### Conviction for Offences (within the past 10 years, other than traffic offences)

None of the directors have any conviction for offences other than traffic offences, if any.

#### Conflict of Interest

None of the directors have any conflict of interest with the Company.

#### Material Contracts

There were no material contracts entered into by the Company and/or its subsidiary companies which involve directors' and major shareholders' interests for the financial year ended 31 December 2015.

#### Related Party Transactions of a Revenue or Trading Nature

The recurrent related party transactions entered into by the Group during the financial year ended 31 December 2015 were as follows:

#### Share Buy-backs

There were no share buy-backs executed by the Company during the financial year.

Company	Principal Activities	Relationship
IBH Investment Bank Limited ("IBHB")	Labuan Investment Banking	a) Dato' Seri Ibrahim bin Haji Ahmad Director and major shareholder of BHB and a substantial shareholder (80%) of IBHB b) Dato' Choo Kah Hoe Director and indirect shareholder of BHB and a substantial shareholder (20%) of IBHB

Related Party	Nature of Transaction	Amount for Jan to Dec 2015
IBH Investment Bank Limited	Provision of financial services	RM215,049
<b>Total</b>		<b>RM215,049</b>

#### Options, Warrants or Convertible Securities

There were no issuance of options, warrants or convertible securities during the financial year.

#### Depository Receipt Programme

During the financial year, the Company did not sponsor any depository receipt programme.

#### Imposition of Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

#### Non-Audit Fees

There were no non-audit fees charged for services rendered to the Group of the Company by the external auditors and its affiliates in Malaysia for the financial year ended 31 December 2015.

#### Variance of Actual Profit from the Forecast Profit

There was no forecast profit announced pertaining to the financial year.

#### Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

#### Internal Audit Function

The internal audit function for the Group was performed internally. The amounts incurred for the internal audit services for the financial year ended 31 December 2015 was RM100,000.

# Corporate & Corporate Structure

As at 31 March 2016

Brahim's is acknowledged as a global and Malaysia's leading HALAL inflight catering company and major operator of restaurants and cafes in KLIA and KLIA2. Brahim's serves over 36 international commercial airlines flying out of KLIA and Penang with MAB as its major customer. Brahim's produces an average of 45,000 meals per day out of its flight kitchen in Sepang, KLIA catering to over 200 flights daily.

## COMPANY SECRETARIES

**Lim Lee Kuan** (MAICSA 7017753) **Teo Mee Hui** (MAICSA 7050642)

## REGISTERED OFFICE

10th Floor, Menara Hap Seng  
No. 1 & 3, Jalan P. Ramlee  
50250 Kuala Lumpur  
Tel: 03-2382 4288 | Fax: 03-2382 4170

## BUSINESS/CORPORATE OFFICE

7-05, 7th Floor, Menara Hap Seng  
Jalan P. Ramlee, 50250 Kuala Lumpur  
Tel: 03-2072 0730 | Fax: 03-2072 0732

## AUDITORS

**Crowe Horwath**  
Level 16, Tower C, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: 03-2788 9999 | Fax: 03-2788 9998

## PRINCIPAL BANKERS

**OCBC Al-Amin Bank Berhad**  
**IBH Investment Bank Limited**

## STOCK EXCHANGE LISTING

**Main Market, Bursa Malaysia Securities Berhad ("BMSB")**

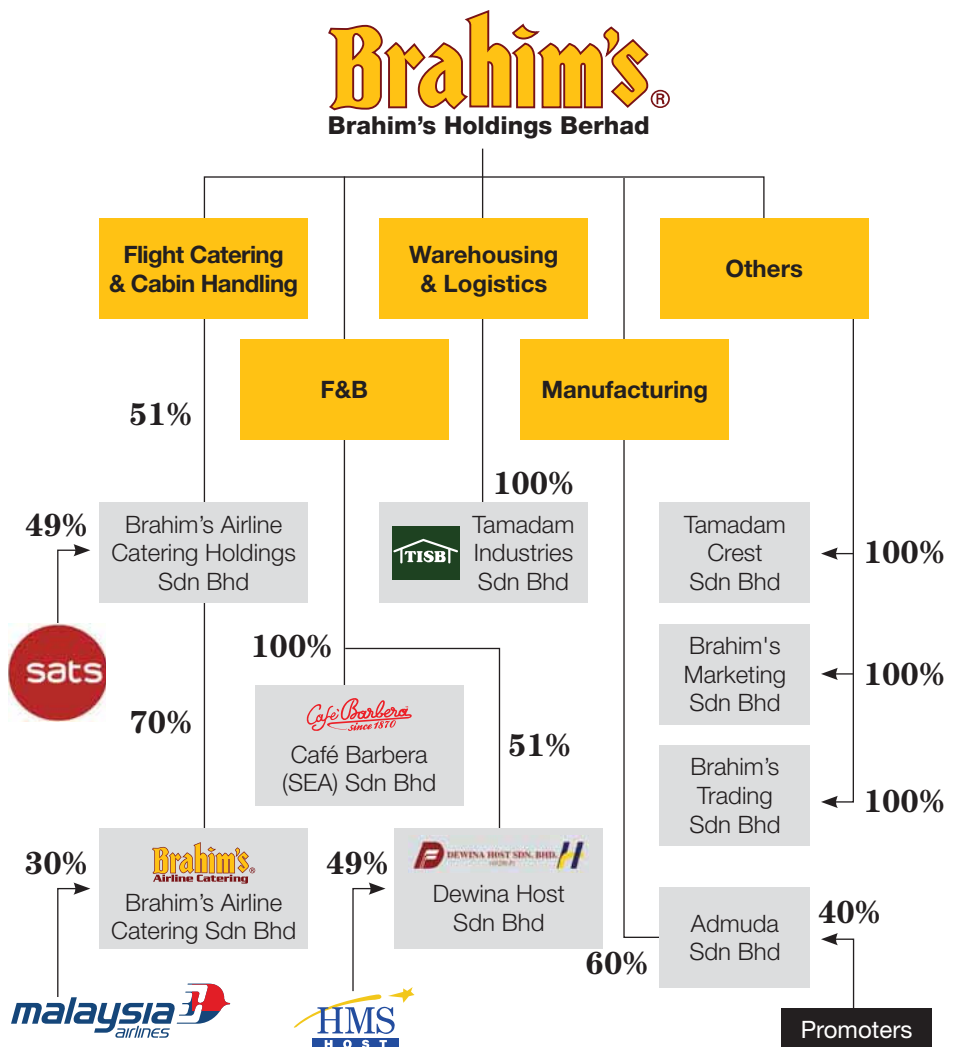
Stock Name: BRAHIMS  
Stock Code: 9474  
Sector: Trading/Service

## SHARE REGISTRAR

**Symphony Share Registrars Sdn Bhd**  
Level 6, Symphony House  
Pusat Dagangan Dana 1, Jalan PJU 1A/46  
47301 Petaling Jaya, Selangor Darul Ehsan  
Tel: 03-7841 8000 | Fax: 03-7841 8152

## SOLICITOR

**Jeffrey Wong & Partners**  
Unit 47-4, Wisma Ghee Hong  
No. 83, Jalan Ampang, 50450 Kuala Lumpur  
Tel: 03-2072 3630 | Fax: 03-2072 7036



# Management Discussion & Analysis



## INTRODUCTION

Brahim's Holdings Berhad's Group is the country's leading halal in-flight catering company through its 100% equity interests in Brahim's Airline Catering Holdings Sdn Bhd ("BACH") which in turn owns 70% of Brahim's Airline Catering Sdn Bhd ("BAC"). On 5 February 2016, the Group had disposed 49% equity interest in BACH to SATS Investment Pte Ltd ("SIPL") for an aggregate cash disposal consideration of up to RM218 million. With this strategic partnership, BACH intends to work closely with SIPL and its related corporations that operate in 43 airports across 11 countries, to explore opportunities for its halal inflight kitchen catering capabilities. In addition, the BACH group is also expected to tap into the experience and know-how of SIPL and its related corporations in the non-airline catering business with the aim of strengthening its business performance.

The Group in 2011 completed the acquisition of 51% equity interests in Dewina Host Sdn Bhd ("DHost"), a major operator of restaurants and cafes in KLIA and KLIA2. With the completion of KLIA2 in year 2014, Dewina Host Sdn Bhd was awarded 2,500 sq. meter for Premium Food Court and 133 sq. meter for a Fast Food outlet at International Departure sector (Airside).

With the contract extension of three years to 2018 with Malaysian Airports, DHost will continue to operate the two existing Burger King outlets. One outlet is located in KLIA Satellite Building which accommodates international flights whilst a larger unit is located at the Arrival section Main Terminal Building. DHost also operates Kopitime, Café Barbera and Food Paradise in KLIA Main Terminal.

DHost also operates multiple concepts in the biggest food court in KLIA2. The Urban Food Court located at the airside of international departures offers nine Food & Beverage concepts with Asian and International cuisine. Currently there are seven concepts operational ie. Burger King, The Chicken Rice Shop, Noodles & Yong Tau Foo, Beverage Station, Taste of India, Toast Box and Hot Wok. The Urban Food Court is performing above expectations with the opening of Toast Box. With continuous review of food offerings, benchmarking of prices and upgrading of marketing tools, DHost's revenue from the Urban Food Court is expected to show overall improvement in year 2016.

The Group has shifted from its logistics business to a more sustainable airport-centric food services business and other Food & Beverage businesses since 2008. The Group in its transformation program will continue to seek out opportunities driven by our core competencies and strength in food services and food related businesses to broaden and deepen the Group's earnings base.

In this discussion and analysis of our financial condition and results of operations, we have included information that may constitute 'forward-looking statements'. These statements are not historical facts, but instead represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside our control. This information includes statements of current condition and may relate to our future plans and objectives.

**EXECUTIVE OVERVIEW**

	(RM'000)		% Change
	2015	2014	
<b>SELECTED FROM STATEMENT OF COMPREHENSIVE INCOME</b>			
Revenue	281,295	353,925	(20.5)
Cost of sales	(132,725)	(153,577)	13.6
Gross profit	148,570	200,348	(25.8)
Other income	1,401	1,715	(18.3)
Less: Distribution expenses	(34)	(128)	73.4
Administrative expenses	(144,938)	(149,724)	3.2
Other expenses	(7,802)	(77,350)	89.9
Finance costs	(10,438)	(10,796)	3.3
Share of results in joint ventures	(781)	880	(188.8)
Profit before tax	(14,021)	(35,055)	60.0
Income tax expense	(1,397)	1,223	(214.2)
Net profit after tax	(15,418)	(33,832)	54.4
Comprehensive income			
- attributable to Owners of the Company	(15,680)	(31,962)	50.9
- to non-controlling interest	262	(1,870)	114.0
<b>SELECTED ITEMS FROM STATEMENT OF FINANCIAL POSITION</b>			
Property, plant & equipment	58,364	60,907	(4.2)
Goodwill on consolidation	294,311	294,311	-
Trade receivables	45,249	82,472	(45.1)
Fixed deposits & cash/bank balances	13,790	20,198	(31.7)
Total assets	477,405	517,828	(7.8)
Total liabilities	219,462	244,467	10.2
Shareholders' equity	230,898	246,578	(6.4)

**Commentary:**

Your Group in FY 2015 registered a negative growth of 20.5% in consolidated turnover.

Our net loss per share was 6.64 sen for the year ended December 2015, compared with a net loss per share of 13.64 sen for the year ended December 2014, an improvement of 51.3% year on year. Return on Shareholders' Equity (ROE) was a negative 6.7 % for 2015 compared with a negative 13.7% for 2014.

Book value per share decreased marginally by 5.8% to RM0.98 compared with 2014 arising from a write-off in trade receivables under dispute with MAS. Hence the resultant effect saw the total assets shrunk by 7.8% to RM477.4 million compared with RM517.8 million a year ago. Share price decreased by 22.7% to RM1.02 at year end as compared to the previous year of RM1.32.

Your Group generated a net revenue of RM281.3 million, a decrease of 20.5% over 2014 revenue of RM353.9



million largely caused by the 25% discount given to MAB until the New Catering Agreements took effect on 15th September 2015. Another reason was the scaling down of flights by MAB during the year which affected our meals offtake.

On a challenging operating environment, pretax earnings achieved a swing of 60.0% from a pretax loss of RM35.1 million to a pretax loss of RM14.0 million. Consequently, after tax loss improved by 54.4% to RM15.4 million from RM33.8 million.

	(RM'000)		
	2015	2014	% Change
<b>KEY FINANCIAL RATIOS</b>			
<b>Liquidity</b>			
Working capital	(11,896)	14,269	(183.4)
Quick ratio	0.82:1	1.06:1	(22.6)
Current ratio	0.88:1	1.13:1	(22.1)
Net sales per working capital	(23.6)	24.8	(195.2)
<b>Leverage/Gearing</b>			
Total borrowed funds to shareholders' equity	0.63:1	0.62:1	1.6
<b>Coverage</b>			
EBITDA	8,343	(12,329)	167.7
EBITDA/Int. Exp + CPLTD	0.73	(0.47)	255.3
<b>Profitability</b>			
Return on sales (%)	(1.0)	(7.1)	85.9
Return on assets (%)	(3.2)	(6.5)	50.8
Return on equity (%)	(6.7)	(13.7)	51.1
Gross profit margin (%)	52.8	56.6	(6.7)
Operating expenses (%)	101.5	107.6	5.7
Operating profit margin (%)	(1.0)	(7.1)	85.9
Profit after tax margin (%)	(5.5)	(9.6)	42.7
Dividend payout rate (%)	-	-	-
<b>Activity Ratio</b>			
Interest coverage ratio	(0.27):1	(2.33):1	88.4
Receivables turnover ratio (days)	59	85	30.6
Payables turnover ratio (days)	44	43	2.3
Asset turnover (net sales/total assets)	0.59:1	0.68:1	(13.2)
Profit before tax/total assets (%)	(2.9)	(6.8)	57.4
<b>Growth (%)</b>			
Total assets growth	(7.8)	(3.4)	(129.4)
Total liabilities growth	(10.2)	(1.2)	(750.0)
Net worth growth	(5.6)	(5.4)	(3.7)
Operating profit growth	(88.9)	(136.9)	35.1
Net profit after tax growth	(54.4)	(186.6)	70.8
Sustainable growth	(6.7)	(13.7)	51.1
<b>Other Financial Indicators</b>			
NA per share (RM)	0.98	1.04	(5.8)
Gross EPS (sen)	(5.93)	(14.84)	60.0
Net EPS (sen)	(6.64)	(13.64)	51.3
Share price at year end (RM)	1.02	1.32	(22.7)

## BUSINESS OPERATIONS REVIEW

The Group's core business in food services is the main contributor to the Group earnings with In-Flight Catering services and Food & Beverage operations contributing 97% of turnover. The logistics sector continues to remain positive with a profit trend after its turnaround since year 2012.

### Inflight Catering Services

Brahim's Airline Catering Sdn Bhd ("BAC"), is the principal in-flight services provider at the Kuala Lumpur International Airport (KLIA), KLIA2 and Penang International Airport.

BAC currently serves 36 international airlines. BAC is one of the main vendors to MAB, the national carrier, while other clients include Emirates Airlines, Air Asia X, Cathay Pacific, Malindo, British Airways, Turkey Airlines, Dragon Air, Vietnam Airways, Oman Air, Japan Airlines, Royal Jordanian Airlines, Garuda Indonesia, Eva Airways, All Nippon Airways, Korean Air, Iran Air, Rayani Air, Mahan Air, China Airlines, Xiamen Airlines, Royal Nepal Airlines, Thai Airways, Uzbekistan Airways, Air Mauritius, Myanmar Airways, Ethiopian Airlines, Iraqi Airlines and Pakistan International Airlines.

BAC caters to an average of 230 aircrafts per day and prepares an average of 45,000 to 50,000 in-flight meals per day from its huge and highly sophisticated halal flight kitchen located at KLIA. Menus are planned in collaboration with in-flight services teams from the customer airlines who usually stipulate their requirement. The chefs at BAC will then suggest recipe modifications taking in account the locally available raw ingredients. A food tasting session is then arranged before a new menu is adopted and finally



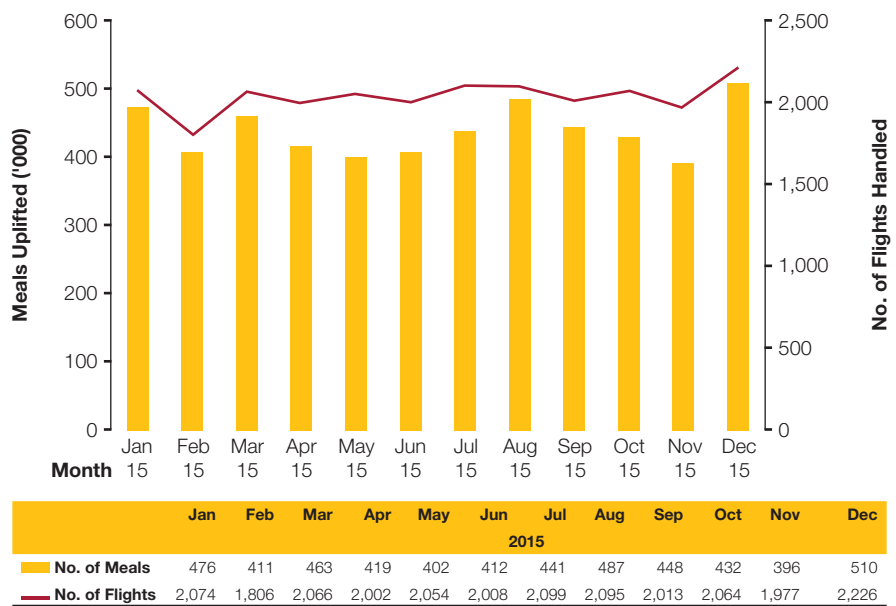
implemented. BAC's flight kitchen is categorised into 3 departments known as the hot kitchen, the cold kitchen and the pastry & bakery kitchen. These kitchens produce a combination of hot meals, cold salads, desserts, bread and pastries. The operations in the kitchen are enhanced by modern equipment and halal dishwashing equipment.

Operating 24 hours daily with a maximum capacity of about 60,000 meals per day, BAC prides itself as a globally recognised 100% halal certified flight kitchen with a fully halal compliant integrated food logistics supply chain. Besides food, BAC also provides cabin handling services covering laundry services for pillows and blankets, filling the cabin trolley with items for in-flight sales as well as providing passenger headsets, newspapers and periodicals. With 1,226 staffs operating from a 59,000 sq. meter complex in KLIA, BAC is the world's biggest halal flight kitchen and has won many international awards for quality and excellence.

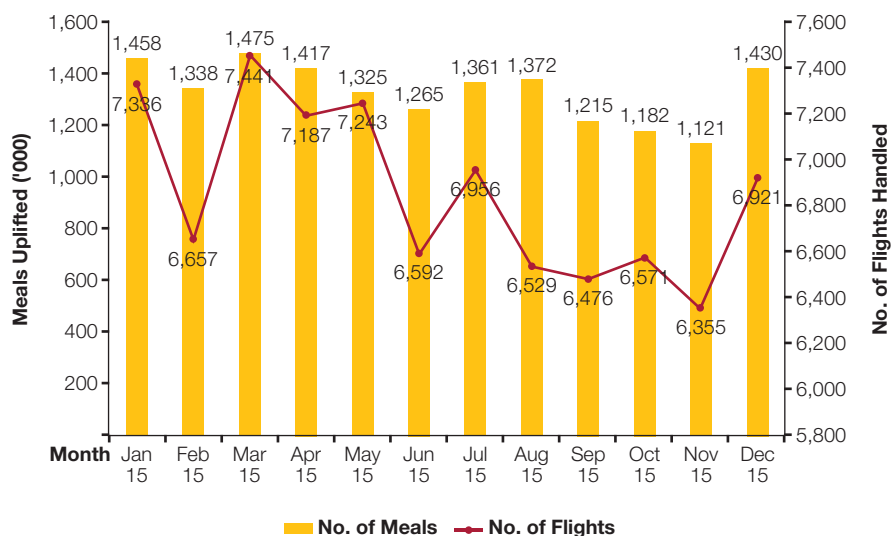
BAC is majority owned by BACH (70%) and the balance (30%) owned by Malaysia Airlines Berhad ("MAB"). BAC is located at the Catering Building, MAS Complex, South Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan.

Throughout 2015, the quantity of meals served to Foreign Airlines ("FOCA") remains consistent with air passenger travel data. Year on year, support and patronage from our 36 other international airline customers remain consistent and showing an uptrend arising from new airline customers in 2015. They are British Airways, All Nippon Airways, Royal Jordanian Airlines, Ethiopian Airlines and Rayani Air.

**Table 1 - Quantity and No. of Flights Catered - Foreign Airlines except MAB**



**Table 2 - BAC Total Activity Summary 2015**







For 2015, we are now serving Malaysia Airlines Berhad (“MAB”) under the New Catering Contracts which took effect from 15th September 2015.

Our FY 2015 operating statistics are tabulated in Table 1, Table 2 and Table 3.

#### Restaurant Operations

- Dewina Host Sdn Bhd operates an exciting portfolio of Food & Beverage brands in KLIA and KLIA2. They provide a mix of international brands and local favourites that cater to different travelers’ preferences. The restaurants and cafes currently in operation by Dewina Host Sdn Bhd at KLIA and KLIA2 are listed in Table 4 and Table 5.
- Café Barbera (SEA) Sdn Bhd was incorporated in 2010 dealing in franchise Italian gourmet coffee with an outlet at No. 18, Lorong Maarof, Bangsar, on rented premises and a sub-franchise outlet at KLIA departure hall. It is a 100% subsidiary of Brahim’s Holdings Berhad. The unique concept of Café Barbera is based on an exceptional blend of coffee products and current food trends. Currently, there are three (3) Café Barbera outlets in Malaysia; Café Barbera Bangsar, Café Barbera KLIA, and Café Barbera Subang Skypark. Café Barbera also sell coffee beans to hotels, selected up-market cafes and supermarkets. Coffee machines and sale of syrups also form part of the trading activities of Café Barbera.

Barbera Caffe S.p.A., the Principal based in Naples, Italy was founded in 1870. Café Barbera Malaysia offers world class high quality coffee and Italian dishes in a typical Italian café setting.

**Table 3 - BAC Historical Statistics**

	2011	2012	2013	2014	2015
<b>(a) Meals uplifted (in Millions)</b>					
Total meals	15.1	15.0	17.0	18.0	16.0
From MAS	9.1	8.8	11.5	12.0	10.7
From FOCA	6.0	6.2	5.5	6.0	5.3
<b>(b) Total flights handled</b>					
Total flights	67,148	66,033	78,123	83,659	82,264
From MAS	47,710	45,875	55,967	60,028	57,780
From FOCA	19,438	20,158	22,156	23,631	24,484
<b>(c) Staff strength</b>					
Headcount (FTE)	1,205	1,142	1,142	1,133	1,226

**Table 4 - Outlets at KLIA**

No	Outlet Name	Type of Food Served	Outlet Location	Outlet Size (Approximate Sq. Metres)
1.	Burger King	Fast Food	Arrival Level, Main Terminal Building	150
2.	Burger King	Fast Food	Mezzanine Level, Satellite Building	309
3.	Café Barbera	Café	Departure Level, Main Terminal Building	88
4.	Kopitime	Café	Departure Level, Main Terminal Building	78
5.	Food Paradise	Casual Dining	Mezzanine Level, Satellite Building	781
<b>5 outlets</b>			<b>Total</b>	<b>1,406</b>

**Table 5 - Outlets at KLIA2 located at International Departure (Airside)**

No	Outlet Name	Type of Food Served	Status at 31 March 2016	Outlet Size (Approximate Sq. Metres)
1.	Burger King	Fast Food	Open	2,500
2.	The Chicken Rice Shop	Local Food	Open	(for the total of 9 outlets)
3.	Taste Of India	Local Food	Open	
4.	Big Bowl /Noodles & Yong Tau Foo	Local Food	Open	
5.	Hot Wok	Local Food	Open	
6.	Malay Kitchen	Local Food	Pending	
7.	Japanese	Japanese Food	Pending	
8.	Toast Box	Café	Open	
9.	Beverage Station	Beverage	Open	
10.	Popeyes	Fast Food	Open	
<b>10 outlets</b>				<b>2,633</b>

This business segment is still operating in the red. A business turnaround plan was implemented in November 2014 and has seen signs of improvement. Losses are expected to be narrowed gradually in the near future.

#### Warehousing and Logistics Division

This business unit regained profitability since 2012 and reported a net profit of RM1.178 million for the FY 2015 against profit of RM1.421 million for FY 2014. This unit operates a bonded warehouse on 15.134 acres of a sub-lease KTM land in North Port. Its customers include Bemis Asia Pacific (importer of packaging solutions), Hoe Pharmaceuticals of Japan, Haco Asia Pacific (importer of coffee beans for Starbucks), Perwira Nadi Trading (importer of kitchenware), Kit Loong (importer of Michelin tyres), and other regional companies requiring bonded and non-bonded warehousing services. Bonded warehousing services are also required by vehicle importers.

### BUSINESS ENVIRONMENT

#### The International Economic Outlook

The global economy is expected to improve at a modest pace in 2016. The growth outlook, however, remains vulnerable to considerable downside risks arising from policy developments in the major economies, high uncertainty surrounding the direction of global commodity prices and abrupt financial market adjustments. Growth in the advanced economies is expected to proceed at a gradual and uneven pace. Even with highly accommodative monetary policies, the advanced economies are experiencing persistent economic slack stemming from unresolved structural issues and weakness in domestic demand. For the emerging economies, growth is projected to recover from the shock to external demand experienced in 2015. Nevertheless, the extent of the recovery will be contingent on several factors, including commodity price developments, financial market conditions and the ability of economies to contain rising domestic

vulnerabilities. In this environment, global trade activity is expected to register only a modest improvement. The confluence of external and domestic headwinds will make 2016 a challenging year for policymakers globally.

*Global economy to improve in 2016 although considerable downside risks remain*

#### > Uneven Growth Momentum Across Major Economies

The **US** economy is expected to remain on a steady growth path, underpinned by a continued expansion in private consumption. Private consumption, which accounts for about two-thirds of GDP, is projected to strengthen on account of favourable labour market conditions and improving household balance sheets. In particular, labour market slack is diminishing as evidenced from the declining trend in the



number of part-time workers who would rather work full-time and the number of workers who are marginally-attached, including discouraged workers. The ongoing improvement in the labour market amid an environment of low energy prices will continue to support growth in real personal incomes, which have risen by an average of 4.1% in 2015 (2003-2007 average: 3%).

Growth in **PR China** is expected to moderate as domestic demand faces the immediate effects of the ongoing structural adjustments. While sustained growth in the services sector continues to support the Chinese economy, this is expected to be offset by the slowdown in sectors with excess capacity, such as the industrial and property sectors. In addition, the potential re-emergence of financial market volatility may affect sentiment and poses downside risks to financial stability and growth. In view of these challenges, domestic policy is likely to remain accommodative to support growth.

In the **euro area**, while the gradual improvement in economic activity is expected to continue, the pace of recovery is likely to be uneven across the region. In the core economies, such as Germany and France, private consumption activity is anticipated to be driven by improvements in the labour market and favourable credit conditions. The unemployment rate has declined to 10.9% (2012-2014 average: 11.7%) while private sector credit growth is beginning to recover albeit at a gradual pace (2015: 0.7%; 2012-2014 average: -1.6%). However, the outlook for some of the crisis-affected economies remains fragile amid slow progress in structural reforms and reduction in public debt.

Economic growth in **Asia** is projected to improve in 2016, driven mainly by continued expansion in

domestic demand and a modest recovery in external demand. In most Asian economies, growth is projected to be higher compared to 2015. Private consumption activity is likely to be underpinned by sustained income growth amid favourable labour market conditions, including increases in minimum wages in some of the regional economies. Infrastructure initiatives are expected to support the expansion in capital spending, particularly in the ASEAN economies.

#### **> Global Inflationary Pressures to Remain Modest**

Global inflation is expected to remain modest in 2016, reflecting weak supply and demand pressures. On the supply side, the risk of cost-push inflation is expected to remain restrained, given expectations for persistently low global commodity prices. In addition to the moderate growth in global demand, crude oil prices are expected to be weighed down by continued oversupply from both the Organisation of the Petroleum Exporting Countries (OPEC) and non-OPEC members, the restoration of oil supply from Iran following the cessation of economic sanctions and the lift of the ban on US oil exports. Food prices are also expected to remain moderate amid higher crop production and high inventories. For hard commodities, lower demand from several key economies, including PR China, will continue to exert downward pressure on prices, particularly for copper, nickel, zinc and iron ore.

#### **> Downside Risks Remain Elevated**

The projected improvement in the global economy is subject to considerable downside risks, amid a highly challenging growth and policy environment. While PR China's economic rebalancing is

necessary for its transition towards a more sustainable growth model, the process faces challenges from domestic vulnerabilities, including high indebtedness and continued excess capacity in a few industrial sectors. Given PR China's rising importance in the global economy and extensive trade and financial linkages, a potential sharper-than-expected growth moderation in the Chinese economy would have significant spillover effects on global trade activity, investor sentiments and commodity prices. Uncertainty surrounding key commodity prices will continue to affect growth prospects of several large economies. Crucially, a further downward adjustment in commodity prices will lead to a weaker-than-expected outlook for commodity-exporting countries while creating disinflationary pressures in several economies.

#### **The Malaysian Economy**

The international economic and financial landscape is likely to remain challenging and will be a key factor that will influence the prospects of the Malaysian economy in 2016. The strength of global economic growth and the trajectory of the global oil prices will have important implications for the growth of the Malaysian economy. The Malaysian economy also remains affected by growth prospects of its key trading partners, conditions in the financial markets and the state of investor and consumer confidence. Nevertheless, Malaysia will face these challenges from a position of strength, afforded by the country's diversified structure, strong fundamentals and policy flexibility. Growth will continue to be anchored by domestic demand. Financial intermediation is expected to remain supportive of growth, underpinned by the strength of the financial institutions and the deep and well-developed financial markets. While

subdued prices will continue to weigh on commodity exports, Malaysia's exports are expected to be supported by the gradual improvement in the advanced economies and continued growth in the regional economies. The diversified nature of Malaysia's exports in terms of products and markets continues to accord resilience to Malaysia's trade performance.

*The Malaysian economy is expected to grow by 4 – 4.5% in 2016*

Overall, the Malaysian economy is expected to grow by 4 – 4.5% (2015: 5.0%). Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. The pace of expansion in domestic demand, however, is expected to be more moderate amid ongoing adjustments by consumers and investors to the challenging economic environment. Private consumption growth is projected to trend below its long-term average, as households continue to make expenditure adjustments in response to the lingering effects of the GST implementation, and changes in administered prices. Household spending will also be affected by weaker consumer sentiments due to the uncertain conditions in the labour and financial markets. These moderating effects, however, will be partially offset by continued growth in income, employment and some support from Government measures targeted at enhancing households' disposable income. In an environment of prolonged uncertainty and cautious business sentiments, private investment growth is projected to be less buoyant compared to its

performance over the past five years, when it registered an average growth of 12.2%. Private sector capital spending is expected to be underpinned by the implementation of ongoing and new investment projects in the manufacturing and services sectors.

The current account of the balance of payments is projected to remain in a surplus position of about 1 – 2% of gross national income (GNI), largely from a sizeable surplus in the trade account. Benefitting from the measures introduced to ease travel from selected countries and targeted marketing and promotional efforts, tourist arrivals are expected to boost tourism income and contribute to a lower deficit in the services account. Headline inflation is projected to be higher at 2.5 – 3.5% in 2016 (2015: 2.1%), due mainly to adjustments in the prices of several price administered items and the weak ringgit exchange rate. However, the impact of these cost factors on inflation will be mitigated by the low global energy and commodity prices, generally subdued global inflation, and more moderate domestic demand. The trajectory of inflation, however, could be more volatile as it is subject to uncertainties such as those relating to global growth, global oil prices and the ringgit exchange rate.

The projected growth of the Malaysian economy in 2016 is premised on expectations of a modest improvement in global growth and firm private sector spending domestically. It is recognised that **downside risks** to growth have heightened following the increase in uncertainties on both the global and domestic fronts. One of the key sources of risks to the growth forecast continues to be on the momentum of growth in PR China, as the country progresses with its economic rebalancing. While

PR China remains one of Malaysia's main trading partners, the likelihood of a significant direct impact is limited as PR China accounts for only 13% of exports. Nonetheless, exports could also be affected indirectly should there be significant spillover effects from weaker regional trade and a further dampening of global commodity prices. Further compounding this challenging global economic environment are the continued uncertainties surrounding global oil prices and the high volatility in capital flows and financial markets. Domestically, the transmission and magnitude of these external shocks are a source of heightened uncertainty to the economy and financial system, particularly to the labour market, business sentiments and financial intermediation activities.

Past experience has demonstrated that Malaysia has the economic and financial adaptability to get through these challenging environments. Malaysia's strength rests on four factors, namely sound macroeconomic fundamentals, a diversified economic structure, a strong and well-developed financial system, and a robust policy toolkit. Macroeconomic fundamentals have been supported by a steady growth path between 4 – 6% for several years, with stable inflation and low unemployment. The external position is expected to remain favourable, underpinned by the continued surplus in the current account of the balance of payments, sustained FDI and healthy levels of international reserves.

### **> Domestic Demand Continues to Be the Principal Driver of Growth**

**Domestic demand** growth is projected to moderate to 4.3% in 2016 (2015: 5.1%). This is following the expectations that economic agents would continue to make the necessary

adjustments to manage the impact of higher consumer prices and greater uncertainties on the external fronts. Domestic demand, nevertheless, would remain as the anchor of growth, driven primarily by private sector spending. Reflecting the Government's commitment to fiscal consolidation, growth of public sector expenditure would remain moderate in 2016, but continue to be supportive of overall growth.

Source: Extracts from Bank Negara Malaysia Annual Report 2015

## CRITICAL ACCOUNTING POLICIES

The adoption of the accounting standards and interpretations (including the consequential amendments) are fully outlined in Note 4 and Note 5 of the Financial Statements. They do not have any material impact on the Group's financial statements.

## RESULTS OF OPERATIONS

The following is a discussion on the operations results of the major subsidiaries. Summarised details are found in the section under Segmental Reporting notes to the Financial Statements:

- **Inflight Catering and Related Services**

The revenue for in-flight catering and related services segment for the current was lower by RM71.7 million or 20.9% to RM271.1 million from RM342.8 million in the previous year. The reduction in in-flight catering and related services revenue resulted from the significant reduction of flight routes by BAC's major customer, Malaysia Airlines Bhd (MAB). The route cuts are part of MAB's major cost revamp.



The outlook for the In-Flight Catering segment continues to remain challenging. Revenue from MAB is expected to drop further in Q1 2016, but we anticipate the revenue drop in MAB to be compensated with an increase in Foreign Carriers (FOCA) and other non airline business. MAB code sharing with Emirates is expected to generate more FOCA contribution as profit margins are much better with a higher passenger load factor. BAC will continue the cost saving initiatives that were

implemented last year as part of BAC's business plan for 2016.

- **F&B Segment**

The revenue for F&B segment for the current year contributed RM2.32 million, a decrease from RM3.18 million in the previous year. The performance of the Food & Beverage segment for the final quarter 2015 continues to be weak due to the GST implementation and the competitive nature of the Food & Beverage business.

- **Warehouse Rental, Freight Forwarding, Transportation & Insurance Agency**

The revenue for warehouse rental, freight forwarding, transportation and insurance agency segment for the current year was at RM7.61 million (2014 : RM7.65 million). The Management is proud at maintaining a continuous profit trend after its turnaround in 2012 and since then is fully motivated to perform positively.

### BALANCE SHEET AND FUNDING SOURCES

One of our focus on risk management is on Balance Sheet size and Composition. While the Group's asset base changes arising from market fluctuations and clients' activities, and the opportunities of new businesses, our Balance Sheet size and composition reflects (i) our ability to tolerate risk, (ii) our ability to access funding sources and (iii) the mix of debt and equity in our Enterprise value to seize new business opportunities.

As the Group expands its business, it is critical to have an efficient capital management mechanism and a strong finance committee to dynamically to manage assets and liabilities, including:-

- quarterly planning and review
- business-specific limits
- setting and monitoring key metrics and
- scenario planning and analyses.

In this context, your Group has since 2012 established an Executive Board to carry out the above functions.

The following tabulation shows the Group's external funding sources:

### OVERVIEW AND STRUCTURE OF RISKS MANAGEMENT

The Board acknowledges its overall responsibility of maintaining the Brahim's Holdings Berhad's ("BHB" or "the Company") system of internal control, which provides reasonable assessment of effective and efficient operations, risk management practices, internal financial controls and compliance with laws and regulations, as well as with internal procedures and guidelines, to safeguard the shareholders' investments and the Company's assets.

However, due to the complexity and management of a wide range of risks, the nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses. It should be noted that the Company's system of internal control and risk management are designed to provide reasonable but not absolute assurance against material misstatement, frauds or losses. It is possible that internal controls can be circumvented or overridden. Due to the changing circumstances and conditions, the effectiveness of an internal control system may vary over time.

The rationale of the system of internal controls is to enable the Company to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all the risks. The Group's system of internal control does not apply to Jointly Controlled Entities where the Group does not have full management control over them.

### RECENT ACCOUNTING DEVELOPMENTS

There were no major accounting developments that affect the company and the group for the current financial year. See Note 5 to the consolidated financial statements for information about significant Accounting Policies and Note 4 on Basis of Preparation of the financial statements.

### RISKS FACTORS THAT MAY AFFECT OUR BUSINESS

- The ongoing vulnerability of the global economy remains a key concern. The Eurozone debt, recovery in the US and growth in the Asia region are the key risks factors. Overall, a slower global economy could have an unfavourable impact on tourist arrivals and air passenger traffic growth, which will adversely affect the performance of our in-flight catering and F&B outlet operations at the airports. Concern over potential acts of terrorism and epidemic outbreaks could also serve to hurt the air travel industry, and undermine our core business.
- Rising costs, implementation of GST and competition are also common risk factors within the food-related industry. In that respect, we have always possessed the core competencies, drawing on our experience and knowledge in food services and established relationships with our business partners and customers, to mitigate such business risks.

	BHB	BACH	TISB	CB	Total
External credit facilities (RM)	139,500,000	-	185,569	3,881,568	143,567,137
Average cost of borrowings (% p.a.)	7.05	-	5.00	7.06	-



- Restaurant operation business in airports is highly competitive and is characterised by sensitivity to price changes, branding of products and changes in consumer preference and behaviour. It is the intention of BHB to constantly review business strategies together with Host International Inc to mitigate business risks associated with restaurant operations. The Group would review the operation strategies on regular basis to enable the Group to react swiftly to changes in the industry to mitigate the industry risks.

- Like any other concessions, DHost's rights to operate the restaurants in the airport could materially and/or adversely affected by changes in political and economic conditions in Malaysia.
- The MAS turnaround plan has been implemented since mid 2015 and the results are too early to be felt. BAC fortunes are very much tied to the new MAB under the renegotiated New Catering Agreements which took effect on 15th September 2015.

The figures for meals offtake by MAB is lower than the previous year arising from the shutdown of European routes except for Kuala Lumpur-London.

To mitigate this risk, BAC is constantly expanding their clientele to include non-airline catering.

# Corporate Sustainability Statement

Brahim's aspires to be recognised as a Group dedicated to making a positive difference in the communities we live and work in. Our core values of honesty, integrity and respect for people define who we are and how we work. These values have been our foundation for more than three decades including a commitment to support our staff and communities, and at the same time to contribute to the environment.

We are committed to creating value for stakeholders and upholding the principles of corporate governance whilst conducting business on sound principles of sustainability with consideration for environment and social goals.

We recognise that there is a greater need for stakeholders to understand how we manage our economic, environment and social issues related to our business. Although not mandatory until 31 December 2017 as stipulated by Bursa Malaysia's guidelines, as an effort towards providing more information towards value creation, this year Brahim's will merge the Corporate Social Responsibility Statement (CSR) with our Sustainability Report. On the same note, Brahim's as one of the progressive Syariah compliant counters, was one of the earlier PLCs to adopt the 'Management Discussion & Analysis' disclosure.

Yet again, we are proud to be setting the standard as one of the first Small Cap Stocks to adopt the new 'Sustainability Statement' reporting.

## WORKPLACE

We value a work environment where diversity is embraced, where opportunities to develop are widely available, where positive attitudes and an entrepreneurial spirit are valued, and a healthy work and lifestyle balance is encouraged.

There is no greater business asset than earning the trust of our clients. Through our best practice programme, we strive to consistently and continuously deliver quality services to our clients that reflect our deep commitment, care and sincerity to provide the best possible quality in every project we undertake.

Brahim's promotes ethical practices by firstly adopting a Code of Ethics cascading to all staff levels, and specifically at BAC, it addresses anti-corruption by establishing an Integrity Committee headed by a Chief Integrity Officer (CIO) and having other measures including a corruption policy and integrity pledge.

The principal employer within the Brahim's Group, BAC, practices social diversity covering gender, ethnicity, age and providing equal employment opportunities. As at end 2015, BAC employs 1,226 staff of which females represent 30% of the headcount. The demographics are as follows:

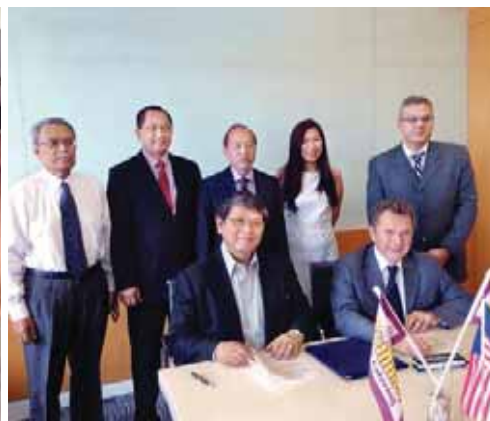
Age Range	Male	Female
Below 30 years old	165	52
Between 31-40 years	269	92
Between 41-50 years	398	110
Above 50 years old	15	125
<b>TOTAL</b>	<b>847</b>	<b>379</b>

Safety is integral to our operations. We are committed to ensuring the minimum of health and safety risk for our employees, and the general public who come into contact with us through visits or meetings. Each of our employees has an obligation to take reasonable care of their own health and safety, and for the health and safety of other people who may be affected by their acts or omissions. As such, BAC and all its operational staff practices strict compliance to Safety and Health requirements imposed by the Department of Civil Aviation (DCA) and Department of Safety & Health (DOSH). There are regular training and briefing programmes on Health & Safety as required by DCA and DOSH to create a safe and conducive working environment.

## ENVIRONMENT

Brahim's major subsidiary, Brahim's Airline Catering Sdn Bhd (BAC) practises procurement policies with minimal negative impact to the environment. We work with selected suppliers that meet our hygiene and halal standards and that they deliver their items at specific times. Products that are not labelled as highly perishable are delivered on less frequency and small volume items are consolidated to only a few selected suppliers to reduce excessive transportation activities.





Suppliers' transporters are briefed occasionally on the *do's* and *don'ts* to meet BAC's delivery compliance. This stringent requirements are aimed at promoting efficiency and to minimise negative impact to the environment.

We manage our GreenHouse Gas (GHG) to comply with Environmental Quality Act (Clean Air) Regulations 2014, by process modification of our equipment to reduce open heart furnaces through controlled basic oxygen furnaces and putting in place a filter system to reduce gas pollutants in the cooking areas. Scheduled wastes and effluents are disposed at prescribed premises only. And, as far as practicable rendered innocuous prior to disposal. BAC adopts a special management programme for scheduled waste. Both liquid and solid waste from the inflight kitchens are basically non-hazardous waste and are stored in special containers to prevent spillage or leakage into the environment before they are collected and disposed off. These containers are clearly labelled in accordance with the types applicable as specified in the Third Schedule of the Environmental Quality Act (Clean Air) Regulations 2014 and marked with the appropriate waste code.

In 2015, BAC consumed about 412,755 cubic metres of water largely in food processing and cleaning activities. The organisation practices a non-waste policy of water conservation by using sensor taps, flow reducer on taps and faucets, installing water efficient showers at bathrooms, putting displacement devices into the toilet system, washing fruits and vegetables in a sink rather than under a running tap, fixing trigger

nozzles on hoses instead of sprinkles and general washing and cleaning with bucket and sponge.

Likewise on energy usage, BAC monitors its energy consumption diligently and adopts efficient cooking and washing (Samak Washing Equipment for airline inflight utensils) methods.

## COMMUNITY

Brahim's believes in creating a shared value. We have a responsibility to make a difference in the communities we live and work in. Where possible, we support non-profit and charity organisations to help with their awareness and fund-raising programmes.

Knowledge and skills are immeasurable assets. We strongly support education and training programmes as it help raise the quality and betterment of life for our staff and youth.

We believe in supporting and giving back to society. During the year, its subsidiary BAC was active in conducting both internal and external programmes for the benefits of the community and its staff and these include:

- Internship students programme
- Contribution for flood relief programme in Kelantan
- Blood Donation under Mawar Medical Centre blood donation campaign
- Memory Walk under Alzheimer's Disease Foundation Malaysia in conjunction with the World Alzheimer's Month.

A more detailed CSR calendar of activities for 2015 is listed as follows:

### 20 January 2015

YB Major General (B) Dato' Seri Jamil Khir bin Baharom, Minister of the Prime Minister's Department officiated the Opening Ceremony of the Sertu Cleaning Machine. The machine that will be used to wash the inflight utensils is an Syariah innovation that Brahim's Airline Catering came up with cooperation from a German manufacturing company.

### 21 January 2015

BHB entered into a MoU with Servair Investissements Aeroportuaires (SIA), a subsidiary of Servair, which in turn is a subsidiary of Air France, for the purpose entering into a joint venture to collaborate and improve commercial and industrial co-operation in airlines catering business based on each other's 'know-how' competency.

### 5 March 2015

Brahim's Airline Catering and University Malaysia Sabah (UMS) signed a Memorandum of Understanding (MoU). This would provide platform for the students of the university to gain working experience in the food services industry.

### 1 – 4 April 2015

Four Halal Committee Members from Brahim's Airline Catering Pulau Pinang attended the second day of the Malaysia International Halal Showcase (MIHAS).

### 14 April 2015

Pulau Pinang Inflight Kitchen (*Dapur Penerbangan*) received a visit from Dragon Air for an operation audit.



**17 April 2015**

A Town Hall Session was held in Dewan Perdana for various staff members to brief them on the current conditions the Company is facing.

**21 April 2015**

BAC Pulau Pinang had a Hygiene and Operation audit by Cathay Pacific.

**22 – 24 April 2015**

A Sepak Takraw Kain Pelikat Competition was held amongst the staff at Brahim's Airline Catering Pulau Pinang.

**8 May 2015**

Brahim's Airline Catering Pulau Pinang arranged for a religious talk titled *Tawakkal*.

**10 May 2015**

Brahim's Airline Catering signed New Catering Agreements (NCAs) with Malaysia Airlines Berhad (MAB) as part of the MAS Recovery Plan.

**11 May 2015**

A Breakfast Session with the CEO, where the management team can gain feedback on their duties from the staff members from the pre-prepared questionnaires.

**13 May 2015**

Menu presentation for Garuda Indonesia.

**18 May 2015**

BAC had a competition in the form of a telematch at Padang Berkumpul B Bangunan BAC.

**18 – 19 May 2015**

Menu presentation for All Nippon Airways (ANA), whose flights will start operating in KLIA on 1 September 2015.

**22 – 23 May 2015**

Brahim's Airline Catering Pulau Pinang donated food to Sekolah Kebangsaan Seri Mutiara, a special needs children school in Ipoh, Perak when they visited the Inflight Kitchen for a study tour.

**30 May 2015**

A Closed Badminton Championship was held at the Kompleks Sukan KLIA in Nilai by BAC Sports Club. There were as many as 50 players who competed in various categories.

**29 – 31 May 2015**

MAS, with the aid of BAC participated in the *KL Big Kitchen Festival* held at Dataran Merdeka to showcase the many types of food found in Kuala Lumpur.

**9 June 2015**

Brahim's Airline Catering signed the Collective Agreement 2015-2017 and a Memorandum of Understanding between the EUBAC management and union.

**9 June 2015**

Menu presentation for the representatives of Tabung Haji Pulau Pinang and Alor Setar.

**9 June 2015**

PERKESO hosted the *Program Saringan Kesihatan* to provide staff members health advice, as well as free checkups.





**26 June 2015**

Brahim's Airline Catering Pulau Pinang gave donations to Rumah Inapan Kasih Sayang in Pongsu Seribu, Pulau Pinang in conjunction with Ramadhan.

**3 July 2015**

As part of the Company's Ramadhan activities as well as part of our social responsibility, Brahim's Airline Catering gave a donation and held a small celebration for the Baitul Sakinah Orphanage at Kota Warisan, Sepang. On the same day, over 1000 packs of *bubur lambuk* were given to the BAC staff members.

**3 July 2015**

Brahim's Airline Catering held an Iftar Celebration between the Management team, staff members, orphans and the under-privileged. They broke fast with Pertubuhan Anak Yatim Baitul Sakinah at Kota Warisan, Sepang. Before the end of the feast, some cash donaions and necessities were also given.

**6 July 2015**

Brahim's Airline Catering Pulau Pinang continued with the tradition of giving staff *bubur lambuk*. As many as 60 packs were given.

**7 July 2015**

BAC signed a Memorandum of Understanding (MoU) with a Community College represented by the Malaysian Government at The Everly Hotel, Putrajaya.

**9 July 2015**

The Workplace Safety Campaign was launched at the Assembly Operation area. The annual programme focuses on the works in the operations area, especially on the Apron. The theme is based on the human factor as workers contributing to accidents.

**20 Sep 2015**

Brahim's Airline Catering sponsored the refreshment to over 600 participants who joined the Memory Walk event organised

by the Alzheimer's Disease Foundation Malaysia. The annual walk event at the Bukit Jalil Recreation Park, Kuala Lumpur was one of the awareness events held in conjunction with World Alzheimer's Month 2016. Dementia patients, their families and the public enjoyed the day's outing.

**23 October 2015**

Brahim's Airline Catering and MAHSA University signed a Memorandum of Understanding (MoU) to design, build, and manage both a learning and training programme, as well as planning the establishment of the Brahim's School of Food Services and MAHSA Centre in the culinary field.

**26 – 28 February 2016**

As part of BAC's *Kembara Syahadah* programme, a cheque of RM10,000 and necessities were donated to special needs children organisations in Ranau, Sabah.



# Code of Ethics

1. Brahim's Holdings Berhad will conduct its business honestly and ethically wherever we operate in the world. We will constantly improve the quality of our services, products and operations and will create a reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgment. No illegal or unethical conduct on the part of its executives, directors, employees or affiliates is in the Company's best interest. Brahim's Holdings Berhad will not compromise its principles for short-term advantage. The ethical performance of this company is the sum of the ethics of the human resources who work here. Thus, we are all expected to adhere to high standards of personal integrity.

2. Executives, directors, and employees of the Company must never permit their personal interests to conflict, or appear to conflict, with the interests of the Company, its clients or affiliates. Executives, directors and employees must be particularly careful to avoid representing Brahim's Holdings Berhad in any transaction with others with whom there is any outside business affiliation or relationship. Executives, directors, and employees shall avoid using their company contacts to advance their private business or personal interests at the expense of the Company, its clients or affiliates.

3. No bribes, kickbacks or other similar remuneration or consideration shall be given to any person or organisation in order to attract or influence business activity. Executives, directors, and employees shall avoid gifts, gratuities, fees, bonuses or excessive entertainment, in order to attract or influence business activity.

4. Executives, directors, and employees of Brahim's Holdings Berhad will often come into contact with, or have possession of, proprietary, confidential or business-sensitive information and must take appropriate steps to assure that such information is strictly safeguarded. This information – whether it is on behalf of our Company or any of our clients or affiliates – could include strategic business plans, operating results, marketing strategies, customer lists, personnel records, upcoming acquisitions and divestitures, new investments, and manufacturing costs, processes and methods. Proprietary, confidential and sensitive business information about this company, other companies, individuals and entities should be treated with sensitivity and discretion and only be disseminated on a need-to-know basis.

5. Misuse of material inside information in connection with trading in the Company's securities can expose an individual to civil liability and penalties under the Capital Markets and Services Act 2007 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Under this Act, directors, executives, and employees in possession of material information not available to the public are "insiders". Spouses, friends, suppliers, brokers, and others outside the Company who may have acquired the information directly or indirectly from a director, officer or employee are also "insiders". The Act prohibits insiders from trading in, or recommending the sale or purchase of, the Company's securities, while such inside information is regarded as "material", or if it is important enough to influence you or any other person in the purchase or sale of securities of any company with which we do business,

which could be affected by the inside information. The following guidelines should be followed in dealing with inside information:

- Until the material information has been publicly released by the Company, an employee must not disclose it to anyone except those within the Company whose position require use of the information.
- Employees must not buy or sell company's securities when they have knowledge of material information concerning the Company until it has been disclosed to the public and the public has had sufficient time to absorb the information.
- Employees shall not buy or sell securities of another corporation, the value of which is likely to be affected by an action by the Company of which the employee is aware and which has not been publicly disclosed.

6. Executives, directors and employees will seek to report all information accurately and honestly, and as otherwise required by applicable reporting requirements.

7. Executives, directors, and employees will remain personally balanced so that their personal life will not interfere with their ability to deliver quality products or services to the Company and its clients. Executives, directors, and employees agree to disclose unethical, dishonest, fraudulent and illegal behaviour, or the violation of company policies procedures, directly to management.

8. Violation of this Code of Ethics can result in discipline, including possible termination. The degree of discipline relates in part to whether there was a voluntary disclosure of any ethical violation and whether or not the violator cooperated in any subsequent investigation.

# Board Charter

## 1. PURPOSE OF CHARTER

This Board Charter sets out the role, composition and responsibilities of the Board of Directors (“the Board”) of Brahim’s Holdings Berhad.

## 2. PURPOSE OF THE BOARD

The Board has two broad purposes, compliance and performance:

### COMPLIANCE: Conform with or Exceed All Legal Requirements

#### Legal

- monitor compliance with the Memorandum and Articles of Association
- comply with directors’ responsibilities
- comply with laws
- monitor insurance requirements

#### Accountability

- monitor financials
- compliance audits

### PERFORMANCE: Assist the Organisation to Perform to Its Best Potential

#### Strategy and Policy

- approve Vision/mission statement and ensure it is embedded into the organisation operations
- approve strategic plan and policies and monitor regularly

#### Accountability

- overall performance of the organisation
- board evaluation, succession planning
- report outcomes to stakeholders
- manage the CEO

#### Public Relations

- represent and participate
- keep stakeholders informed
- project a strong and positive image
- promote the vision
- facilitate cohesion
- protect the interests of stakeholders
- speak with one voice regarding Board decisions

#### Risk Management

- ensure up-to-date and effective risk profile and management strategy
  - monitor critical risks
- The Board, while meeting its responsibilities, is mindful of the organisation mission and the objects of the organisation as embodied in its Memorandum and Articles of Association.

## 3. ROLES AND RESPONSIBILITIES

The Board has delegated authority for the operations and administration of the organisation to the Chief Executive Officer (CEO).

The functions of the Board are to: Provide effective leadership and collaborate with the Executive management team in:

- articulating the organisation’s values, vision, mission and strategies
- developing strategic (direction) plans and prescribing strategic priorities
- maintaining open lines of communication and promulgating through the organisation and with external stakeholders the values, vision, mission and strategies
- developing and maintaining an organisation structure to support the achievement of agreed strategic objectives

Monitor the performance of the CEO against agreed performance indicators.

Review and agree the business (action) plans and annual budget proposed by the Executive management team.

Monitor the achievement of the strategic and business plans and annual budget outcomes.

Establish such committees, policies and procedures as will facilitate the more effective discharge of the Board’s roles and responsibilities.

Ensure, through the Board committees and others as appropriate, compliance obligations and functions are effectively discharged.

Initiate a Board self-evaluation programme and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programmes as the Board judges appropriate.

Ensure that all significant systems and procedures are in place for the organisation to run effectively, efficiently, and meet all legal and contractual requirements.

Ensure that all significant risk are adequately considered and accounted for by the Executive management team.

Ensure that organisation has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate and social responsibility and sustainability.

The Board has no operational involvement in the conduct of organisation’s business activities and delivery of services. Its role is confined to setting and reviewing policy.

## 4. MEMBERSHIP AND TERM

The Memorandum and Articles of Association provides for a minimum of two (2) directors (so that a quorum can be formed to transact business at meetings).

Directors are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the organisation.

Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent.

The Board has not adopted a tenure policy, but the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The Board, upon recommendation of the Nomination Committee, shall justify and seek shareholders' approval in the event that it desires to retain a person who has served in that capacity for more than nine (9) years as an independent director.

## 5. BOARD/CEO RELATIONSHIP

The roles of the Chairman of the Board and CEO are strictly separated.

The CEO is responsible for:

- policy direction of the operations of the organisation
- the efficient and effective operation of the organisation
- bringing material and other relevant matters to the attention of the board in an accurate and timely manner.

The CEO is not a member of the Board.

## 6. BOARD CULTURE

The Board actively seeks to have an 'engaged culture' which is characterised by candour and willingness to challenge. This is evidenced by:

### Agendas

- The agendas of the Board limit presentation time and maximise discussion time.
- There are lot of opportunities for informal interactions among Board members.

### Behaviour

- Board members are honest yet constructive.
- Members are ready to ask questions and willing to challenge leadership.
- Members actively seek out other member's views and contributions.
- Members spend appropriate time on important issues.

## Values

- The Board serves the community by actively participating in governance.
- The Board is responsible to various stakeholders.
- Board members are personally accountable for what goes on at the organisation.
- The Board is responsible for maintaining the organisation's stature in the sector.
- Board members respect each other.

## 7. REPORTING

Proceedings of all meetings are minuted and signed by the Chairman of the meeting.

Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

Resolutions are first put to the Board in draft form (as a "Board Paper") and, once passed, are recorded in the Minutes Book.

## 8. REVIEW OF CHARTER

The Board will review this charter bi-annually to ensure it remains consistent with the Board's objectives and responsibilities.

# Corporate Governance Statement

The Board of Brahim's recognises the importance of practicing the highest standards of Corporate Governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value with corporate accountability and transparency.

As such, the Board continues to affirm its commitment in adhering to the Principles and Best Practices set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board has complied with the Best Practices set out in the Code throughout the financial year ended 31 December 2015.

## THE BOARD STRUCTURE, DUTIES AND EFFECTIVENESS

### Board Size, Leadership and Competencies

An experienced and effective Board consisting of mainly Non-Executive members with a wide range of skills and experience from financial and business background to lead and control the Group. The directors bring depth and diverse expertise to the leadership of the challenging and highly competitive inflight catering, restaurant operations, logistics and warehousing businesses.

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

As at 31 December 2015, the Board size of nine members comprises the Executive Chairman, an Executive Director, four Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. The composition of the Board meets the criteria on one-third independent directorship as set out in the Main Market Listing Requirements.

### Clear Functions of the Board and Management

The Board owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times.

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

- Approval of financial results
- Dividend policy
- Issuance of new securities
- Annual business plan
- Annual financial budget
- Acquisition or disposal of material fixed assets
- Acquisition or disposal of group companies

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion on the Executive Director, representing the Management, as well as to the properly constituted Executive Board. The Board Members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest standards of corporate governance and corporate conduct are adhered to, in order that the Company achieves strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders.

The Executive Board is entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective Terms of References.

The Board additionally provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of long-term shareholder's value. The Board is primarily responsible for:

## CORPORATE GOVERNANCE STATEMENT

- adopting and monitoring progress of the Company's strategies, budgets, plan and policies;
- overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- considering management recommendations on key issues including acquisitions and divestments, restructuring, funding and significant capital expenditure;
- succession planning including appointing and reviewing the compensation of the top management;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and
- reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has delegated certain responsibilities to several Board Committees such as the Audit Committee, Nomination Committee and Remuneration Committee which operated within clearly defined terms of reference.

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

All the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the calibre to

ensure that the strategies proposed by the management are fully deliberated and examined in the long-term interests of the Group, as well as shareholders, employees and customers.

Col (R) Dato' Ir Cheng Wah is the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by shareholders and other stakeholders.

### Code of Ethics

The Company's Code of Ethics are set out in the Annual Report herein which covers all aspects of the Company's business operations, such as confidentiality of information, conflict of interest, gifts, gratuities or bribes, dishonest conduct and assault. The Code is expected to govern the standards of ethics and good conduct expected of Directors and employees of the Group.

### Board Meetings and Supply of Information to the Board

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

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

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedure and compliance with

the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary supports the Board in managing the Company's governance model, ensuring it is effective and relevant. The Company Secretary also ensure that deliberations at the Board meetings are well captured and minuted.

During the financial year ended 31 December 2015, nine (9) Board of Directors' meetings were convened. The details of attendance of the Board members are as follows:

Name of Director	No. of Meetings Attended	%
Dato' Seri Ibrahim bin Haji Ahmad	9/9	100
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	7/9	78
Col (R) Dato' Ir Cheng Wah	9/9	100
Mr Goh Joon Hai	9/9	100
Dato' Choo Kah Hoe	9/9	100
En. Mohamed Zamry bin Mohamed Hashim (Resigned on 31 December 2015)	4/9	44
Datuk Seri Panglima Sulong bin Matjeraie YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim	7/9	78
Professor Dr. Jinap binti Salamet	6/9	67
	9/9	100

All proceedings, deliberations and conclusions of the Board and Board Committees Meetings are clearly recorded in the minutes of meetings by the Company Secretaries, confirmed by the Board and signed as correct record by the Chairman of the Meeting. The Board also exercises control on routine matters that require the Board's approval through the circulation of Directors'



Resolutions In Writing as allowed under the Company's Articles of Association.

### Board Charter

The Board Charter adopted in 2012 is also represented in this Annual Report. In this board charter, the Board recognizes the importance to set out the key values, principals and ethos of the Company, as policies and strategy development are based on these considerations. The Board Charter defines clearly the division of responsibilities and powers between the board and management as well as the different committees established by the Board.

## BOARD COMMITTEES

The Board Committees of the Company consist of the Audit Committee, Nomination Committee and Remuneration Committee. The Chairman of the respective Board Committees reports the outcome of the Board Committee Meetings to the Board, and if required, further deliberations are made at Board level.

### Audit Committee

The Audit Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director with Col (R) Dato' Ir Cheng Wah as Chairman of the Committee. The composition and Terms of Reference of the Audit Committee are also provided in this report.

No.	Name	Designation
1.	Col (R) Dato' Ir Cheng Wah (Chairman)	Chairman/Senior Independent Non-Executive Director
2.	Goh Joon Hai (Member)	Independent Non-Executive Director
3.	Dato' Choo Kah Hoe (Member)	Non-Independent Non-Executive Director

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

### Nomination Committee

The Nomination Committee comprised exclusively of the following Non-Executive Directors:

No.	Name	Designation
1.	Goh Joon Hai (Chairman)	Independent Non-Executive Director
2.	Col (R) Dato' Ir Cheng Wah (Member)	Senior Independent Non-Executive Director
3.	Dato' Choo Kah Hoe (Member)	Non-Independent Non-Executive Director

The terms of reference of the Nomination Committee include:

- annually review the required mix of skills and experience and other qualities, including core competencies which non-executive and executive directors should have.
- assess on an annual basis, the effectiveness of the Boards as a whole, the committees of the Board and for assessing the contribution of each individual Director, including Independent Non-Executive Directors. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented.

- be entitled to the services of the Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own record and for the purposes of meeting statutory obligations, as well as obligations arising from the Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory requirements.

### Re-appointment and Re-election of Directors

As a principle of good corporate governance, all directors must retire from office at least once in every three years and can offer himself for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointment.

Each year, the Nomination Committee assesses the experience, competence, integrity and capability of each Director including any Directors over 70 years old who wish to continue his office before making recommendation to the Board.

Col (R) Dato' Ir. Cheng Wah and Mr. Goh Joon Hai who are over 70 years old have indicated their intention not to seek for re-appointment at the forthcoming annual general meeting. Accordingly, they shall cease as the Directors of the Company at the conclusion of the Annual General Meeting.

### Directors' Continuing Education

The Directors had during the financial year attended the following trainings, conferences, seminars and briefings relevant to their functional duties. This is inline with Principle 4 of the Code by attending conferences, workshops etc to update knowledge and skills.

• **Dato' Seri Ibrahim bin Haji Ahmad**

- 15 – 16 December 2014 – WIEF Pyeongchang Roundtable “Tourism and Korea’s Food Industry: Capturing the Muslim Market” organised by World Islamic Economic Forum (WIEF) Foundation and Gangwon.
- 31 January 2015 – 6th Penang International Halal Conference 2015 “The Halal Economy – Huge Potential for Food Industry” organised by PIHH Development Sdn Bhd (also known as Halal Penang).

• **Y Bhg Tan Sri Dato’ Mohd Ibrahim Mohd Zain**

- 15 September 2015: Board Chairman Series: “Tone from the Chair and Establishing Boundaries” (a joint programme with Bursa Malaysia Berhad) organised by The Iclif and Governance Centre (Iclif).

• **Col (R) Dato’ Ir Cheng Wah**

- 31 July 2015: Bursa Breakfast Talk “Bringing the Best Out in Boardrooms” (a joint programme with Bursa Malaysia Berhad) organised by The Iclif and Governance Centre (Iclif).
- 21 September 2015: Corporate Governance Breakfast Series: “Future of Auditor Reporting-The Game Change for Boardroom” organised by MIA-MICPA Joint Working Group.
- 26 November 2015: Bursa Breakfast Talk “Board Rewards and Recognition” organised by Bursa Malaysia Berhad.

• **Mr Goh Joon Hai**

- 7 & 8 October 2015: Consolidation in Practice (Continuing Professional Development) organised by Baker Tilly Internal Training Programme.

- 26 & 27 October 2015: MIA International Accountants Conference 2015, “Today’s Synergy, Tomorrow’s Reality” organised by Malaysian Institute of Accountants (MIA).

• **Dato’ Choo Kah Hoe**

- 8 April 2015: Nominating Committee Programme Part 2: “Effective Board Evaluations” (a joint programme with Bursa Malaysia Berhad) organised by The Iclif and Governance Centre (Iclif).
- 1 September 2015: Labuan IBFC 25th Anniversary ASEAN Roadshow (Bangkok), “Labuan IBFC: Bridging Thailand with ASEAN”.
- 30 October 2015: Labuan IBFC 25th Anniversary Conference, “International Speakers Global Experience” organised by Labuan FSA.
- 12 November 2015: “Leadership Excellence: Lifelong Learning” organised by SIDC Conference for Leaders, in partnership with INSEAD.

• **Datuk Seri Panglima Sulong bin Matjeraie**

- 8 May 2015: Seminar entitled: “Lead the change: Getting Women on Board” organised by PEMANDU in collaboration with the Ministry of Women, Family and Community Development.
- 28 July 2015: Board Chairman Part 2: “Leadership Excellence from the Chair” organised by Bursa Malaysia Berhad.
- 3 November 2015: “Ethics: Red Flags for Board of Directors” organised by BURSATRA SDN BHD.

• **Ahmad Fahimi bin Ibrahim (Alternate Director)**

- 22 September 2015: Corporate Governance Directors Workshop: “The Interplay between CG, Non-Financial Information (NFI) and Investment Decision” organised by Bursa Malaysia Berhad.

At the year end, the Board also discusses the Continuing Professional Development and courses attended by various directors in enhancing their professional skills. In the assessment of the Independent Directors and Board of Directors contribution level, attention is also paid to the effectiveness of the training programmes attended by various Board Members.

**Remuneration Committee**

The Remuneration Committee is responsible for recommending the level of remuneration of individual directors. The interested Directors shall abstain from any discussion on their own remuneration packages. As at the reporting date, the Remuneration Committee comprises the following Directors:

No.	Name	Designation
1.	Dato’ Choo Kah Hoe (Chairman)	Non-Independent Non-Executive Director
2.	Col (R) Dato’ Ir Cheng Wah (Member)	Independent Non-Executive Director
3.	Goh Joon Hai (Member)	Independent Non-Executive Director

The terms of reference of the Remuneration Committee include:

- review, assess and recommend to the Board of Directors the remuneration packages of the executive directors in all forms, with other independent professional advice or outside advice, if necessary.

- be entitled to the services of the Company Secretary who must ensure that all decisions made on the remuneration packages of the executive directors be properly recorded and minuted.

### Remuneration Policy and Procedures

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

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company during the financial year are as follow (This is subject to shareholders' approval at the forthcoming AGM):

	Chairman	Executive Director	Non-Executive Director	Total
Descriptions	RM	RM	RM	RM
Fees	60,000	50,000	350,000	460,000
Salary and other emoluments	1,561,591	268,800	-	1,830,391
Benefits-in-kind (BIK)	-	7,000	-	7,000
<b>Total</b>	<b>1,621,591</b>	<b>325,800</b>	<b>350,000</b>	<b>2,297,391</b>

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

Range of Remuneration	Executive Director	Non-Executive Director	Total
RM0 to RM50,000	-	7	7
RM300,001 to RM350,000	1	-	1
RM1,600,001 to RM1,650,000	1	-	1
<b>Total</b>	<b>2</b>	<b>7</b>	<b>9</b>

## REINFORCE INDEPENDENCE

### Annual Assessment of Independence

#### Reinforce Independence

Annual Assessment of Independence

The Board has set out policies and procedures to ensure effectiveness of the Independent Non-Executive Directors on the Board, including new appointments. The Board assesses the independence of the Independent Non-Executive annually, taking into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively

challenge and help develop proposals on strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

### Tenure of Independent Directors

One of the recommendation of the Corporate Governance states that the tenure of an independent director should not exceed a cumulative term of nine years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Col (R) Dato' Ir Cheng Wah and Mr. Goh Joon Hai, who has served on the Board for more than nine years, remains objective and independent in expressing his views and in participating in deliberations and decision making of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Company.

Col (R) Dato' Ir. Cheng Wah and Mr. Goh Joon Hai, the Independent Non-Executive Directors have indicated their intention not to seek for re-appointment at the forthcoming annual general meeting.

### RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

#### Dialogue with investors and shareholders

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

#### Encourage Poll Voting

There will not be any substantive resolutions to be put forth for shareholder's approval at the forthcoming Annual General Meeting. Nevertheless, the Company would conduct poll voting if demanded by shareholders at the general meeting.

#### Effective communication and Proactive Engagement

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with the requirements of the Main Market Listing Requirements pertaining to continuing disclosures, it also adopts the best practices as recommended in the Malaysian Code on Corporate Governance 2012 with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication

with its shareholders is vital to shareholders and investors to make informed investment decisions.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the Main Market Listing Requirements.

The Company dispatches its Annual Report to shareholders as soon as practicable and within requirements of the Companies Act as well as the Main Market Listing Requirements. The Annual Report allows shareholders to have timely information about the Company, its operations and performance. All information to shareholders are available electronically as soon as it is announced or published.

Another key avenue of communication with its shareholders is the Company's Annual General Meeting, which provides a useful forum for shareholders to engage directly with the Company's Directors. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Directors, with assistance of the Audit Committee, are responsible for the accuracy and integrity of the annual audited financial statements and the Board ensures that the accounts and other financial reports of the Company are prepared in accordance with Approved

### UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### Directors' Responsibility Statement

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

During the preparation of the Company's financial statements for the year ended 31 December 2015, the Directors have:

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

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

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

Accounting Standards in Malaysia and present a balanced and comprehensive assessment of the Company's position and prospects, to all the shareholders.

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

#### Internal Control

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

#### Internal Audit

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

During the year, the following were audit activities carried out and presented to the Audit Committee for deliberation:-

- audit on Sales cycle of the F&B division.
- audit on Purchase cycle of the F&B division.
- audit on Inventory cycle of the F&B division.

#### Relationship with Auditors

The Board ensures that there is a transparent arrangement for the achievement of objectives and maintenance of professional relationship with External Auditors and Internal

Auditors via the Audit Committee who has explicit authority to communicate directly with them.

During the financial year, there were no non audit fees incurred by the Company to the external auditors.

#### Other Information

During the financial year ended 31 December 2015, save and except as mentioned in this report there were no:-

- Options, warrants or convertible securities were exercised or issued by the Company or its subsidiaries.
- Share buybacks.
- American Depository Receipts or Global Depository Receipts programmes sponsored by the Company.
- Sanctions and/or penalties imposed on the Company or its subsidiary companies.
- Variance of results which differ by 10% or more from any profit estimate/forecast/projection/unaudited results announced.
- Profit guarantees given by the Company.
- Material contracts of the Company and its subsidiary companies involving directors' and substantial shareholders' interests, other than as disclosed.

### ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### Corporate Disclosure Policy

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for

the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decisions.

The Company's website is constantly updated where shareholders and potential investors may direct their enquiries to the Company. The Company's internal Investor Relations team will endeavour to reply to these queries in the shortest possible time.

#### Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates a section which provides all relevant information on the Company and is accessible by the public. This section enhances the Investor Relations function by including analyst reports, all announcements made by the Company, annual reports as well as the corporate and governance structure of the Company.

The announcement of the quarterly financial results is also made via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

The Company's website has a 'Contact Us' section via [info@brahmsgroup.com](mailto:info@brahmsgroup.com) where shareholders and potential investors may direct their enquiries to the Company.

# Risk Management & Internal Control Statement on

## INTRODUCTION

The statement on Risk Management and Internal Control by the Board of Directors (“Board”) on the Group is made pursuant to paragraph 15.26 (b) of the Listing Requirement of Bursa Malaysia Securities Berhad and in consideration with the Principles and Recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance (“Code”).

## BOARD’S RESPONSIBILITY

The Board recognises and affirms its overall responsibility for the Group’s system of risk management and internal controls practices for good corporate governance. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the system in particular the financial, operational, as well as compliance aspects of the Group throughout the financial year.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of this statement and is subject to review by the Board. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board is assisted by Senior Management in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information; designing, operating

suitable internal controls to manage and control these risks; and monitoring effectiveness of risk management and control activities.

The Board had reviewed the risk management and internal control systems of all its subsidiaries and the joint venture. The management of these companies provides the board with information for timely decision-making on the continuity of the Group’s investments based on the performance and critical business decision contemplated.

The key features of the risk management and internal control systems are described below.

## RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group’s business operations. The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of business and operation risks within the Group. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

For the period under review, the Audit Committee is assisted by the internal audit division and alongside the operations staff from various subsidiaries and divisions to effectively administer the risk management and control into the corporate culture, processes and structures within the Group. The framework is continuously monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

The framework follows the Enterprise Risk Management (ERM) model which comprises three lines of defence with established and clear functional responsibilities and accountabilities for the management of risks. They comprise a 1st line of defence, senior management team; a 2nd line of defence, a corporate risk management team and a 3rd line of defence, the internal audit. Your board will continue to evolve this structure at Group level to ensure best practises are in place and kept current.

## KEY PROCESSES

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

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

- a. A documented operating procedures manual, guidelines and directives are issued and updated from time to time to ensure that the business objectives are achieved.
- b. Monthly reporting of results and key performance indicators to assess and sustain the effectiveness of the Company’s system of controls.
- c. Quarterly review of the financial performance of the Group by the Audit Committee and the Board.
- d. Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.

- e. Review the effectiveness, adequacy and integrity of the Company's internal control system. The results are reviewed with various levels of management and any major concerns identified are raised to senior management and the Board's Audit Committee.
- f. An independent internal audit department has been established and to report to the Audit Committee of the Company. The internal audit team performed its duties in accordance with its annual audit plan covering management, operational and system audit of the Companies within the Group. The internal audit function is performed in-house and the costs incurred for the internal audit function in year 2015 is about RM100,000 per annum.
- g. A clearly defined organisational structure with clear lines of delegation of responsibilities to Committees of the Board, the management of the Company and operating units including authorisation levels for all aspect of the businesses.

### REVIEW BY BOARD

The Board's review of risk management and internal control effectiveness is based on information from:

- Senior Management within the organisation responsible for the development and maintenance of the risk management and internal control system; and
- The work by the internal audit function which submit reports to the Audit Committee together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risk to be at an acceptable level within the context of the Group's business environment.

The Board and Senior Management will continue to take measures to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

The Board also received assurances from Senior Management that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2015 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report, have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

### CONCLUSION

For the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is satisfied that the risk management and internal control system was satisfactory and has not resulted in any material loss, contingency or uncertainty. The Board has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control system.

The above statement is made in accordance with a resolution of the Board.

# Audit Committee Report

## CHAIRMAN

### Col. (R) Dato' Ir Cheng Wah

Senior Independent Non-Executive Director

## MEMBERS

### Goh Joon Hai

Independent Non-Executive Director

### Dato' Choo Kah Hoe

Non-Independent Non-Executive Director

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### 1. Composition

The Audit Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors.

At least one (1) member must:

- i. be a member of the Malaysian Institute of Accountants (“**MIA**”) or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad (“**Bursa Securities**”); or
- ii. if he is not a member of the MIA, he must have at least three years of working experiences and:
  - He must have passed the examination specified in Part I of the 1st Schedule of the Accountant Act 1967; or
  - He must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- iii. fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Committee.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The terms of office and performance of an audit committee and each of its members must be reviewed by the Board of Directors annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

### 2. Chairman

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

The Chairman should engage on a continuous basis with senior management, such as the Chairman of the Board, the Chief Executive Officer (“**CEO**”), the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

### 3. Secretary

The Company Secretary or any authorised person shall be the secretary of the Audit Committee (the “**Secretary**”). The Secretary shall provide assistance to the members of the Committee, including but not limited to assist the Audit Committee Chairman in planning the work of the Committee, formulating meeting agendas, maintenance of committee minutes, collation and distribution of information required by the Committee and provide practical support, as and when needed.

### 4. Meetings

The Audit Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The Audit Committee also may call for a meeting as and when required with reasonable notice as the Audit Committee Members deem fit.

The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The CEO and the CFO may attend the quarterly meetings upon the invitation of the Audit Committee although they do not have any voting rights.

All decisions at such meeting shall be decided on a show of hands on a majority of votes and that the Chairman shall have the casting vote should a tie arise.

The external auditors and internal auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The external auditors may also request a meeting if they consider it necessary. At least twice a year and whenever deemed necessary, the Audit Committee shall meet with the external auditors without presence of Executive Director and the Management.

### 5. Rights

The Audit Committee shall:

- a. have authority to investigate any matter within its terms of reference;
- b. have the resources which are required to perform its duties;
- c. have full and unrestricted access to any information pertaining to the Group;
- d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;



- e. have the right to obtain independent professional or other advice at the Company's expense;
- f. promptly report to Bursa Securities or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- g. have the right to pass circular resolutions in writing by a majority vote from the Audit Committee
- h. meet as and when required on a reasonable notice;
- i. the Chairman shall call for a meeting upon the request of the External Auditors.

**6. Duties**

**a. Risk Management & Internal Control**

- i. Review the adequacy of and recommend such measures to the Board on the effectiveness of the Company's risk management and risk assurance process.
- ii. Evaluate the quality and effectiveness of the Company's Internal Control system and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines.
- iii. Recommend to the Board the Director's Statement on Risk Management and Internal Control and any changes to the said Statement.

**b. Financial Reporting**

- i. Review the quarterly results and annual financial statements before recommendation to the Board for approval for release to Bursa Securities, focusing particularly on:

- Any changes in or implementation of accounting policies and practices;
- Significant or material adjustments with financial impact arising from the audit;
- Significant unusual events or exceptional activities;
- Financial decision-making with the presumptions of significant judgments;
- The going concern assumptions;
- The appropriateness of management's selection of accounting policies and disclosures in compliance with approved accounting standards, stock exchange and other regulatory requirements; and
- Compliance with applicable financial reporting standards.
- ii. Propose best practices on disclosure in financial results and annual reports of the Company in line with the recommendations set out in the Malaysian Code of Corporate Governance, other applicable laws, rules, directives and guidelines.

**c. External Audit**

- i. Recommend the appointment or re-appointment of the external auditors and audit fee to your Board, after reviewing the suitability, resources, competency and independence of external auditors and the accounting firm.
- ii. Make appropriate recommendations to your Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office.

- iii. Review and discuss the nature and scope of the external audit strategy and plan for the year.
- iv. Review and discuss issues arising from external auditors' interim and final letters of recommendation to management, including management responses and the external auditor's evaluation of the system of internal control and any other matters the external auditor may wish to discuss (in the absence of Management, if required).

**d. Internal Audit**

- i. Review the adequacy of the scope, functions, competency, resources and authority of the internal audit function in carrying out its work.
- ii. Review the risk-based internal audit plans and programmes.
- iii. Ensure co-ordination between the internal and external auditors.
- iv. Review the major findings reported by internal audit and follow up on management's implementation of the recommended actions.
- v. Annually assess performance of services provided by the internal audit function.

**e. Related Party Transactions**

- i. To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

## AUDIT COMMITTEE REPORT

- ii. To announce to Bursa Securities, if there is any related party transactions which exceed the Shareholder Mandate and provide full reason and detailed explanations.

### f. Other Matters

- i. To report to Bursa Securities, if the Audit Committee views that a matter resulting in a breach of the Listing Requirements of Bursa Securities reported by the Audit Committee to the Board has not been satisfactorily resolved by the Board.
- ii. To highlight such matters as the Audit Committee considers appropriate or as defined by the Board from time to time.

The Audit Committee reviewed the annual Statement on Risk Management and Internal Control for publication in the Annual Report 2015.

### 7. Attendance at Meetings

During the financial year ended 31 December 2015, the Audit Committee held a total of Six (6) meetings. The details of attendance of the Committee members are as follows:

Name of Member	No. of Meetings Attended by Members
Col (R) Dato' Ir Cheng Wah	6/6
Goh Joon Hai	6/6
Dato' Choo Kah Hoe	6/6

### 8. Summary of Activities

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

- Reviewed and discussed the observations, recommendations and Audit Report and the Management's comments in respect of the issues raised by the Internal Auditor on the evaluation of the system of internal controls.
- Reviewed the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
- Reviewed and discussed the internal audit reports. The Committee was briefed by the Head of Internal Audit that in a few instances, the audit process identified certain control and operational weaknesses which were brought to the attention of the management and that corrective action had been taken to rectify the weaknesses.
- Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:
  - changes in implementation of major accounting policy changes;
  - the going concern assumptions;
  - significant adjustments resulting from audit;
  - major judgemental areas, significant and unusual events; and
  - compliance with accounting standards and other legal requirements.
- Reviewed the related party transactions and conflict of interest situation that may arise within the Company or Group including any transactions, procedures or course of conduct that raise questions of management integrity which were incurred during the financial year, were done in the ordinary course of business.
- The Audit Committee met with the external auditors twice during the year without members of management being present.
- Reviewed and discussed the issues relating to its 70% owned sub-subsidiary, Brahim's Airline Catering Sdn Bhd (BAC) in BACs' position with MAS in relation to the existing Catering Agreement and the proposed New Catering Agreement as well as the Settlement Agreement.
- Reviewed and discussed the SATS Conditional binding offer dated 21 October 2015.
- Reviewed the various announcements on MAS restructuring vis-a-vis BAC.

# FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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# Director's 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 2015.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management 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	The Company
	RM	RM
Loss after taxation for the financial year	(15,417,954)	(13,636,581)
Attributable to:		
Owners of the Company	(15,679,682)	(13,636,581)
Non-controlling interests	261,728	-
	(15,417,954)	(13,636,581)

## 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

There were no material transfers to or from reserves or provisions during the financial year.

## 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.

## 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.

## DIRECTOR'S REPORT

### DIRECTORS

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

Dato' Seri Ibrahim bin Haji Ahmad  
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain  
Col (Rtd) Dato' Ir Cheng Wah  
Goh Joon Hai  
Dato' Choo Kah Hoe  
Datuk Seri Panglima Sulong bin Matjeraie  
YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim  
Professor Dr. Jinap binti Salamet  
Kamil bin Dato' Haji Abdul Rahman (Appointed on 25.2.2016)  
Ahmad Fahimi bin Ibrahim (Appointed as alternate to Dato' Seri Ibrahim bin Haji Admad and resigned as alternate to Mohamed Zamry bin Mohamed Hashim on 31.12.2015)  
Mohamed Zamry bin Mohamed Hashim (Resigned on 31.12.2015)

### 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 31.12.2015
	At 1.1.2015	Bought	Sold	
<b>Direct Interests In The Company</b>				
Col (Rtd) Dato' Ir Cheng Wah	22,500	-	-	22,500
Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim	-	20,000	-	20,000
<b>Indirect Interests In The Company</b>				
Datuk Ibrahim bin Haji Ahmad <sup>#</sup>	96,005,000	-	-	96,005,000
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain <sup>*</sup>	71,005,000	-	-	71,005,000
Dato' Choo Kah Hoe <sup>^</sup>	25,000,000	-	-	25,000,000

By virtue of their interests in the Company:

<sup>#</sup> Dato' Seri Ibrahim bin Haji Ahmad is deemed interested in shares by virtue of his shareholdings in IBH Capital (Labuan) Limited and Fahim Capital Sdn. Bhd. (a shareholder of Brahim's International Franchises Sdn. Bhd.) pursuant to Section 6A of the Companies Act, 1965;

<sup>\*</sup> Tan Sri Dato' Mohd Ibrahim bin Mohd Zain is deemed interested in shares by virtue of his shareholdings in Semantan Capital Sdn. Bhd. (a shareholder of Brahim's International Franchises Sdn. Bhd.) pursuant to Section 6A of the Companies Act, 1965; and

<sup>^</sup> Dato' Choo Kah Hoe is deemed interested in shares by virtue of his shareholdings in IBH Capital (Labuan) Limited pursuant to Section 6A of the Companies Act, 1965.

The other directors holding office at the end of the financial year had no interest in shares in 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.

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 of the acquisition of shares in or debentures of the Company or any other body corporate.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

### SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant events occurring after the end of the reporting period are disclosed in Note 42 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 20 APRIL 2016**

**Dato' Seri Ibrahim bin Haji Ahmad**

**Dato' Choo Kah Hoe**

# Statement by Directors

Pursuant To Section 169(15) Of The Companies Act 1965

We, Dato' Seri Ibrahim bin Haji Ahmad and Dato' Choo Kah Hoe, being two of the directors of Brahim's Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 66 to 118 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 44, 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 20 APRIL 2016**

**Dato' Seri Ibrahim bin Haji Ahmad**

**Dato' Choo Kah Hoe**



# Statutory Declaration

Pursuant To Section 169(15) Of The Companies Act 1965

I, Ching Kian Hoe, I/C No. 661127-10-5327, being the officer primarily responsible for the financial management of Brahim's Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 66 to 118 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 20 April 2016

**Ching Kian Hoe**

Before me

**Datin Hajah Raihela Wanchik** (W275)

Commissioner for Oaths

# Independent Auditors' Report

To the Members of Brahim's Holdings Berhad  
(Incorporated in Malaysia) Company No: 82731-A

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Brahim's Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other 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 66 to 118.

### **Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible 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 entity'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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are 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.

#### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 44 on page 119 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**

Firm No: AF 1018  
Chartered Accountants

20 April 2016  
Kuala Lumpur

**Chua Wai Hong**

Approval No: 2974/09/17 (J)  
Chartered Accountant

# Statements of Financial Position

At 31 December 2015

	Note	The Group		The Company	
		2015	2014	2015	2014
		RM	RM	RM	RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Investment in subsidiaries	6	-	-	308,048,520	308,048,520
Investment in joint ventures	7	21,097,248	21,878,245	20,051,000	20,000,000
Property, plant and equipment	8	58,364,280	60,906,540	242,680	322,691
Other investment	9	1	1	1	1
Intangible assets	10	-	58,000	-	-
Goodwill	11	294,311,109	294,311,109	-	-
Deferred tax assets	22	12,417,000	13,740,000	-	-
		386,189,638	390,893,895	328,342,201	328,371,212
<b>Current Assets</b>					
Inventories	12	7,066,767	7,525,302	-	-
Trade receivables	13	45,248,629	82,472,185	-	-
Other receivables, deposits and prepayments	14	12,154,240	13,476,855	327,909	160,573
Amount owing by subsidiaries	15	-	-	8,710,561	20,992,497
Amount owing by joint venture	16	39,438	36,475	24,822	21,812
Tax recoverable		12,916,000	3,224,439	39,000	903,439
Fixed deposits with licensed banks	17	1,706,653	6,653,834	1,497,653	6,449,834
Cash and bank balances		12,083,621	13,544,582	1,212,772	814,604
		91,215,348	126,933,672	11,812,717	29,342,759
<b>Total Assets</b>		477,404,986	517,827,567	340,154,918	357,713,971
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	18	236,285,500	236,285,500	236,285,500	236,285,500
Reserves	19	(5,387,356)	10,292,326	(58,049,952)	(44,413,371)
Equity attributable to owners of the Company		230,898,144	246,577,826	178,235,548	191,872,129
Non-controlling interest		27,044,767	26,783,039	-	-
<b>Total Equity</b>		257,942,911	273,360,865	178,235,548	191,872,129
<b>Non-Current Liabilities</b>					
Lease and hire purchase payables	20	99,023	50,498	-	-
Term loans	21	116,250,000	131,750,000	116,250,000	131,750,000
Deferred taxation	22	1,407	1,407	-	-
		116,350,430	131,801,905	116,250,000	131,750,000
<b>Current Liabilities</b>					
Trade payables	23	33,666,505	41,934,428	92,858	116,133
Other payables and accruals	24	40,065,445	49,478,970	15,116,545	14,613,734
Lease and hire purchase payables	20	86,546	71,414	-	-
Term loans	21	27,131,568	18,466,255	23,250,000	15,500,000
Amount owing to a subsidiary	15	-	-	5,113,386	1,213,245
Bank overdrafts	25	2,096,581	2,648,730	2,096,581	2,648,730
Provision for taxation		65,000	65,000	-	-
		103,111,645	112,664,797	45,669,370	34,091,842
<b>Total Liabilities</b>		219,462,075	244,466,702	161,919,370	165,841,842
<b>Total Equity and Liabilities</b>		477,404,986	517,827,567	340,154,918	357,713,971
<b>Net Assets Per Ordinary Share (RM)</b>	26	0.98	1.04		

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

# Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2015

	Note	The Group		The Company	
		2015	2014	2015	2014
		RM	RM	RM	RM
Revenue	27	281,295,094	353,925,132	306,547	13,753,353
Direct operating expenses	28	(132,724,610)	(153,576,519)	-	-
Gross profit		148,570,484	200,348,613	306,547	13,753,353
Other income		1,401,353	1,715,317	247,925	556,789
Distribution expenses		(34,178)	(127,906)	-	-
Administrative expenses		(144,937,993)	(149,724,393)	(3,463,091)	(10,462,891)
Other expenses		(7,802,047)	(77,350,224)	(6,413)	(7,980,698)
		(152,774,218)	(227,202,523)	(3,469,504)	(18,443,589)
Loss from operations		(2,802,381)	(25,138,593)	(2,915,032)	(4,133,447)
Finance costs		(10,437,736)	(10,796,123)	(10,647,709)	(10,692,157)
Share of results in joint ventures		(780,997)	879,968	-	-
Loss before taxation	29	(14,021,114)	(35,054,748)	(13,562,741)	(14,825,604)
Income tax expense	30	(1,396,840)	1,222,921	(73,840)	(1,404,297)
Loss after taxation		(15,417,954)	(33,831,827)	(13,636,581)	(16,229,901)
Other comprehensive income		-	-	-	-
<b>Total Comprehensive Expenses for the Financial Year</b>		(15,417,954)	(33,831,827)	(13,636,581)	(16,229,901)
<b>LOSS AFTER TAXATION</b>					
Attributable to:					
Owners of the Company		(15,679,682)	(31,962,161)	(13,636,581)	(16,229,901)
Non-controlling interests		261,728	(1,869,666)	-	-
		(15,417,954)	(33,831,827)	(13,636,581)	(16,229,901)
<b>TOTAL COMPREHENSIVE EXPENSES</b>					
Attributable to:					
Owners of the Company		(15,679,682)	(31,962,161)	(13,636,581)	(16,229,901)
Non-controlling interests		261,728	(1,869,666)	-	-
		(15,417,954)	(33,831,827)	(13,636,581)	(16,229,901)
Earnings per share (sen)					
- basic	31	(6.64)	(13.64)		
- diluted	31	N/A	N/A		

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

# Statements of Changes in Equity

For the Financial Year Ended 31 December 2015

	Note	Non-Distributable		Distributable		Total Equity	
		Share Capital	Share Premium	Retained Profit / (Accumulated Losses)	Attributable to Owners of the Company		Non-Controlling Interests
		RM	RM	RM	RM	RM	
<b>THE GROUP</b>							
Balance at 1.1.2014		225,545,250	17,818,029	10,865,020	254,228,299	34,654,705	288,883,004
Contributions by and distributions to owners of the Company:							
- Issuance of shares		10,740,250	14,381,194	-	25,121,444	-	25,121,444
- Share issuance expenses		-	(219,041)	-	(219,041)	-	(219,041)
- Dividends:							
- by the Company	32	-	-	(590,715)	(590,715)	-	(590,715)
- by a subsidiary to non-controlling interests		-	-	-	-	(6,002,000)	(6,002,000)
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(31,962,161)	(31,962,161)	(1,869,666)	(33,831,827)
Balance at 31.12.2014		236,285,500	31,980,182	(21,687,856)	246,577,826	26,783,039	273,360,865
Balance at 1.1.2015		236,285,500	31,980,182	(21,687,856)	246,577,826	26,783,039	273,360,865
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(15,679,682)	(15,679,682)	261,728	(15,417,954)
Balance at 31.12.2015		236,285,500	31,980,182	(37,367,538)	230,898,144	27,044,767	257,942,911

	Note	Non-Distributable		Distributable		Total Equity
		Share Capital	Share Premium	Accumulated Losses		
		RM	RM	RM	RM	RM
<b>THE COMPANY</b>						
Balance at 1.1.2014		225,545,250	17,818,029	(59,572,937)		183,790,342
Contributions by and distributions to owners of the Company:						
- Issuance of shares		10,740,250	14,381,194	-		25,121,444
- Share issuance expenses		-	(219,041)	-		(219,041)
- Dividend paid by the Company	32	-	-	(590,715)		(590,715)
<b>Loss after taxation/ Total comprehensive expenses for the financial year</b>		-	-	(16,229,901)		(16,229,901)
Balance at 31.12.2014/1.1.2015		236,285,500	31,980,182	(76,393,553)		191,872,129
<b>Loss after taxation/ Total comprehensive expenses for the financial year</b>		-	-	(13,636,581)		(13,636,581)
Balance at 31.12.2015		236,285,500	31,980,182	(90,030,134)		178,235,548

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

# Statements of Cash Flows

For the Financial Year Ended 31 December 2015

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Loss before taxation	(14,021,114)	(35,054,748)	(13,562,741)	(14,825,604)
Adjustments for:				
Impairment loss on:				
- investment in a subsidiary	-	-	-	8,000,000
- goodwill	-	8,000,000	-	-
- trade and other receivables	748,729	49,954,000	-	-
Inventories written down	89,782	-	-	-
Amortisation of intangible assets	58,000	167,000	-	-
Bad debts written off	-	68,856	-	38,773
Depreciation of property, plant and equipment	11,868,086	11,762,440	84,151	84,822
Interest expense	10,412,245	10,770,222	10,646,532	10,690,291
Inventories written off	-	1,032	-	-
Property, plant and equipment written off	-	24,943	-	-
Share of results in joint ventures	780,997	(879,968)	-	-
Unrealised loss on foreign exchange	677,698	170,208	-	-
Write-off of staff advance	44,031	-	-	-
Interest income	(479,346)	(1,152,915)	(239,757)	(556,789)
Net (gain)/loss on disposal of property, plant and equipment	(11,602)	48,613	-	-
Write-back of allowance for impairment losses on receivables	-	(82,234)	-	(58,075)
Waiver of debts	(8,168)	-	(8,168)	-
Dividend received from:				
- joint venture	-	-	(51,000)	-
- subsidiary	-	-	-	(13,500,000)
Operating profit/(loss) before working capital changes	10,159,338	43,797,449	(3,130,983)	(10,126,582)
Decrease/(Increase) in inventories	368,753	(175,438)	-	-
Decrease/(Increase) in trade and other receivables	37,753,411	(59,646,966)	(167,336)	534,122
(Decrease)/Increase in trade and other payables	(17,673,280)	(910,399)	487,704	3,304,819
<b>Cash From/(For) Operations</b>	30,608,222	(16,935,354)	(2,810,615)	(6,287,641)
Tax (paid)/refund	(9,765,401)	(20,550,000)	790,599	-
Interest paid	(10,174,630)	(10,770,222)	(10,646,532)	(10,690,291)
<b>Net Cash From/(For) Operating Activities</b>	10,668,191	(48,255,576)	(12,666,548)	(16,977,932)
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>				
Additional investment in a joint venture	(51,000)	-	(51,000)	-
Dividend received from:				
- joint venture	51,000	-	51,000	-
- subsidiary	-	-	-	13,500,000
Repayment from/(Advances to) subsidiaries	-	-	12,498,855	(14,721,539)
(Advances to)/Repayment from joint venture	(2,963)	5,022	(3,010)	7,678
Interest income	479,346	1,152,915	239,757	556,789
Purchase of property, plant and equipment	(9,174,614)	(10,677,834)	(4,140)	-
Withdrawal of deposits pledged with licensed bank	4,952,181	836,084	4,952,181	836,084
Proceeds from disposal of property, plant and equipment	37,600	2,947,400	-	-
<b>Net Cash (For)/From Investing Activities</b>	(3,708,450)	(5,736,413)	17,683,643	179,012
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>				
Advances from/(Repayment to) subsidiaries	-	-	3,683,222	(7,570,184)
Dividend paid to shareholders	-	(590,715)	-	(590,715)
Drawdown of term loans	7,750,000	155,264,301	7,750,000	155,000,000
Repayment of term loans	(15,500,000)	(156,750,000)	(15,500,000)	(156,750,000)
Proceeds from issuance of shares	-	25,121,444	-	25,121,444
Share issuance expense	-	(219,041)	-	(219,041)
Net repayment of lease and hire purchase payables	(113,553)	(504,525)	-	(109,108)
<b>Net Cash (For)/From Financing Activities</b>	(7,863,553)	22,321,464	(4,066,778)	14,882,396
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	(903,812)	(31,670,525)	950,317	(1,916,524)
<b>Cash and Cash Equivalents at Beginning of the Financial Year</b>	11,099,852	42,770,377	(1,834,126)	82,398
<b>Cash and Cash Equivalents at End of the Financial Year</b>	10,196,040	11,099,852	(883,809)	(1,834,126)

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2015

## 1. GENERAL INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 April 2016.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management 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 financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions  
Annual Improvements to MFRSs 2010 – 2012 Cycle  
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
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#### 4. BASIS OF PREPARATION (CONT'D)

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2015)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements to the Group upon their initial application.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

##### 5.1 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:

##### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

**(b) 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 expense and deferred tax balances in the year in which such determination is made.

**(c) 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.

**(d) Write-down of 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.

**(e) 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 judgement 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.

**(f) 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.

**(g) Fair Value Estimates for Certain Financial Assets and Financial Liabilities**

The Group carries certain financial assets and financial 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.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including of structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current liability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS  
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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of Consolidation (Cont'd)

(c) **Changes In Ownership Interests In Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) **Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for, in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.3 Intangible Assets

(a) **Goodwill**

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. 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.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

In respect of equity accounted joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted joint ventures.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.3 Intangible Assets (Cont'd)

#### (b) Computer Software

Acquired computer software licences 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 an expense when incurred.

### 5.4 Functional and Foreign Currencies

#### (a) 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 ("RM"), which is the Company's functional and presentation currency.

#### (b) 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.

### 5.5 Financial Instruments

Financial assets and financial liabilities 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 financial assets, financial liabilities or equity instrument in accordance with the substance of the contractual arrangement and their definitions in MFRS132. 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. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 Financial Instruments (Cont'd)

(a) Financial Assets

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

(i) 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 Group's right to receive payment is established.

Financial asset at fair value through profit or loss could be presented as current assets or non-current assets. Financial asset that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) 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 interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) 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.

Loan and receivables financial assets are classified as current assets, except for those having settlement date later than 12 months after the reporting date which are classified as non-current assets.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.5 Financial Instruments (Cont'd)

#### (a) Financial Assets (Cont'd)

- (iv) 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.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

#### (b) Financial Liabilities

All financial liabilities are initially measured 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.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (c) Equity Instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**5.5 Financial Instruments (Cont'd)**

**(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**5.6 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 reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

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.

**5.7 Joint Arrangements**

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

Investments in joint venture are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2015. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**5.7 Joint Arrangements (Cont'd)**

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising from investments in joint ventures are recognised in profit or loss.

**5.8 Property, Plant and Equipment**

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

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on 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 and improvements	Over the lease period of 55 <sup>3</sup> / <sub>4</sub> years
Pallets	33 <sup>1</sup> / <sub>3</sub> %
Plant and machinery	5% to 33 <sup>1</sup> / <sub>3</sub> %
Renovation and electrical installations	10% to 66%
Signboard	30% to 33 <sup>1</sup> / <sub>3</sub> %
Furniture, fittings and office equipment	5% to 33 <sup>1</sup> / <sub>3</sub> %
Motor vehicles	10% to 50%
Containers	10%
Lorries and trucks	10%
EDP equipment	20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**5.8 Property, Plant and Equipment (Cont'd)**

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods 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.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of 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.

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, being the difference between the net of disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

**5.9 Impairment**

**(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in joint ventures), 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 an 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 into profit or loss.

With the exception of available-for-sale debt 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 financial asset 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.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.9 Impairment (Cont'd)

#### (a) Impairment of Financial Assets (Cont'd)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the different between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount and an impairment loss shall be recognised. 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 using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

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 in which case, the reversal of the impairment loss is treated as a revaluation increase.

### 5.10 Assets Under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the correspondence obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**5.11 Operating Leases**

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line method over the lease period.

**5.12 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out 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 of completion and the estimated costs necessary to make the sale.

**5.13 Income Taxes**

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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.

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 taxable entity and 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 adjusted against 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.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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 with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### 5.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expenses in profit or loss.

### 5.16 Borrowing Costs

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The 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 incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### 5.17 Employee Benefits

#### (i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss 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.

### 5.18 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.

NOTES TO THE FINANCIAL STATEMENTS  
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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**5.19 Related Parties**

A party is related to an entity (referred to as the "reporting entity") if:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

**5.20 Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.20 Fair Value Measurements (Cont'd)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### 5.21 Revenue and Other Income

#### (a) Warehousing Revenue

Warehousing revenue is recognised on a due and receivable basis.

#### (b) 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.

#### (c) 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.

#### (d) Interest Income

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

#### (e) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

### 5.22 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**5.23 Earnings Per Ordinary Share**

Based earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted, for the effects of all dilutive potential ordinary shares.

6. INVESTMENT IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost:		
At 1 January	320,963,245	320,963,245
Allowance for impairment loss for the financial year	(12,914,725)	(12,914,725)
At 31 December	308,048,520	308,048,520
Allowance for impairment losses:		
At 1 January	(12,914,725)	(4,914,725)
Addition during the financial year	-	(8,000,000)
At 31 December	(12,914,725)	(12,914,725)

In the previous financial year, the Company had carried out a review of the recoverable amount of its investment in a subsidiary that had been persistently making losses. A total impairment loss of RM8,000,000, representing the write-down of the investment to its recoverable amount, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.

This investment in subsidiary was belonged to the Group's Investment Holding reportable segment.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries, which are all incorporated and with principal place of business in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2015	2014	
	%	%	
Brahim's Airline Catering Holdings Sdn. Bhd.#	100	100	Investment holding company
Tamadam Crest Sdn. Bhd.	100	100	Insurance agency (ceased operations in August 2014)
Tamadam Industries Sendirian Berhad	100	100	Provision of warehouse rental, bonded warehousing, freight forwarding and transportation services
Brahim's Marketing Sdn. Bhd. (Formerly known as Tamadam Marketing Sdn. Bhd.)	100	100	Dormant
Brahim's Trading Sdn. Bhd.	100	100	Trading
Café Barbera (SEA) Sdn. Bhd.	100	100	Operating a restaurant
Admuda Sdn. Bhd.#	60	60	Dormant
Brahim's SATS Food Services Sdn. Bhd. (Formerly known as Brahim's Airline Catering Sdn. Bhd.)**	70	70	Catering and related services

# - Not audited by Messrs. Crowe Horwath.

\* - Held by Brahim's Airline Catering Holdings Sdn. Bhd.

(a) The non-controlling interests at the end of the reporting period comprise the following:

	Effective Equity Interest		The Group	
	2015	2014	2015	2014
	%	%	RM	RM
Brahim's SATS Food Services Sdn. Bhd. (Formerly known as Brahim's Airline Catering Sdn. Bhd.)	30	30	27,497,000	27,042,000
Admuda Sdn. Bhd.	40	40	(452,233)	(258,961)
			27,044,767	26,783,039

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:

	Brahim's SATS Food Services Sdn. Bhd. (Formerly known as Brahim's Airline Catering Sdn. Bhd.)	
	2015	2014
	RM	RM
<b>At 31 December</b>		
Non-current assets	43,055,000	46,306,000
Current assets	93,952,000	110,776,000
Current liabilities	(45,356,000)	(66,946,000)
Net assets	91,651,000	90,136,000
<b>Financial Year Ended 31 December</b>		
Revenue	271,105,000	342,836,000
Profit/(Loss) for the financial year	1,515,000	(5,722,000)
Total comprehensive income/(expenses)	1,515,000	(5,722,000)
Net cash flows from/(for) operating activities	26,127,000	(20,506,000)
Net cash flows for investing activities	(8,703,000)	(8,719,000)
Net cash flows for financing activities	(20,625,000)	(324,000)

NOTES TO THE FINANCIAL STATEMENTS  
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6. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):

	Admuda Sdn. Bhd.	
	2015	2014
	RM	RM
<b>At 31 December</b>		
Non-current assets	9,850	12,158
Current assets	2,882,983	2,875,142
Non-current liabilities	(1,407)	(1,407)
Current liabilities	(4,022,007)	(3,533,296)
Net liabilities	(1,130,581)	(647,403)
<b>Financial Year Ended 31 December</b>		
Revenue	-	-
Loss for the financial year	(483,178)	(381,665)
Total comprehensive loss	(483,178)	(381,665)
Net cash flows from/(for) operating activities	8,841	(75,228)
Net cash flows from investing activities	-	-

7. INVESTMENT IN JOINT VENTURES

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unquoted shares, at cost:				
At 1 January	20,000,000	20,000,000	20,000,000	20,000,000
Share of post acquisition profits	1,046,248	1,878,245	-	-
	21,046,248	21,878,245	20,000,000	20,000,000
Addition during the year	51,000	-	51,000	-
At 31 December	21,097,248	21,878,245	20,051,000	20,000,000

The details of the joint arrangement which is incorporated in Malaysia, are as follows:

Name of Joint Arrangement	Effective Equity Interest		Principal Activities
	2015	2014	
	%	%	
Dewina Host Sdn. Bhd.	51	51	Catering and related services

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7. INVESTMENT IN JOINT VENTURES (CONT'D)

The summarised financial information for the joint venture that is material to the Group is as follows:

	Dewina Host Sdn. Bhd.	
	2015	2014
	RM	RM
<b>At 31 December</b>		
Non-current assets	4,933,654	5,923,539
Current assets	12,310,643	13,125,158
Current liabilities	(4,705,680)	(4,978,713)
Net assets	12,538,617	14,069,984
<b>12-month Period Ended 31 December</b>		
Revenue	29,716,899	30,059,985
(Loss)/Profit for the financial year	(1,531,366)	1,725,428
Total comprehensive (expenses)/income	(1,531,366)	1,725,428
Group's share of (loss)/profit for the financial year	(780,997)	879,968
Group's share of other comprehensive (expenses)/income	-	-
Dividend received	51,000	-
<b>Reconciliation of Net Assets to Carrying Amount</b>		
Group's share of net assets above	6,394,694	7,175,691
Goodwill	14,702,554	14,702,554
Carrying amount of the Group's interests in this joint venture	21,097,248	21,878,245

8. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2015	Additions (Note 33)	Transfer	Disposals	Depreciation Charge	At 31.12.2015
	RM	RM	RM	RM	RM	RM
<b>THE GROUP</b>						
<b>2015</b>						
<b>Net Book Value</b>						
Warehouse buildings and improvements	24,187,286	-	-	-	(620,979)	23,566,307
Containers, pallets, plant and machinery	15,162,999	6,947,250	-	-	(2,875,337)	19,234,912
Renovation and electrical installations	1,021,389	405,478	1,400,000	-	(251,759)	2,575,108
Signboard, furniture and fittings, EDP equipment and office equipment	12,140,570	1,516,096	-	(25,998)	(5,281,005)	8,349,663
Motor vehicles, lorries and trucks	6,994,296	483,000	-	-	(2,839,006)	4,638,290
Capital work-in-progress	1,400,000	-	(1,400,000)	-	-	-
	60,906,540	9,351,824	-	(25,998)	(11,868,086)	58,364,280

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

	At 1.1.2014	Additions (Note 33)	Written Off	Disposals	Depreciation Charges	At 31.12.2014
	RM	RM	RM	RM	RM	RM
<b>THE GROUP</b>						
<b>2014</b>						
<b>Net Book Value</b>						
Freehold land	2,647,464	-	-	(2,647,464)	-	-
Warehouse buildings and improvements	24,808,265	-	-	-	(620,979)	24,187,286
Containers, pallets, plant and machinery	12,230,739	5,079,281	-	-	(2,147,021)	15,162,999
Renovation and electrical installations	1,164,495	52,414	-	(31,200)	(164,320)	1,021,389
Signboard, furniture and fittings, EDP equipment and office equipment	14,443,012	3,190,139	(24,943)	(215,340)	(5,252,298)	12,140,570
Motor vehicles, lorries and trucks	9,696,284	956,000	-	(80,166)	(3,577,822)	6,994,296
Capital work-in-progress	21,843	1,400,000	-	(21,843)	-	1,400,000
	65,012,102	10,677,834	(24,943)	(2,996,013)	(11,762,440)	60,906,540

	At Cost	Accumulated Depreciation	Net Book Value
	RM	RM	RM
<b>THE GROUP</b>			
<b>2015</b>			
Warehouse buildings and improvements	34,370,690	(10,804,383)	23,566,307
Containers, pallets, plant and machinery	108,727,051	(89,492,139)	19,234,912
Renovation and electrical installations	3,530,298	(955,190)	2,575,108
Signboard, furniture and fittings, EDP equipment and office equipment	80,099,149	(71,749,486)	8,349,663
Motor vehicles, lorries and trucks	42,793,696	(38,155,406)	4,638,290
	269,520,884	(211,156,604)	58,364,280
<b>2014</b>			
Warehouse buildings and improvements	34,370,690	(10,183,404)	24,187,286
Containers, pallets, plant and machinery	101,779,801	(86,616,802)	15,162,999
Renovation and electrical installations	1,724,820	(703,431)	1,021,389
Signboard, furniture and fittings, EDP equipment and office equipment	78,628,193	(66,487,623)	12,140,570
Motor vehicles, lorries and trucks	42,742,696	(35,748,400)	6,994,296
Capital work-in-progress	1,400,000	-	1,400,000
	260,646,200	(199,739,660)	60,906,540

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

	At 1.1.2015	Additions (Note 33)	Depreciation Charges	At 31.12.2015
	RM	RM	RM	RM
<b>THE COMPANY</b>				
<b>2015</b>				
<b>Net Book Value</b>				
Renovation and electrical installations	37,829	-	(9,091)	28,738
Signboard, furniture and fittings, EDP equipment and office equipment	151,819	4,140	(38,776)	117,183
Motor vehicles, lorries and trucks	133,043	-	(36,284)	96,759
	322,691	4,140	(84,151)	242,680

	At 1.1.2014	Depreciation Charges	At 31.12.2014
	RM	RM	RM
<b>2014</b>			
<b>Net Book Value</b>			
Renovation and electrical installations	46,921	(9,092)	37,829
Signboard, furniture and fittings, EDP equipment and office equipment	191,265	(39,446)	151,819
Motor vehicles, lorries and trucks	169,327	(36,284)	133,043
	407,513	(84,822)	322,691

	At Cost	Accumulated Depreciation	Net Book Value
	RM	RM	RM
<b>THE COMPANY</b>			
<b>2015</b>			
Renovation and electrical installations	93,356	(64,618)	28,738
Signboard, furniture and fittings, EDP equipment and office equipment	394,193	(277,010)	117,183
Motor vehicles, lorries and trucks	181,422	(84,663)	96,759
	668,971	(426,291)	242,680
<b>2014</b>			
Renovation and electrical installations	93,356	(55,527)	37,829
Signboard, furniture and fittings, EDP equipment and office equipment	390,053	(238,234)	151,819
Motor vehicles, lorries and trucks	181,422	(48,379)	133,043
	664,831	(342,140)	322,691

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

	The Group	
	2015	2014
	RM	RM
Motor vehicles	322,105	212,150
Office equipment	46,020	12,369
	368,125	224,519

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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	
	2015	2014
	RM	RM
Warehouse buildings and improvements	23,566,307	24,187,286

9. OTHER INVESTMENT

	The Group/The Company	
	2015	2014
	RM	RM
At cost:		
Unquoted shares	125,000	125,000
Allowance for impairment loss	(124,999)	(124,999)
	1	1

Investment in unquoted shares of the Group and of the Company is designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

10. INTANGIBLE ASSETS

	The Group	
	Computer Software	
	2015	2014
	RM	RM
<b>NET BOOK VALUE</b>		
At 1 January	58,000	225,000
Amortisation for the financial year	(58,000)	(167,000)
At 31 December	-	58,000
Cost	7,883,000	7,883,000
Accumulated amortisation	(7,883,000)	(7,825,000)
Net book value	-	58,000

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**11. GOODWILL**

	<b>The Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Cost:		
At 1 January/31 December	302,311,109	302,311,109
Accumulated impairment losses:		
At 1 January	(8,000,000)	-
Impairment during the financial year (Note 29)	-	(8,000,000)
At 31 December	(8,000,000)	(8,000,000)
	<b>294,311,109</b>	<b>294,311,109</b>

- (a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:

	<b>The Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Brahim's Airline Catering Holdings Sdn. Bhd.	212,906,328	212,906,328
Brahim's SATS Food Services Sdn. Bhd. (Formerly known as Brahim's Airline Catering Sdn. Bhd.)	69,573,000	69,573,000
Admuda Sdn. Bhd.	11,747,641	11,747,641
Tamadam Industries Sendirian Berhad	80,000	80,000
Brahim's Trading Sdn. Bhd.	4,140	4,140
	<b>294,311,109</b>	<b>294,311,109</b>

- (b) In the previous financial year, an impairment loss of RM8,000,000 was recognised on Admuda Sdn Bhd in "Other Expenses" line item of the statement of profit or loss and other comprehensive income as the company had been incurring losses for a number of financial years. The impairment assessment was based on fair value less cost of disposal estimated using the market approach. The fair value measurement was within level 3 of the fair value hierarchy based on inputs used in the valuation technique. This goodwill belonged to the Group's Investment Holding reportable segment.

The Group has assessed the recoverable amounts of goodwill allocated and determined that no further impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:

	<b>Gross Margin</b>		<b>Growth Rate</b>		<b>Discount Rate</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	%	%	%	%	%	%
Warehouse Rental, Freight Forwarding and Transportation						
Services and Trading and Insurance Agency	32	51	4	4	8.30	9.05
Catering Services	62	57	6 - 9	1 - 3	8.30	9.05

- (i) Budgeted gross margin Based on past performance and the management's expectation of market development.
- (ii) Growth rate Based on the expected projection of the respective cash-generating unit.
- (iii) Discount rate (pre-tax) Reflects specific risks relating to the relevant cash-generating unit.
- (c) The directors believe that no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS  
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12. INVENTORIES

	The Group	
	2015	2014
	RM	RM
Catering stores	4,160,000	4,407,000
Food and beverage	282,767	321,302
General stores	397,000	383,000
Maintenance stores	2,227,000	2,414,000
	<b>7,066,767</b>	<b>7,525,302</b>
Recognised in profit or loss:		
Inventories recognised as cost of sales	127,512,306	148,570,795
Amount written down to net realisable value	89,782	-

13. TRADE RECEIVABLES

	The Group	
	2015	2014
	RM	RM
Trade receivables	45,248,629	131,478,185
Allowance for impairment losses	-	(49,006,000)
	<b>45,248,629</b>	<b>82,472,185</b>
Allowance for impairment losses:		
At 1 January	(49,006,000)	(6,082,796)
Addition during the financial year (Note 29)	-	(49,954,000)
Writeoff during the financial year	49,006,000	7,006,637
Write-back during the financial year (Note 29)	-	24,159
At 31 December	-	(49,006,000)

The normal trade credit terms granted by the Group and the Company ranged from 30 to 90 days (2014 - 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:

	The Group	
	2015	2014
	RM	RM
United States Dollar	1,067,000	279,436



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other receivables	1,844,505	1,391,068	150,105	144,633
Deposits	8,387,291	6,557,291	47,070	46,190
Prepayments	2,703,073	5,560,396	162,634	1,650
	12,934,869	13,508,755	359,809	192,473
Allowance for impairment losses	(780,629)	(31,900)	(31,900)	(31,900)
	12,154,240	13,476,855	327,909	160,573
Allowance for impairment losses:				
At 1 January	(31,900)	(1,719,177)	(31,900)	(1,615,051)
Addition during the financial year (Note 29)	(748,729)	-	-	-
Write-off during the financial year	-	1,629,202	-	1,525,076
Write-back during the financial year (Note 29)	-	58,075	-	58,075
At 31 December	(780,629)	(31,900)	(31,900)	(31,900)

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2015	2014
	RM	RM
<b>AMOUNT OWING BY SUBSIDIARIES</b>		
<b>Current</b>		
Non-trade balances	11,976,033	24,257,969
Allowance for impairment losses	(3,265,472)	(3,265,472)
	8,710,561	20,992,497
Allowance for impairment losses:		
At 1 January/31 December	(3,265,472)	(3,265,472)
<b>AMOUNT OWING TO A SUBSIDIARY</b>		
<b>Current</b>		
Non-trade balances	(5,113,386)	(1,213,245)

The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

16. AMOUNT OWING BY JOINT VENTURES

The amount owing represents non-trade balances, unsecured interest-free and repayable on demand. The amount owing is to be settled in cash.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 1.50% to 3.15% (2014 - 1.50% to 3.15%) per annum. The fixed deposits have maturity periods ranging from 1 to 365 days (2014 - 1 to 365 days).
- (b) Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM1,497,653 (2014 - RM6,449,834) which has been pledged to licensed banks as security for banking facilities granted to the Group and to the Company.

18. SHARE CAPITAL

	The Group/The Company			
	2015	2014	2015	2014
	Number of Shares		RM	
<b>AUTHORISED ORDINARY SHARES OF RM1 EACH:</b>				
At 1 January/31 December	500,000,000	500,000,000	500,000,000	500,000,000
<b>ISSUED AND FULLY PAID UP</b>				
At 1 January	236,285,500	225,545,250	236,285,500	225,545,250
Issuance of new shares	-	10,740,250	-	10,740,250
At 31 December	236,285,500	236,285,500	236,285,500	236,285,500

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled one vote per ordinary share at meetings of the Company.

19. RESERVES

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Accumulated losses	(37,367,538)	(21,687,856)	(90,030,134)	(76,393,553)
<b>NON-DISTRIBUTABLE</b>				
Share premium	31,980,182	31,980,182	31,980,182	31,980,182
	(5,387,356)	10,292,326	(58,049,952)	(44,413,371)

The movements in the share premium of the Group and of the Company are as follows:

	The Group/The Company	
	2015	2014
	RM	RM
At 1 January	31,980,182	17,818,029
Issuance of shares	-	14,381,194
Shares issuance expenses	-	(219,041)
At 31 December	31,980,182	31,980,182

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs, if any. The share premium reserve 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.

NOTES TO THE FINANCIAL STATEMENTS  
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20. LEASE AND HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2015	2014
	RM	RM
<b>Minimum lease and hire purchase payments:</b>		
- not later than 1 year	96,578	80,662
- later than 1 year and not later than 5 years	105,489	55,966
	202,067	136,628
<b>Less: Future finance charges</b>	(16,498)	(14,716)
Present value of lease and hire purchase payables	185,569	121,912
Current:		
Not later than 1 year	86,546	71,414
Non-current:		
Later than 1 year and not later than 5 years	99,023	50,498
	185,569	121,912

- (a) The lease and hire purchase payables of the Group are secured by the Group's office equipment and motor vehicles under lease and hire purchase.
- (b) The lease and hire purchase payables of the Group at the end of reporting period bore an effective interest rate of 5.00% (2014 - 5.49%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

21. TERM LOANS (SECURED)

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
<b>Current:</b>				
Not later than 1 year	27,131,568	18,466,255	23,250,000	15,500,000
<b>Non-current:</b>				
Later than 1 year and not later than 2 years	15,500,000	15,500,000	15,500,000	15,500,000
Later than 2 year and not later than 5 years	65,875,000	58,125,000	65,875,000	58,125,000
More than 5 years	34,875,000	58,125,000	34,875,000	58,125,000
	116,250,000	131,750,000	116,250,000	131,750,000
	143,381,568	150,216,255	139,500,000	147,250,000

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. TERM LOANS (SECURED) (CONT'D)

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

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
<b>Term Loan</b>				
I	3,881,568	2,966,255	-	-
II	131,750,000	147,250,000	131,750,000	147,250,000
III	7,750,000	-	7,750,000	-
	143,381,568	150,216,255	139,500,000	147,250,000

The weighted average effective interest rates at the end of the reporting period for borrowings are as follows:

	The Group		The Company	
	2015	2014	2015	2014
	%	%	%	%
Term loans	7.06	6.52	7.05	6.50

(a) Term loan I is secured by:

- (i) a letter of support from the Company; and
- (ii) a fixed charge on the financed machinery.

(b) Term loan II is secured by:

- (i) 1,000,000 ordinary shares of RM1.00 each representing 100% equity interest of Brahim's Airline Catering Holdings Sdn. Bhd.;
- (ii) 17,000,000 ordinary shares of RM1.00 each of the Company held by Brahim's International Franchises Sdn. Bhd.; and
- (iii) a pledge of the fixed deposits with a licensed bank.

On 11 February 2016, the lender had restructured the facility offered to the Group and the Company. Accordingly, Term Loan II of the Group and the Company will be repaid within the next 12 months amounting to approximately RM63,750,000.

(c) Term loan III is secured by:

- (i) a Put Option Agreement entered between the bank and Datuk Ibrahim bin Haji Ahmad as the Put Option Provider. The bank has the right to put the Bridging Loan ("BL") Facility to the Put Option Provider in the event of default under the BL facility. The put option shall be secured by a third party first legal charge over the Brahim's Holdings Berhad shares (vide a Memorandum of Deposit).
- (ii) Memorandum of Deposit in respect of the first fixed charge over 15,800,000 Brahim Holdings Berhad's ordinary shares of RM1.00 each, executed by Brahim's International Franchises Sdn Bhd. The Brahim's Holdings Berhad's shares are pledged and registered under a licensed bank.
- (iii) upfront six (6) months interest in relation to the BL Facility.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 22. DEFERRED TAX ASSETS/(LIABILITIES)

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 movements in deferred tax assets/(liabilities) during the financial year are as follows:

	The Group	
	2015	2014
	RM	RM
Deferred tax assets	12,417,000	13,740,000
Deferred tax liabilities	(1,407)	(1,407)
	12,415,593	13,738,593
At 1 January	13,738,593	(1,197,407)
Recognised in profit or loss (Note 30)	(1,323,000)	14,936,000
At 31 December	12,415,593	13,738,593
<b>Subject to income tax</b>		
Deferred tax assets (before offsetting)		
Allowances	35,000	17,767,000
Unutilised tax losses	13,637,000	-
	13,672,000	17,767,000
Offsetting	(1,255,000)	(4,027,000)
Deferred tax assets (after offsetting)	12,417,000	13,740,000
Deferred tax liabilities (before offsetting)		
Property, plant and equipment and intangible assets	(1,256,407)	(4,028,407)
Offsetting	1,255,000	4,027,000
Deferred tax liabilities (after offsetting)	(1,407)	(1,407)

## 23. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2014 - 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:

	The Group	
	2015	2014
	RM	RM
United States Dollar	516,000	-
Euro	-	147,013

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

24. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals of the Group and of the Company are amounts owing to the shareholders and directors amounting to RM10,021,000 (2014 - RM10,021,000) and RM2,787,501 (2014 - RM2,077,501), respectively.

25. BANK OVERDRAFTS

The bank overdrafts bear interest ranging from 8.35% to 9.35% (2014 - 8.35% to 9.35%) per annum and are secured by:

- (i) a third party deed of assignment over a subsidiary's sub-lease on 15 acres of land and;
- (ii) warehouse buildings and a pledge of fixed deposits with licensed banks.

26. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of RM230,898,144 (2014 - RM246,577,826) attributable to the number of ordinary shares in issue at the end of the reporting period of 236,285,500 (2014 - 236,285,500).

27. REVENUE

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
In-flight catering and related services	271,105,000	342,836,000	-	-
Management fees	255,547	253,353	255,547	253,353
Dividend received from				
- joint venture	-	-	51,000	-
- subsidiary	-	-	-	13,500,000
Logistics and related services	7,604,868	7,635,691	-	-
Restaurant services	2,324,339	3,184,297	-	-
Others	5,340	15,791	-	-
	281,295,094	353,925,132	306,547	13,753,353

28. DIRECT OPERATING EXPENSES

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
In-flight catering and related services	126,422,000	147,273,000	-	-
Logistics and related services	5,212,304	4,993,455	-	-
Restaurant services	1,084,584	1,284,892	-	-
Others	5,722	25,172	-	-
	132,724,610	153,576,519	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. LOSS BEFORE TAXATION

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Loss before taxation is arrived at after charging/ (crediting):				
Allowance for impairment losses on trade and other receivables	748,729	49,954,000	-	-
Impairment loss on:				
- goodwill	-	8,000,000	-	-
- investment in a subsidiary	-	-	-	8,000,000
Amortisation of intangible assets	58,000	167,000	-	-
Audit fee:				
- current year	340,800	339,000	100,000	114,000
- underprovision in the previous financial year	15,000	53,000	11,000	43,000
Bad debts written off	-	68,856	-	38,773
Depreciation of property, plant and equipment (Note 8)	11,868,086	11,762,440	84,151	84,822
Deposit forfeited	-	3,800,000	-	3,800,000
Directors' remuneration (Note 35 (a))	2,292,891	2,156,821	1,388,800	1,336,821
Hire of equipment	17,150	23,975	-	-
Inventories written down	89,782	-	-	-
Interest expense	10,412,245	10,770,222	10,646,532	10,690,291
Lease land rental	43,576	43,576	-	-
Net (gain)/loss on disposal of property, plant and equipment	(11,602)	48,613	-	-
Net realised loss/(gain) on foreign exchange	90,146	(87,594)	6,413	-
Property, plant and equipment written off (Note 8)	-	24,943	-	-
Inventories written off	-	1,032	-	-
Rental of buildings	23,434,279	22,845,783	242,310	227,502
Staff costs:				
- salaries, wages, bonuses and allowances	58,809,923	61,284,032	463,960	415,662
- defined contribution plans	6,675,690	6,190,262	58,054	50,399
- others	12,347,878	11,185,536	4,033	44,237
Unrealised loss on foreign exchange	677,698	170,208	-	-
Write-off of staff advance	44,031	-	-	-
Dividend received from:				
- joint venture	-	-	(51,000)	-
- subsidiary	-	-	-	(13,500,000)
Interest income	(479,346)	(1,152,915)	(239,757)	(556,789)
Rental income	(35,400)	(59,580)	-	-
Waiver of debts	(8,168)	-	(8,168)	-
Write-back of allowance for impairment losses on receivables	-	(82,234)	-	(58,075)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30. INCOME TAX EXPENSE

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current tax:				
- for the financial year	-	11,885,782	-	-
- underprovision in the previous financial year	73,840	1,827,297	73,840	1,404,297
	73,840	13,713,079	73,840	1,404,297
Deferred tax (Note 22):				
- for the current financial year	1,323,000	(14,936,000)	-	-
	1,396,840	(1,222,921)	73,840	1,404,297

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

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Loss before taxation	(14,021,114)	(35,054,748)	(13,562,741)	(14,825,604)
Tax at statutory tax rate of 25%	(3,505,279)	(8,763,687)	(3,390,686)	(3,706,401)
Tax effects of:				
Non-taxable gain	(223,750)	(1,882,413)	(12,750)	(3,375,000)
Non-deductible expenses	3,716,413	7,359,973	2,912,807	6,588,401
Deferred tax assets not recognised during the financial year	1,024,617	843,900	490,628	493,000
Share of results in joint venture	207,999	(219,991)	-	-
Utilisation of deferred tax asset not recognised in the previous financial year	(409,000)	(388,000)	-	-
Effect of change in corporate income tax rate from 25% to 24% on deferred tax	512,000	-	-	-
Underprovision of taxation in the previous financial year:				
- current tax	73,840	1,827,297	73,840	1,404,297
Income tax expense for the financial year	1,396,840	(1,222,921)	73,840	1,404,297

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.



NOTES TO THE FINANCIAL STATEMENTS  
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30. INCOME TAX EXPENSE (CONT'D)

Subject to agreement with the tax authorities, the utilised 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 are as follows:

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unutilised tax losses	24,243,800	20,533,000	13,459,000	11,629,000
Unabsorbed capital allowances	8,128,600	10,217,700	5,436,000	5,387,000
Allowance for impairment losses	748,700	-	-	32,000
Inventories written down	89,800	-	-	-
Unrealised loss on foreign exchange	-	6,800	-	-

31. LOSS PER SHARE

	The Group	
	2015	2014
	RM	RM
Loss attributable to owners of the Company (RM)	(15,679,682)	(31,962,161)
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	236,285,500	225,545,250
Effect of new ordinary shares issued	-	8,739,327
Weighted average number of ordinary shares at 31 December	236,285,500	234,284,577
Basic loss per ordinary share (Sen)	(6.64)	(13.64)

The basic loss per ordinary share of the Group is calculated by dividing the Group's loss or profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

No disclosure on diluted earnings per share as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

32. DIVIDEND

	The Company	
	2015	2014
	RM	RM
Interim dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2014	-	590,715

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cost of property, plant and equipment purchased (Note 8)	9,351,824	10,677,834	4,140	-
Amount financed through hire purchase and leasing payables	(177,210)	-	-	-
Cash disbursed for purchase of property, plant and equipment	9,174,614	10,677,834	4,140	-

34. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Fixed deposits with licensed banks (Note 17)	1,706,653	6,653,834	1,497,653	6,449,834
Cash and bank balances	12,083,621	13,544,582	1,212,772	814,604
Bank overdrafts (Note 25)	13,790,274	20,198,416	2,710,425	7,264,438
	(2,096,581)	(2,648,730)	(2,096,581)	(2,648,730)
Less: Deposits pledged to licensed banks (Note 17)	(1,497,653)	(6,449,834)	(1,497,653)	(6,449,834)
	10,196,040	11,099,852	(883,809)	(1,834,126)

35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company.

(a) The key management personnel compensation during the financial year are as follows:

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
<b>DIRECTORS OF THE COMPANY</b>				
<b>Executive directors</b>				
Short-term employee benefits:				
- fees	110,000	110,000	110,000	110,000
- salaries and other emoluments	1,830,391	1,730,321	928,800	911,821
	1,940,391	1,840,321	1,038,800	1,021,821
<b>Non-executive directors</b>				
Short-term employee benefits:				
- fees	350,000	350,000	350,000	350,000
- salaries and other emoluments	2,500	16,500	-	15,000
	352,500	316,500	350,000	315,000
	2,292,891	2,156,821	1,388,800	1,336,821

NOTES TO THE FINANCIAL STATEMENTS  
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35. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(b) The number of the Company's directors with total remunerations falling in bands of RM50,000 are as follows:

	The Group		The Company	
	2015	2014	2015	2014
	Number of Directors		Number of Directors	
Executive Directors:				
- RM50,001 - RM100,000	-	-	-	-
- RM250,001 - RM300,000	-	-	-	1
- RM300,001 - RM350,000	1	1	1	-
- RM700,001 - RM750,000	-	-	1	1
- RM1,450,001 - RM1,500,000	-	-	-	-
- RM1,500,001 - RM1,550,000	-	1	-	-
- RM1,600,001 - RM1,650,000	1	-	-	-
Non-Executive Directors:				
- RM1 - RM50,000	6	2	7	2
- RM50,001 - RM100,000	1	5	-	5
	9	9	9	9

36. SIGNIFICANT RELATED COMPANY TRANSACTIONS

(a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, immediate holding company, significant investors, joint ventures, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year.

The details of the amount owing by the subsidiaries, joint venture are disclosed in Note 15 and Note 16 respectively.

NOTES TO THE FINANCIAL STATEMENTS  
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36. SIGNIFICANT RELATED COMPANY TRANSACTIONS (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

	The Company	
	2015	2014
	RM	RM
Advances to subsidiaries	20,296	11,473
Professional fee payable to a related party	215,049	963,411
Interest income received/receivable from subsidiaries	-	202,874
Interest expense paid/payable to subsidiaries	637,411	372,764
Management fee received from a joint venture	255,547	253,353
Dividend received from a subsidiary	-	13,500,000
Dividend received from a joint venture	51,000	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosure in the respective notes to the financial statements.

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 and transportation services, trading and 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.
- (iv) Investment holding - provision of management services

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37. OPERATING SEGMENTS (CONT'D)

	Warehouse Rental, Freight Forwarding and Transportation Services and Trading and Insurance Agency RM	Food and Beverage RM	Catering Services RM	Investment Holding RM	Group RM
<b>2015</b>					
<b>Revenue</b>					
External sales	7,610,208	2,324,339	271,105,000	255,547	281,295,094
Intersegment revenue	27,128	14,583	-	51,000	92,711
Total revenue	<u>7,637,336</u>	<u>2,338,922</u>	<u>271,105,000</u>	<u>306,547</u>	<u>281,387,805</u>
Consolidation adjustments					(92,711)
Consolidated revenue					<u>281,295,094</u>
<b>Results</b>					
Segment profit/(loss) before interest and taxation includes the followings:	2,151,265	(1,619,067)	13,059,411	(4,198,123)	9,393,485
Interest income	-	-	239,589	239,757	479,346
Depreciation of property and equipment	(953,099)	(236,528)	(10,592,000)	(86,459)	(11,868,086)
Other material items of expenses	(7,398)	(748,729)	-	-	(756,127)
Segment results	<u>1,190,768</u>	<u>(2,604,324)</u>	<u>2,707,000</u>	<u>(4,044,824)</u>	<u>(2,751,381)</u>
Adjustments and eliminations					(51,000)
Finance costs					(10,437,736)
Share of loss in joint venture					(780,997)
Income tax expense					(1,396,840)
Consolidated loss after taxation					<u>(15,417,954)</u>
<b>Assets</b>					
Segment assets	31,104,334	1,928,420	171,900,000	226,041,983	430,974,737
Investment in joint venture					21,097,248
Other investments					1
Unallocated assets					25,333,000
Consolidated total assets					<u>477,404,986</u>
<b>Liabilities</b>					
Segment liabilities	1,274,487	4,539,405	55,852,731	157,729,045	219,395,668
Provision of taxation					65,000
Deferred taxation					1,407
Consolidated total liabilities					<u>219,462,075</u>
<b>Other Segment Items</b>					
Additions to non-current assets other than financial instruments:					
- property and equipment					9,351,824

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37. OPERATING SEGMENTS (CONT'D)

	Warehouse Rental, Freight Forwarding and Transportation Services and Trading and Insurance Agency	Food and Beverage	Catering Services	Investment Holding	Group
	RM	RM	RM	RM	RM
<b>2014</b>					
<b>Revenue</b>					
External sales	7,651,482	3,184,297	342,836,000	253,353	353,925,132
Intersegment revenue	48,425	27,741	-	13,500,000	13,576,166
Total revenue	7,699,907	3,212,038	342,836,000	13,753,353	367,501,298
Consolidation adjustments					(13,576,166)
Consolidated revenue					353,925,132
<b>Results</b>					
Segment profit/(loss) before interest and taxation includes the followings:	2,357,053	(964,929)	52,672,236	(10,449,947)	43,614,413
Interest income	-	-	799,000	353,915	1,152,915
Depreciation of property and equipment	(866,224)	(297,741)	(10,509,000)	(89,475)	(11,762,440)
Other material items of expenses	(35,249)	(98,447)	(49,954,000)	(8,038,773)	(58,126,469)
Segment results	1,455,580	(1,361,117)	(6,991,764)	(18,224,280)	(25,121,581)
Adjustments and eliminations					(17,012)
Finance costs					(10,796,123)
Share of profit in joint venture					879,968
Income tax expense					1,222,921
Consolidated loss after taxation					(33,831,827)
<b>Assets</b>					
Segment assets	30,011,262	2,789,514	212,036,000	234,148,106	478,984,882
Investment in joint venture					21,878,245
Other investments					1
Unallocated assets					16,964,439
Consolidated total assets					517,827,567
<b>Liabilities</b>					
Segment liabilities	1,143,563	3,614,378	74,474,000	165,168,354	244,400,295
Provision of taxation					65,000
Deferred taxation					1,407
Consolidated total liabilities					244,466,702
<b>Other Segment Items</b>					
Additions to non-current assets other than financial instruments:					
- property and equipment	1,849,430	54,404	8,774,000	-	10,677,834

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. OPERATING SEGMENTS (CONT'D)

(a) Other material items of expenses consist of the following:

	The Group	
	2015	2014
	RM	RM
Allowance for impairment losses on goodwill	-	8,000,000
Allowance for impairment losses on trade and other receivables	748,729	49,954,000
Bad debt written off	-	68,856
Loss on disposal of plant and equipment	7,398	103,613
	756,127	58,126,469

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

Revenue from one major customer, with revenue equal to or more than 10% of Group revenue, amounting to RM176,394,000 (2014 - RM253,750,000) arose from sales of the catering services segment.

38. CAPITAL COMMITMENTS

	The Group	
	2015	2014
	RM	RM
<b>Approved and contracted for:</b>		
Upgrading of electrical works	142,484	-
Purchase of plant and equipment	-	2,407,838
Purchase of intangible assets	959,000	235,000

39. LEASE COMMITMENTS

	The Group	
	2015	2014
	RM	RM
<b>Lease rentals payable:</b>		
Not later than 1 year	44,119	43,576
Later than 1 year but not later than 5 years	183,004	181,373
More than 5 years	526,763	572,515
	753,886	797,464

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

**40.1 Financial Risk Management Policies**

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

**(a) Market Risk**

*(i) Foreign Currency Risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the USD exchange rate at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the loss after taxation and other comprehensive expense of the Group and of the Company.

A 5% (2014 - 5%) strengthening of the RM/USD at the end of the reporting period would have increased the Group's loss after taxation by RM124,896 (2014 - RM116,200). The analysis is based on the USD exchange rate variance that the Group considered to be reasonably possible at the end of the reporting period and assumes that all other variables remain constant. A 5% (2014 - 5%) weakening in the said foreign currency exchange rate would have had an equal but opposite effect on the Group's loss after taxation. There is no material impact on the Company's loss after taxation.

*(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 long-term borrowings with variable rates.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts to the financial instruments at the end of the reporting period is disclosed in Notes 21 and 25 to the financial statements.



## 40. FINANCIAL INSTRUMENTS (CONT'D)

### 40.1 Financial Risk Management Policies (Cont'd)

#### (a) 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		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
<b>EFFECTS ON LOSS AFTER TAXATION</b>				
Increase of 100 basis points	(1,061,974)	(1,124,240)	(1,061,974)	(1,124,240)
Decrease of 100 basis points	1,061,974	1,124,240	1,061,974	1,124,240
<b>EFFECTS ON OTHER COMPREHENSIVE EXPENSES</b>				
Increase of 100 basis points	(1,061,974)	(1,124,240)	(1,061,974)	(1,124,240)
Decrease of 100 basis points	1,061,974	1,124,240	1,061,974	1,124,240

##### (iii) Equity Price Risk

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

#### (b) 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 cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups 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.

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 (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS  
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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by 1 major customer which constituted approximately 41% (2014 - 93%) of its trade receivables as at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

The Group does not have exposure to international credit risk as the entire trade receivables are concentrated in Malaysia.

(iii) Ageing Analysis

The ageing analysis of the trade receivables is as follows:

	Gross Amount	Individual Impairment	Collective Impairment	Carrying Value
	RM	RM	RM	RM
<b>THE GROUP</b>				
<b>2015</b>				
Not past due	40,154,346	-	-	40,154,346
Past due:				
- less than 3 months	2,566,724	-	-	2,566,724
- 3 to 6 months	688,034	-	-	688,034
- over 6 months	1,839,525	-	-	1,839,525
	45,248,629	-	-	45,248,629
<b>2014</b>				
Not past due	36,791,135	-	-	36,791,135
Past due:				
- less than 3 months	25,462,880	-	-	25,462,880
- 3 to 6 months	419,170	-	-	419,170
- over 6 months	68,805,000	(49,006,000)	-	19,799,000
	131,478,185	(49,006,000)	-	82,472,185

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 Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) 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.

*Maturity Analysis*

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):

	Contractual Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 - 5 Years	Over 5 Years
	%	RM	RM	RM	RM	RM
<b>THE GROUP</b>						
<b>2015</b>						
<b>Non-derivative Financial Liabilities</b>						
Lease and hire purchase payables	5.00	185,569	202,067	96,578	105,489	-
Term loans	7.06	143,381,568	181,042,693	36,520,693	106,996,500	37,525,500
Bank overdrafts	8.90	2,096,581	2,096,581	2,096,581	-	-
Trade payables	-	33,666,505	33,666,505	33,666,505	-	-
Other payables and accruals	-	40,065,445	40,065,445	40,065,445	-	-
		219,395,668	257,073,291	112,445,802	107,101,989	37,525,500
<b>2014</b>						
<b>Non-derivative Financial Liabilities</b>						
Lease and hire purchase payables	5.49	121,912	136,628	80,662	55,966	-
Term loans	6.52	150,216,255	193,186,131	27,274,130	101,771,063	64,140,938
Bank overdrafts	8.80	2,648,730	2,648,730	2,648,730	-	-
Trade payables	-	41,934,428	41,934,428	41,934,428	-	-
Other payables and accruals	-	49,478,970	49,478,970	49,478,970	-	-
		244,400,295	287,384,887	121,416,920	101,827,029	64,140,938

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

*Maturity Analysis (Cont'd)*

	Contractual Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 - 5 Years	Over 5 Years
	%	RM	RM	RM	RM	RM
<b>THE COMPANY</b>						
<b>2015</b>						
<b>Non-derivative Financial Liabilities</b>						
Term loans	7.05	139,500,000	177,161,125	32,639,125	106,996,500	37,525,500
Trade payables	-	92,858	92,858	92,858	-	-
Other payables and accruals	-	15,116,545	15,116,545	15,116,545	-	-
Amount owing to a subsidiary	-	5,113,386	5,113,386	5,113,386	-	-
Bank overdraft	8.90	2,096,581	2,096,581	2,096,581	-	-
		161,919,370	199,580,495	55,058,495	106,996,500	37,525,500
<b>2014</b>						
<b>Non-derivative Financial Liabilities</b>						
Term loans	6.50	147,250,000	190,219,876	24,307,875	101,771,063	64,140,938
Trade payables	-	116,133	116,133	116,133	-	-
Other payables and accruals	-	14,613,734	14,613,734	14,613,734	-	-
Amount owing to a subsidiary	-	1,213,245	1,213,245	1,213,245	-	-
Bank overdrafts	8.80	2,648,730	2,648,730	2,648,730	-	-
		165,841,842	208,811,718	42,899,717	101,771,063	64,140,938

40.2 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 its 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 debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows.

NOTES TO THE FINANCIAL STATEMENTS  
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40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 Capital Risk Management (cont'd)

	The Group	
	2015	2014
	RM	RM
Lease and hire purchase payables	185,569	121,912
Term loans	143,381,568	150,216,255
Bank overdrafts	2,096,581	2,648,730
	145,663,718	152,986,897
Less: Fixed deposits with licensed banks	(1,706,653)	(6,653,834)
Less: Cash and bank balances	(12,083,621)	(13,544,582)
Net debt	131,873,444	132,788,481
Shareholders' equity	257,942,911	273,360,865
Debt-to-equity ratio	0.51 : 1	0.49 : 1

There were no changes in the Group's approach to capital management during the financial year.

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) more than 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.

40.3 Classification of Financial Instruments

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
<b>FINANCIAL ASSETS</b>				
<b>Loans and Receivables Financial Assets</b>				
Trade receivables (Note 13)	45,248,629	82,472,185	-	-
Other receivables and deposits (Note 14)	9,451,167	7,916,459	165,275	158,923
Amount owing by subsidiaries (Note 15)	-	-	8,710,561	20,992,497
Amount owing by joint venture (Note 16)	39,438	36,475	24,822	21,812
Fixed deposits with licensed banks (Note 17)	1,706,653	6,653,834	1,497,653	6,449,834
Cash and bank balances	12,083,621	13,544,582	1,212,772	814,604
	68,529,508	110,623,535	11,611,083	28,437,670
<b>Available-for-sale Financial Assets</b>				
Other investment (Note 9)	1	1	1	1
	68,529,509	110,623,536	11,611,084	28,437,671
<b>FINANCIAL LIABILITIES</b>				
<b>Other Financial Liabilities</b>				
Lease and hire purchase payables (Note 20)	185,569	121,912	-	-
Term loans (Note 21)	143,381,568	150,216,255	139,500,000	147,250,000
Trade payables (Note 23)	33,666,505	41,934,428	92,858	116,133
Amount owing to a subsidiary (Note 15)	-	-	5,113,386	1,213,245
Other payables and accruals (Note 24)	40,065,445	49,478,970	15,116,545	14,613,734
Bank overdrafts (Note 25)	2,096,581	2,648,730	2,096,581	2,648,730
	219,395,668	244,400,295	161,919,370	165,841,842

NOTES TO THE FINANCIAL STATEMENTS  
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40. FINANCIAL INSTRUMENTS (CONT'D)

**40.4 Fair value information**

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The fair value of the Group's Investment in unquoted shares that with carrying amount of RM1 (2014 - RM1) is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
<b>THE GROUP</b>								
<b>2015</b>								
<b>Financial Liabilities</b>								
Term loans	-	-	-	-	143,381,568	-	143,381,568	143,381,568
Lease and hire purchase payables	-	-	-	-	183,029	-	183,029	185,569
<b>2014</b>								
<b>Financial Liabilities</b>								
Term loans	-	-	-	-	150,216,255	-	150,216,255	150,216,255
Lease and hire purchase payables	-	-	-	-	122,062	-	122,062	121,912
<b>THE COMPANY</b>								
<b>2015</b>								
<b>Financial Liabilities</b>								
Term loans	-	-	-	-	139,500,000	-	139,500,000	139,500,000
<b>2014</b>								
<b>Financial Liabilities</b>								
Term loans	-	-	-	-	147,250,000	-	147,250,000	147,250,000

NOTES TO THE FINANCIAL STATEMENTS  
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#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.4 Fair value information (Cont'd)

The fair values above have been determined using the following basis:

- (a) The fair values of lease and hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:

	The Group		The Company	
	2015	2014	2015	2014
	%	%	%	%
Lease and hire purchase payables	6.60 - 6.94	6.88 - 7.12	-	-
Term loans	6.25 - 7.50	6.50 - 7.50	6.25 - 7.10	6.50

- (b) In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

#### 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 21 January 2015, the Company entered into a Memorandum of Understanding (“MOU”) with Servair Investissements Aeroportuaires (“S.I.A”) to facilitate negotiations to formalise ‘Definitive Agreements’ intended to co-operate in the airlines catering business.
- (ii) On 27 February 2015, the Company via its 70%-owned subsidiary, Brahim’s SATS Food Services Sdn Bhd (formerly known as Brahim’s Airline Catering Sdn Bhd) entered into a Settlement Agreement (“SA”) with Malaysian Airline System Berhad (“MAS”) as part of the MAS Recovery Plan announced by Khazanah Nasional Berhad on 29 August 2014.
- (iii) 8 May 2015, the Company via its 70%-owned subsidiary, Brahim’s SATS Food Services Sdn Bhd (formerly known as Brahim’s Airline Catering Sdn Bhd) entered into a second Extension Agreement (“2nd EA”) with MAS to facilitate documentations of a New Catering Agreement (“NCA”) to be executed between Malaysia Airlines Berhad (“MAB”) and BAC to replace the existing 25 years Catering Agreement.
- (iv) On 10 May 2015, the Company via its 70%-owned subsidiary, Brahim’s SATS Food Services Sdn Bhd (formerly known as Brahim’s Airline Catering Sdn Bhd) finally entered into NCA with MAB with the NCA to be effective from 1 September 2015.
- (v) On 1 September 2015, the Company via its 70%-owned subsidiary, Brahim’s SATS Food Services Sdn Bhd (formerly known as Brahim’s Airline Catering Sdn Bhd) entered into an Extension Agreement with MAB for the NCA terms to be effective on 15 September 2015 instead of 1 September 2015.

NOTES TO THE FINANCIAL STATEMENTS  
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41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (vi) On 21 October 2015, the Company received a conditional binding offer from SATS Investments Pte Ltd (a wholly-owned subsidiary of SATS Ltd), which sets out an offer to acquire from the Company, 490,000 ordinary shares of RM1.00 each representing 49% of the total issued and fully paid up ordinary shares in Brahim's Airline Catering Holdings Sdn. Bhd. ("BACH") for a proposed aggregate cash consideration of RM218.0 million subject to adjustment ("Proposed Disposal").
- (vii) On 18 December 2015, the Company entered into a conditional share sale agreement with SATS Investments Pte Ltd in relation to the Proposed Disposal.

42. SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

The details of significant events occurring after the end of the reporting period are as follows:-

- (i) The Proposed Disposal (as detailed in Note 41 (vi) and Note 41 (vii) herein) was completed on 5 February 2016 following the fulfillment of the Condition Precedent, Conditions to Completion and payment by the Purchaser of the Base Consideration of RM110.0 million to Brahim's Holdings Berhad ("BHB") in accordance with the terms of the Share Sale Agreement.

Upon the completion of disposal, the Group retained 51% control over the equity interests in the subsidiary and continues to exert management and Board control.

- (ii) On 15 April 2016, the Company via its 70% owned subsidiary, Brahim's SATS Food Services Sdn. Bhd. entered into an MOU with 7-Eleven Malaysia Sdn. Bhd. for the supply of various chilled and packaged ready-to-eat meals.

43. FOREIGN EXCHANGE RATE

The applicable closing foreign exchange rate used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period is as follows:

	The Group	
	2015	2014
	RM	RM
United States Dollar	4.294	3.495



44. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED LOSSES/PROFIT

The breakdown of the accumulated losses of the Group and of the Company as at the end of the reporting period into realised and unrealised 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		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Total accumulated losses of the Company and its subsidiaries:				
- realised	(18,569,737)	49,435,290	(90,030,134)	(69,296,992)
- unrealised	11,737,895	(41,226,176)	-	(7,096,561)
	(6,831,842)	8,209,114	(90,030,134)	(76,393,553)
Total share of retained profit of joint ventures:				
- realised	775,748	1,649,245	-	-
- unrealised	270,500	229,000	-	-
	1,046,248	1,878,245	-	-
Less: Consolidation adjustments	(31,581,944)	(31,775,215)	-	-
At 31 December	(37,367,538)	(21,687,856)	(90,030,134)	(76,393,553)

# List of Properties

Address	Tenure	Size	Description and Existing Use	Net Book Value (RM)	Owner/Date of Acquisition	Approximate Age of Buildings
Part of Lot 14473 Mukim of Klang, District of Klang, Selangor Darul Ehsan.	Leasehold - expiring 10 December 2027 with an option to renew for 30 years	15.134 acres	Land with warehouse	23,752,444	Tamadam Industries Sdn. Bhd./ 1 November 1991	16 years

# Analysis of Shareholdings

As at 31 March 2016

Authorised Share Capital	:	RM500,000,000
Issued and Paid-Up Share Capital	:	RM236,285,500 comprising of 236,285,500 ordinary shares of RM1.00 each
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	Every member of the Company, present in person or by proxy or by attorney or other duly authorised representatives, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each ordinary share held
Number of shareholders	:	3,761

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
1 - 99	143	3.80	5,144	0.00
100 – 1,000	880	23.40	742,068	0.31
1,001 – 10,000	2,027	53.90	9,551,938	4.04
10,001 – 100,000	606	16.11	19,064,850	8.07
100,001 to less than 11,814,274 of issued shares	99	2.63	82,318,238	34.84
11,814,275 and above of issued shares	6	0.16	124,603,262	52.74
<b>TOTAL</b>	<b>3,761</b>	<b>100.00</b>	<b>236,285,500</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Directors	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1.	Dato' Seri Ibrahim bin Haji Ahmad	-	-	96,005,000 <sup>2</sup>	40.63
2.	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	-	-	71,005,000 <sup>3</sup>	30.05
3.	Col (Rtd) Dato' Ir Cheng Wah	22,500	0.01	-	-
4.	Goh Joon Hai	-	-	-	-
5.	Dato' Choo Kah Hoe	-	-	25,000,000 <sup>4</sup>	10.58
6.	Datuk Seri Panglima Sulong bin Matjeraie	-	-	-	-
7.	YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahman	20,000	0.01	-	-
8.	Professor Dr. Jinap binti Salamet	-	-	-	-
9.	Kamil bin Dato' Haji Abdul Rahman	-	-	-	-
10.	Ahmad Fahimi bin Ibrahim (Alternate Director to Dato' Seri Ibrahim bin Haji Ahmad)	-	-	-	-

## LIST OF SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Substantial Shareholders	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1.	Brahim's International Franchises Sdn Bhd	71,005,000	30.05	-	-
2.	Fahim Capital Sdn Bhd	-	-	71,005,000 <sup>1</sup>	30.05
3.	Semantan Capital Sdn Bhd	-	-	71,005,000 <sup>1</sup>	30.05
4.	Dato' Seri Ibrahim bin Haji Ahmad	-	-	96,005,000 <sup>2</sup>	40.63
5.	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	-	-	71,005,000 <sup>3</sup>	30.05
6.	IBH Capital (Labuan) Limited	25,000,000	10.58	-	-
7.	Dato' Choo Kah Hoe	-	-	25,000,000 <sup>4</sup>	10.58
8.	Lembaga Tabung Haji	45,553,450	19.28	-	-
9.	Koperasi Permodalan Felda Malaysia Berhad	11,830,650	5.01	-	-

### Notes:

- Deemed interested in shares by virtue of their shareholdings in Brahim's International Franchises Sdn Bhd.
- Deemed interested in shares by virtue of his shareholdings in IBH Capital (Labuan) Limited and Fahim Capital Sdn Bhd (a shareholder of Brahim's International Franchises Sdn Bhd) pursuant to Section 6A of the Companies Act, 1965.
- Deemed interested in shares by virtue of his shareholdings in Semantan Capital Sdn. Bhd., a shareholder of Brahim's International Franchises Sdn Bhd pursuant to Section 6A of the Companies Act, 1965
- Deemed interested in shares by virtue of his shareholdings in IBH Capital (Labuan) Limited pursuant to Section 6A of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS  
AS AT 31 MARCH 2016

TOP THIRTY (30) SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2016

Name	No. of Shares Held	Percentage (%)
1. Lembaga Tabung Haji	37,498,262	15.87
2. IBH Capital (Labuan) Limited	25,000,000	10.58
3. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Brahim's International Franchises Sdn Bhd (44-00002-000)	17,000,000	7.19
4. HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Brahim's International Franchises Sdn Bhd	15,800,000	6.69
5. Brahim's International Franchises Sdn Bhd.	15,105,000	6.39
6. Tasec Nominees (Tempatan) Sdn Bhd TA Capital Sdn Bhd for Brahim's International Franchises Sdn Bhd	14,200,000	6.01
7. Koperasi Permodalan Felda Malaysia Berhad	10,740,250	4.55
8. Amanahraya Trustees Berhad Public Islamic Treasures Growth Fund	9,215,100	3.90
9. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Brahim's International Franchises Sdn Bhd	6,400,000	2.71
10. Cartaban Nominees (Tempatan) Sdn Bhd SSBT AIFM Fund SAFF for Lembaga Tabung Haji	5,370,126	2.27
11. Maybank Nominees (Tempatan) Sdn Bhd Exempt an for Maybank Islamic Asset Management Sdn Bhd (Resident) (475391)	2,685,062	1.14
12. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Brahim's International Franchises Sdn Bhd (SFC)	2,500,000	1.06
13. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad MIDF Amanah Asset Management Berhad for Takaful Ikhlas Sdn Bhd (JS487)	2,306,200	0.98
14. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad MIDF Amanah Asset Management Berhad for Universiti Malaya (JG488)	2,011,800	0.85
15. CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Bhd for BIMB I Dividend Fund	1,919,800	0.81
16. Amanahraya Trustees Berhad MIDF Amanah Strategic Fund	1,906,900	0.81
17. Amanahraya Trustees Berhad Affin Hwang Aiiman Equity Fund	1,876,100	0.79
18. PM Nominees (Tempatan) Sdn Bhd for Bank Kerjasama Rakyat Malaysia Berhad	1,760,500	0.75
19. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Aiiman Growth Fund (4207)	1,750,000	0.74

ANALYSIS OF SHAREHOLDINGS  
AS AT 31 MARCH 2016

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

Name	No. of Shares Held	Percentage (%)
20. Amanahraya Trustees Berhad Affin Hwang Aiiman Balanced Fund	1,400,700	0.59
21. Ameer bin Shaik Mydin	1,320,000	0.56
22. Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Manulife Investment-HW Shariah Flexi Fund	1,154,500	0.49
23. Koperasi Permodalan Felda Malaysia Berhad	1,090,400	0.46
24. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	1,050,000	0.44
25. Amsec Nominees (Tempatan) Sdn Bhd Amfunds Management Berhad for Tenaga Nasional Berhad Retirement Benefit Trust Fund	1,050,000	0.44
26. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad MIDF Amanah Asset Management Berhad for Yayasan Sarawak (JG281)	1,006,000	0.43
27. Kumpulan Wang Simpanan Guru-Guru	1,000,000	0.42
28. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Bhd for Libra Amanah Saham Wanita (N14011980040)	984,200	0.42
29. HSBC Nominees (Asing) Sdn Bhd Exempt an for Bank Julius Baer & Co. Ltd. (SINGAPORE BCH)	950,000	0.40
30. Sharifah Bahiyah binti Wan Omar	900,500	0.38
<b>Total</b>	<b>186,951,400</b>	<b>79.12</b>

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT the 34th Annual General Meeting of BRAHIM'S HOLDINGS BERHAD ("the Company") will be held at Café Barbera, 18, Lorong Maarof, Bangsar Park, 59000 Kuala Lumpur on Wednesday, 25 May 2016 at 10.30 a.m. for the following purposes:**

- |                                                                                                                                                                                    |                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.       | <b>Please refer to Explanatory Note A</b> |
| 2. To approve the payment of Directors' Fees for the financial year ended 31 December 2015.                                                                                        | <b>Ordinary Resolution 1</b>              |
| 3. To re-elect Datuk Seri Panglima Sulong bin Matjeraie who retires by rotation as a Director of the Company pursuant to Article 98 of the Articles of Association of the Company. | <b>Ordinary Resolution 2</b>              |
| 4. To re-elect Kamil bin Dato' Haji Abdul Rahman who retires pursuant to Article 103 of the Articles of Association of the Company.                                                | <b>Ordinary Resolution 3</b>              |
| 5. To appoint Auditors for the ensuing year and to authorise the Directors to determine their remuneration.                                                                        | <b>Ordinary Resolution 4</b>              |

## **Special Business**

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

### **6. AUTHORITY TO ISSUE SHARES**

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

**Ordinary Resolution 5**

### **7. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("**the Group**") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders of the Company dated 29 April 2016 ("**the Circular**") provided such transactions are:

- necessary for the day-to-day operations;
- undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- not prejudicial to the minority shareholders of the Company.

#### **("Shareholders' Mandate")**

THAT such approval shall continue to be in force and effect until:

- the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which the Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Shareholders' Mandate, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

**Ordinary Resolution 6**

## NOTICE OF ANNUAL GENERAL MEETING

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### 8. RE-APPOINTMENT OF DIRECTOR PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 129 of the Companies Act, 1965, Tan Sri Dato' Mohd Ibrahim bin Mohd Zain be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

**Ordinary Resolution 7**

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9. To transact any other business for which due notice has been given in accordance with the Companies Act, 1965.

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By Order of the Board

LIM LEE KUAN (MAICSA 7017753)

TEO MEE HUI (MAICSA 7050642)

Company Secretaries

Kuala Lumpur

29 April 2016

#### Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member may appoint only 1 proxy to attend the same meeting. However, where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an authorised nominee appoints 2 or more proxies, the appointment shall not be valid unless the member specifies the proportion of its shareholding to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding of the meeting or adjourned meeting.
6. The Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the meeting is Wednesday, 18 May 2016.

#### EXPLANATORY NOTES

##### A: Item 1 of the Agenda

This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

##### (i) **Ordinary Resolution 4 - Appointment of Auditors**

The Notice of Nomination from a shareholder pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company on 20 April 2016 for the nomination of Messrs. PricewaterhouseCoopers for appointment as Auditors.

##### (ii) **Ordinary Resolution 5 - Authority to Issue Shares**

The proposed Ordinary Resolution 5, if passed, will empower the Directors from the date of this Annual General Meeting, to issue and allot up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the best interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The rationale for this general mandate is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with the convening of such meeting(s). The renewal of such general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for the purpose of future investment project(s), working capital, repayment of borrowings and/or acquisitions.

This is the renewal of the mandate obtained from the members at the last Annual General Meeting. The previous mandate was not utilised and accordingly no proceeds were raised.

##### (iii) **Ordinary Resolution 6 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 6, if passed, will allow the Group to enter into recurrent related party transactions made on arms' length basis and on normal commercial terms and which are not prejudicial to the minority shareholders.

For further information, please refer to the Circular to Shareholders dated 29 April 2016.

##### (iv) **Ordinary Resolution 7 - Re-Appointment of Director pursuant to Section 129 of the Companies Act, 1965**

The proposed Ordinary Resolution 7, if passed, will allow the director who is of or over the age of 70 years to be re-appointed as director of public company pursuant to Section 129 of the Companies Act, 1965.

A vote by the majority of not less than three-fourths of members who are entitled to vote and voting in person or by proxy is required to pass this resolution.

Date: April 6, 2016

*Zainuddin Bin Dollah*  
14, Jalan Enggang Timor 6,  
Taman Sri Keramat  
54200 Kuala Lumpur

The Board of Directors  
**BRAHIM'S HOLDINGS BERHAD**  
10<sup>th</sup> Floor, Menara Hap Seng  
No. 1 & 3, Jalan P. Ramlee  
50250 Kuala Lumpur

Dear Sirs,

**NOTICE OF NOMINATION OF NEW AUDITORS IN PLACE OF RETIRING AUDITORS**

I, Zainuddin Dollah, being a member of the Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs. PricewaterhouseCoopers (AF 1146) as Auditors of the Company in place of the retiring auditors and of our intention to propose the following resolution as an ordinary resolution at the forthcoming Annual General Meeting of the Company:

"THAT Messrs. PricewaterhouseCoopers (AF 1146), having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Crowe Horwath to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

Yours faithfully

  
ZAINUDDIN BIN DOLLAH

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# FORM OF PROXY

No. of Shares Held	CDS Account No.

\*I/We .....\*I/CNo./PassportNo./CompanyNo.....  
 of .....  
 being a Member(s) of **BRAHIM'S HOLDINGS BERHAD** (82731-A), hereby appoint .....  
 .....\*I/C No./Passport No. ....  
 of .....  
 and/or .....\*I/C No./Passport No. ....  
 (for authorised nominees only)  
 of .....  
 or failing \*him/her, #THE CHAIRMAN OF THE MEETING as \*my/our proxy to vote for \*me/us on \*my/our behalf at the 34th Annual General Meeting of the Company to be held at Café Barbera, 18, Lorong Maarof, Bangsar Park, 59000 Kuala Lumpur on Wednesday, 25 May 2016 at 10.30 a.m. or at any adjournment thereof and to vote as indicated below:

Ordinary Resolutions		For	Against
1.	To approve the payment of Directors' Fees for the financial year ended 31 December 2015		
2.	To re-elect Datuk Seri Panglima Sulong bin Matjeraie as Director		
3.	To re-elect Kamil bin Dato' Haji Abdul Rahman as Director		
4.	To appoint Auditors for the ensuing year and to authorise the Directors to determine their remuneration		
<b>Special Business</b>			
5.	To approve the authority to Issue Shares		
6.	To approve the Proposed Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature		
7.	To re-appoint Tan Sri Dato' Mohd Ibrahim bin Mohd Zain pursuant to Section 129 of the Companies Act, 1965		

Mark either box if you wish to direct the proxy how to vote. If no mark is made, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

The proportions of our shareholding to be represented by the proxies appointed by the authorised nominee (if appoint more than 1 proxy) are as follows:

First proxy                    %  
 Second proxy                 %  
                                   100%

# If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.  
 \* Delete if not applicable.

Dated this..... day of ..... 2016

.....  
 Signature/Common Seal of Shareholder

**Notes:**

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- A member may appoint only 1 proxy to attend the same meeting. However, where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an authorised nominee appoints 2 or more proxies, the appointment shall not be valid unless the member specifies the proportion of its shareholding to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding of the meeting or adjourned meeting.
- The Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the meeting is Wednesday, 18 May 2016.

Please fold here

PLEASE  
AFFIX  
STAMP

The Share Registrar

**Symphony Share Registrars Sdn. Bhd.**

Level 6, Symphony House

Pusat Dagangan Dana 1

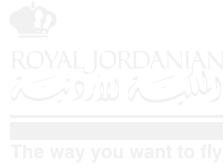
Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

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### Brahim's Holdings Berhad

(Company No.: 82731-A)

#### Corporate Office

7-05, 7th Floor, Menara Hap Seng  
Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia

Telephone : 03-2072 0730

Facsimile : 03-2072 0732

Email : info@brahimsgroup.com

www.brahimsgroup.com

