annual report | 2016

Brahim's Holdings Berhad

(82731-A) (Incorporated in Malaysia)

01 CONTENTS

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.

MISSION STATEMENT

To achieve earnings level sufficient to ensure sustainability and to reward stakeholders with steady earnings growth and dividend. To achieve this, the Group will diversify revenue channels, emphasise on R&D, consistently improve processes and execution, and provide a conducive working environment in addition to developing viable CSR programmes.

02

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 NINTH Annual Message in your 35th Annual General Meeting.

As your Executive Chairman, I am pleased to announce that 2016 was a year of rebuilding, realigning and reinforcing ourselves.

For over 30 years, Brahim’s has grown to be a household name and an iconic halal brand of integrity. Today, we are a leading halal food and service provider and a conscientious employer; therefore I am mindful of the huge responsibilities, not just to our customers, colleagues and shareholders, but to all our vendor and supplier partners. Whilst it continued to be a challenging year for the Group, I remain positive and confident about the future of our business.

The 2016 financial year showed similar trends to those noted in my 2015 review as both international and domestic macro-economic factors continued to signal a period of uncertainty. This was compounded by the downturn in the oil and gas sector in January 2016, volatility in currency exchange which affected the tourism industry leading to a minimal growth for the Group’s airline catering division.

The Group, however, has managed to respond to these challenges.

THE YEAR IN REVIEW

Turnover decreased marginally from RM281.30 million in the previous year to RM266.37 million in FY2016. These numbers were derived on the back of higher number of meals served, as compared to FY2015. Significant margin pressure from anchor clients, combined with lower than expected number of flights resulted in the Group’s loss amounting to RM15.4 million after taxation in the previous year to RM122.4 million in the current year. However, It is pleasing to note that on Y-o-Y analysis, with active participation of SATS, the airline catering division has successfully lowered its food cost ratio.

Your Group made unprecedented change over the past 12 months as we have begun to transform our business. We have taken decisive, immediate action on the challenges we faced – one of which is to be less dependent on airline catering business. In deliberation, we have made the changes needed to re-energise the operation, whilst capitalising on the existing infrastructure and experienced human resources we already have in hand.

We have guided our efforts with the three priorities we set out since early 2016:
1. to protect and strengthen the balance sheet;
2. to leverage on clients’ and partners’ strength, and experience; and
3. to re-emphasise on transparency and trust.

Protecting and Strengthening the Balance Sheet
The decision to dispose our equity in Brahim's SATS Investment Holdings Sdn Bhd (“BSIH”) to SATS Ltd (“SATS”) of Singapore was an important step in repositioning the financials of the Group by immediately generating a positive capital injection of RM110 million. The sale enabled the Group to take a significant step forward towards our priority of strengthening the balance sheet. In immediate effect, we were better able to manage our debt, address other outstanding commitments and improve cashflow management.

As discussed in the Management Discussion and Analysis section, the catering services division of the Group, which is also the prime revenue generator has performed below expectations throughout 2016, with both revenue and earnings levels continuing to fall. As of result of this declining performance, we recorded a goodwill impairment charge of RM91.6 million associated with the catering services division. Note that post acquisition of Brahim's-LSG Sky Chefs Holdings Sdn Bhd (“BLSG”) in 2008, the Group has over the years cumulated “goodwill on consolidation” of RM282.56 million.

Based on the recommendation from the Group’s Audit Committee and based on the current economic environment, I believe it is appropriate for the Group to impair the goodwill by a total of RM91.6 million.

Leveraging on Both Clients’ and Partners’ Strengths, and Experience
Immediately, upon formation of the new business partnership in February 2016, a series of discussions was held to leverage on both our strengths. From 1 April 2016, three full-time senior staff from SATS stationed at Brahim’s SATS Food Services (“BSFS”) inflight kitchen, and they assumed the role of General Manager, Deputy Procurement Manager & Deputy Financial Controller. Some of the significant contributions were:

“Sometimes the hardest thing and the right thing – are the same”.

- Benchmarking best practices in the areas of meal production, deployment of manpower in the various operational departments, effective lean projects, operational processes and procedures, etc.
- Reviewed and relaunched a different pricing mechanism in response to client’s trend of having low cost and yet appealing inflight meals.

The Group’s business has always been at its best when we made our customers our absolute priority. Over the past year, we have continued in giving our total commitment and the best possible service to our esteemed and valued customers. We continue to establish closer work relationship with our clients including that of our anchor customer, Malaysia Airlines Berhad (“MAB”). At operational level, pointers were shared amongst all related parties during joint-organised exercises which included feedback from clients’ customers, creating new menus for both business and economy class passengers, serving skills and techniques.

Re-Emphasising Trust and Transparency
During the past year, there has been a renewed focus on corporate governance and the Board has spent a significant proportion of its time examining and strengthening our processes throughout the Group. Having a solid governance framework is key to rebuilding trust and transparency.

In FY2016, the Group embarked on:
- Group-wide cost cutting measures
- Phase I of Group-wide Enterprise Risk Management exercise

And in relation to the above, the Group has outsourced all its internal audit requirements.

Across the Group’s business, we have continued with our wide-ranging corporate renewal plans, and, I am pleased to say that these are very much on track. Through making some difficult decisions and putting the customers at the heart in all we do, we are working towards rebuilding and realigning the Group’s business. I am placing a lot of emphasis on this as I believe that trust, honesty, humility, transparency and accountability are the building blocks of a positive reputation.

GOVERNANCE

Your Board continues to enhance its foresight of corporate governance and compliance with regulations and guidelines in the Group.

The Risk Management Group continues to improve its capability in assessing risk and is providing meaningful input to your Board in this regard. Presentations to the Committee by the management have proven useful in developing greater understanding of risk exposure.

The Remuneration Committee continues to provide views on the level of remuneration of directors in line with the level of experience and responsibilities undertaken.

The Audit Committee continues to work on the growing financial complexity of the Group in an astute manner and provides assurance that the necessary processes are in place to meet its mandate and that they are actively monitored.

The continuing pressure on the Group's catering services division to reach an ever higher environment and contamination-free standards continue to be a major component of the Group's capital expenditure programme. Although necessary, these improvements seldom generate acceptable returns on expenditure. Nevertheless, your Board remains unwavering in its commitment to reach and maintain the standards required to be a world-class Halal food caterer and service provider.

EMPLOYMENT OF CHOICE

The number of short-term seasonal employee contracts in the catering services and Food & Beverages ("F&B") divisions were significantly reduced. This measure also translated to lower cost of over-time payments. I am pleased our total workforce comprises of 22 per cent female employees with 14 per cent at management level.

The Board and I are of the opinion we have the right balance of skills, experience and backgrounds to support and challenge the management team. The recent appointment of En Kamil Dato' Haji Abdul Rahman as independent Non-executive Director and Chairman of Audit Committee; has further strengthened the Board. I believe En Kamil will bring a wealth of banking, audit and corporate governance experience. We look forward to working with him to bringing the Company forward.

A highlight of my year has been getting out into the business and meeting so many of our colleagues, and personally seeing the passion and enthusiasm they have for the Group. During visits to the various Strategic Business Units, I was delighted to see the recognition the Group is receiving as an attractive employer.

DIVIDENDS

As the Group is in continuous efforts to restructure your business and realigning our capabilities, the Group is unable to declare any dividend this financial year.

Foundations have been continuously laid to ensure that FY2017 will be a turnaround period. I believe that we have focused on the right priorities as we continue to rebuild and strengthen the Group's business.

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

THE ECONOMIC AND INDUSTRY OUTLOOK

While there is no doubt that the Malaysian economy closed a difficult year on a good note with the country's GDP recording the strongest performance in four (4) quarters in Q4, expanding at a better-than-expected rate of 4.5 per cent. This clearly exemplify a level of robustness which was a direct result of significant increment in fixed investment and resilient private consumption.

Exports also showed a significant improvement, growing at the fastest pace since Q4 2016, in part due to a weaker Malaysia Ringgit (MYR) and global rising oil prices. External sector's net contribution to growth remained stable as imports also gained steam.

The inflation rate has moderated in the second quarter of 2016, after declining to 1.9 per cent from 3.4 per cent in the first quarter. In fact, all the 12 Consumer Price Index categories, which are used to measure inflation, declined. This suggests that the impact of the one-off price increase due to the implementation of the Goods and Services Tax (GST) has weaned out.

Public investment has recorded a positive growth of 6% and this number suggests a better prospect for the Malaysian economy moving forward, as the main driver of economic growth will be supported by strong domestic demand, which is led by private as well as public investments.

The recently appointed Bank Negara Governor, Datuk Muhammad Ibrahim, reiterated that the Malaysian economy is on track and remains on a steady growth path for 2017. For FY2017, most economists forecast that the Malaysian economy would grow at the range of between 4.5 and 5.5 per cent.

Having said that, inflationary pressures are likely to intensify in 2017, with headline inflation coming in at 3.0% on the back of recovering oil prices and stabilising core inflation. The USD/MYR exchange rate will remain volatile next year amid persistent global uncertainties.

There are strong signs that foreign capital has returned to Malaysia, which shows more stability and buoyancy in Malaysia's bond and equity markets.

Economic growth momentum is expected to stabilise in 2017, on the back of resilient domestic demand and improving prospects for external demand as indicated by the strengthening of the US economy and China's steadfast structural rebalancing. That said, the prevailing uncertainties vis-à-vis the commencement of BREXIT and the impact that this may have on European businesses, the US's trade strategy under Trump's administration and the lingering uncertainties over global oil prices will still pose crucial downside risks to the Group's forecasts for next year.

On the tourism sector, Chinese visits to Malaysia are expected to strengthen, assisted by the e-visa (electronic visa) scheme introduced since March 2016. Chinese visits to Malaysia have surged in 2016, rising by 26 per cent in the first eight months of 2016, with further strong growth expected in 2017, helped by the extension of the e-visa scheme as well as the significant increase in direct flights between Malaysia and China by Chinese airlines as well as Malaysia Airlines and AirAsia. The 11th Malaysia Plan has already outlined the push for services sector contribution to GDP to increase from around 54.1 per cent in 2016 to 56.5 per cent in 2020, led by an expected 5.9% average annual growth in the wholesale, retail, accommodation and restaurant sub-sector.

The Group believes that we can benefit directly from most of the economic activities described above.

“We are making the future the cause of our present.”

SUSTAINABLE OPPORTUNITIES

As of last 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. To this end, your Company has changed its Corporate Social Responsibility report into Corporate Sustainability Statement as recommended by Bursa Malaysia.

It is clear and a non-negotiable that building community trust through the responsible and sustainable management of our business is an indispensable part of our core values and culture. The Group’s sustainability initiatives focus on three key areas: in promoting health and wellness, minimising our environmental impact and we benefit the local communities where we operate.

Over the years, your Company has placed its commitment and efforts in integrating corporate social responsibility and sustainability across every aspect of the Group’s business. We continue to commit and invest significantly to create a shared value with our employees, communities, customers, consumers, shareholders, vendor and supply partners.

We aspire to make better decisions, integrate sustainability into our business across the Group and in the process we will enable ourselves to:
- deliver valuable insights to understand sustainability issues and make better decisions
- facilitate motivational dialogues and collaborations by building great work relationships so can we accelerate progress at the pace and scale required.
- influence at senior level and support our Strategic Business Units integrate sustainability into our core business strategy and operations.

APPRECIATION

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. Our commitment to best practices and stringent corporate governance played a key role in managing the Group’s risks and opportunities.

We bid farewell to:
- Colonel (R) Dato’ Ir Cheng Wah, Senior Independent Non-Executive Director
- En Mohamed Zamry bin Mohamed Hashim, Managing Director; and
- Mr Goh Joon Hai, Independent Non-Executive Director

who retired from the board in 2016. Their experience and guidance were of great assistance to myself and the Board. I would like to thank them for their invaluable and dedicated service to the Group.

For years, the management team has been under pressure to improve the Group’s overall financial and business growth performance. On behalf of the Board, I would like to thank and recognise all employees of the Group for their commitment, diligent efforts, their believe and resilience in delivering results in what continues to be a challenging environment. It is their commitment and focus to the Company that enables our substantial progress.

A big thank you also goes to all our business partners for their support and advice through challenging times, which continued to guide us through the Group’s next phase of our business realignment and growth.

BEYOND 2016

“Halal is one of the most promising and potentially high value industry.”
Dato’ Seri Ibrahim bin Haji Ahmad, Executive Chairman of the Group, as reported by Kristie Lu Stout for ‘Road to ASEAN’, a CNN series which looks at the major industries in Southeast Asia on August 2016, on: edition.cnn.com/2016/08/29/world/halal-industry/

The appeal of halal has extended beyond religious rules. Even some non-Muslims consider halal products to be of superior quality. To them a halal certification is a stamp of approval that signifies wholesomeness and high quality due to rigorous controls and checks throughout the supply chain. The halal business is growing fast and the halal food industry is burgeoning. It is more evident the in past 5 years and Brahim’s is one of the major players in this sector.

We are in the RIGHT business.

A report had valued the global halal food and beverage market at USD 1.37 trillion in 2014, which represented 18% of the entire market, and the number of Muslims worldwide is expected to increase from 1.6 billion in 2010 to 2.8 billion in 2050, according to Pew Research Center.

It is important that we get the Group back to “investment grade” and paying dividends. We are a business of scale and complexity and we have the resources to do a lot more. It will be our relentless focus on meeting customers’ needs that will help us to achieve our goals for the long-term success of the Company for the benefit of all our stakeholders.

I would also like to record my appreciation to our new partner SATS Ltd and look forward to more synergy and sharing of experiences between us to further grow our halal business and deliver value for all of our shareholders.

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

I look forward to seeing you at our 35th Annual General Meeting.

Dato’ Seri Ibrahim bin Haji Ahmad
Executive Chairman

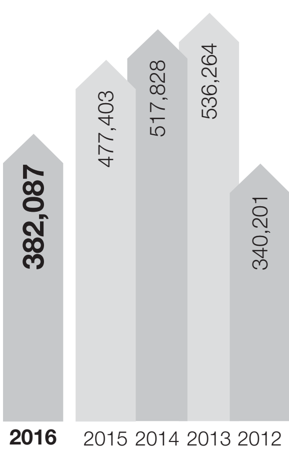
17 April 2017

06 FINANCIAL HIGHLIGHTS 2016

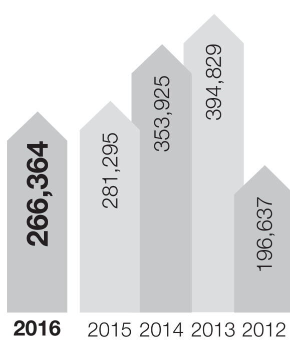
SUMMARY OF FINANCIAL STATEMENT

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Statements of Comprehensive Income (RM'000)									
Revenue	107,592	156,741	165,811	186,113	196,637	394,829	353,925	281,295	**266,364**
Profit/(Loss) before tax	1,639	11,176	19,639	24,465	24,254	58,800	(35,055)	(14,021)	**(120,820)**
Profit/(Loss) after tax	(3,660)	5,977	12,244	16,189	15,177	39,049	(33,832)	(15,418)	**(122,422)**
Profit/(Loss) attributable to equity holders of the Company	(4,103)	2,382	6,552	9,503	8,663	22,028	(31,962)	(15,680)	**(74,957)**
EPS/(LPS) (sen)	(2.80)	1.33	3.66	5.31	4.30	10.12	(13.64)	(6.64)	**(31.72)**
Statements of Financial Position (RM'000)									
Issued and paid-up capital	179,005	179,005	179,005	179,005	214,805	225,545	236,286	236,286	**236,286**
Total equity	159,890	152,051	164,294	179,840	230,442	288,883	273,361	257,944	**245,522**
Total assets	287,081	275,484	271,619	303,829	340,201	536,264	517,828	477,403	**382,087**

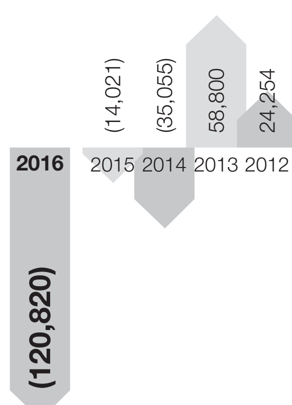
TOTAL ASSETS (RM'000)



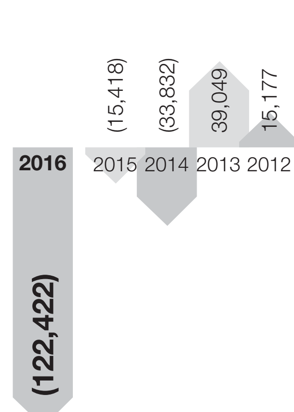
REVENUE (RM'000)



PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



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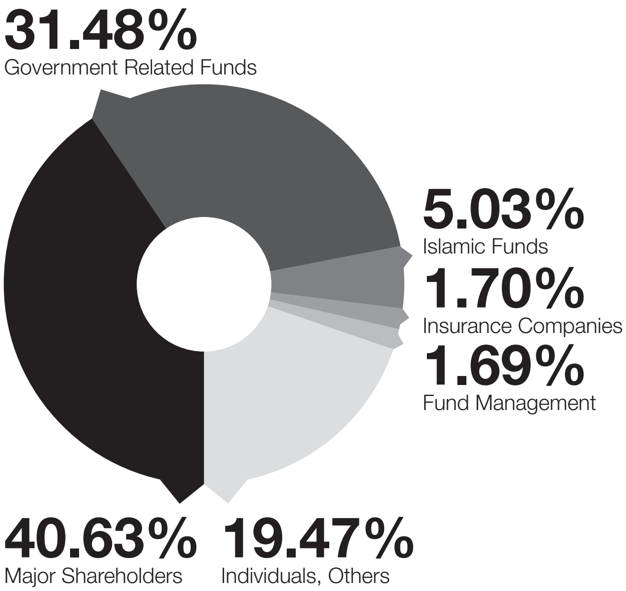
STOCK INFORMATION

As at 24 March 2017



STOCK SUMMARY

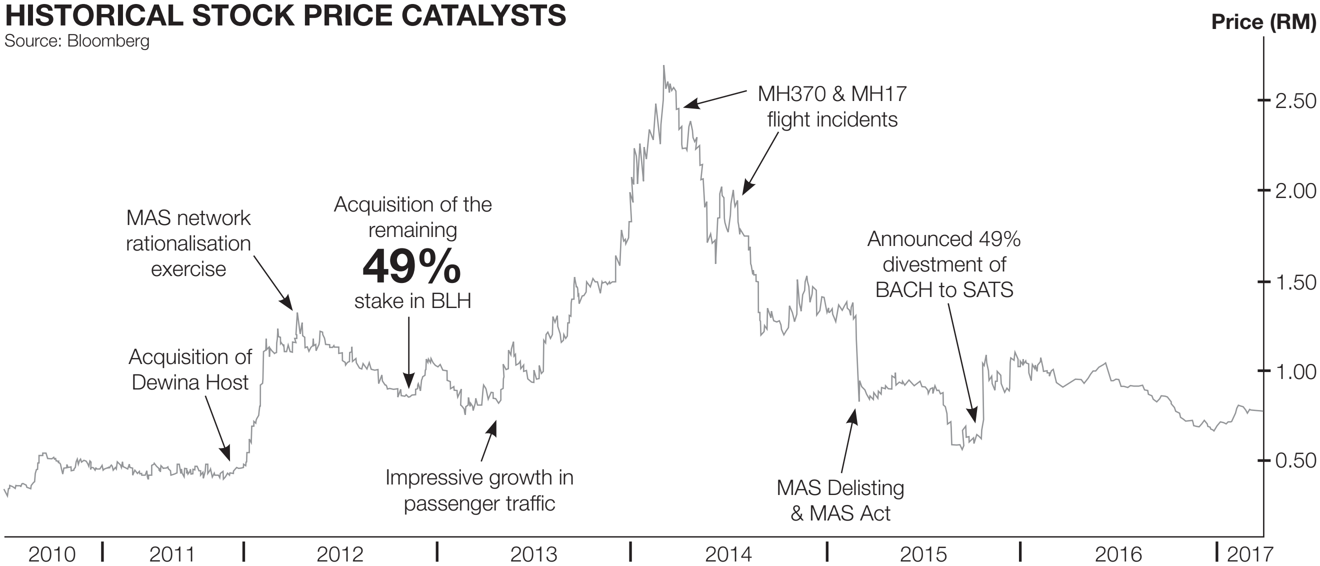
Stock Name	: BRAHIMS
Stock Code	: 9474
Number of Shares Issued	: 236,285,500 shares
Number of Shares Authorised	: 500,000,000 shares
Number of Shareholders	: 3,652

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	74,377,400	31.48
3	Islamic Funds	11,875,400	5.03
4	Insurance Companies	4,018,300	1.70
5	Funds Management	4,001,600	1.69
6	Individuals, Others	46,007,800	19.47
	TOTAL	**236,285,500**	**100**

HISTORICAL STOCK PRICE CATALYSTS

Source: Bloomberg



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FINANCIAL & INVESTOR CALENDAR 2016

01

15 January
EGM: Disposal of 49% equity interest in Brahim's SATS Investment Holdings Sdn Bhd ("BSIH") (formerly known as Brahim's Airline Catering Holdings Sdn Bhd).

02

25 February
BOD, AC & NC Meeting of BHB.

Appointed Encik Nasser bin Abu Bakar as CEO of BHB.

Appointed Encik Kamil bin Dato' Haji Abdul Rahman as Independent Non-Executive Director.

26 February
Announcement of Qtr 4 2015 Results.

04

12 April
MOU between Brahim's SATS Food Services Sdn. Bhd. ("BSFS") and 7-Eleven Malaysia Sdn. Bhd.

20 April
BOD & AC Meeting of BHB.

28 April
Announced 2015 BHB Audited Financial results and 2015 Annual Report.

05

25 May
34th AGM, BOD & AC Meeting of BHB.

Retirement of Mr Goh Joon Hai & Col (Rtd) Dato' Ir Cheng Wah as BHB Board of Directors.

Appointed En Kamil bin Dato' Haji Abdul Rahman as Chairman of NC and AC and member of RC.

Appointed Tan Sri Datuk Seri Panglima Sulong bin Matjeraie and Professor Dr Jinap binti Salamet as members of NC, RC and AC.

26 May
Announced Q1 2016 Results.

07

22 July
Brahim's Group of Companies Hari Raya Open House.

08

29 August
BOD & AC Meeting of BHB.

Announced Q2 2016 Results.

10

14 October
Announced resignation of Mr Ching Kian Hoe as Chief Financial Officer.

19 October
AC Meeting of BHB.

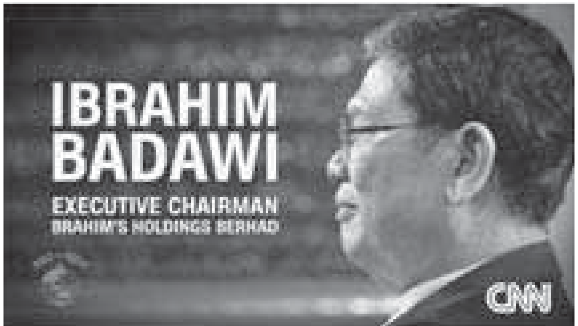
11

22 November
BOD & AC Meeting of BHB.

Announced Q3 2016 Results.

12

29 December
NC & RC Meeting of BHB.



09

MEDIA & AWARDS

Disability Management Excellence Awards; Gold Awards for best employee 2016 on Disability Management.

TUV NORD Certification for ISO 9001 & ISO 22000.

'On Time Performance' award from Air Asia for successfully achieving 99.85% OTP from January to December 2016.

Memorandum of Agreement (MoA) between BSFS and UKM for the F&B management services and upgrading of 5 food court at UKM Bangi, Bandar Baru Bangi.

The 34th JAMECA-MAJECA Joint Conference.

World Halal Conference 2016, Kuala Lumpur.

'Road to ASEAN', a CNN series which looks at the major industries in Southeast Asia on August 2016, on: edition.cnn.com/2016/08/29/world/halal-industry/

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BOARD OF DIRECTORS

As at 31 December 2016

Dato' Seri Ibrahim bin Haji Ahmad
Executive Chairman

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

Kamil bin Dato' Haji Abdul Rahman
Independent Non-Executive Director

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

AUDIT COMMITTEE

Kamil bin Dato' Haji Abdul Rahman
Chairman/Independent Non-Executive Director

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

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie
Independent Non-Executive Director

Professor Dr Jinap binti Salamet
Independent Non-Executive Director

NOMINATION COMMITTEE

Kamil bin Dato' Haji Abdul Rahman
Chairman/Independent Non-Executive Director

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

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie
Independent Non-Executive Director

Professor Dr Jinap binti Salamet
Independent Non-Executive Director

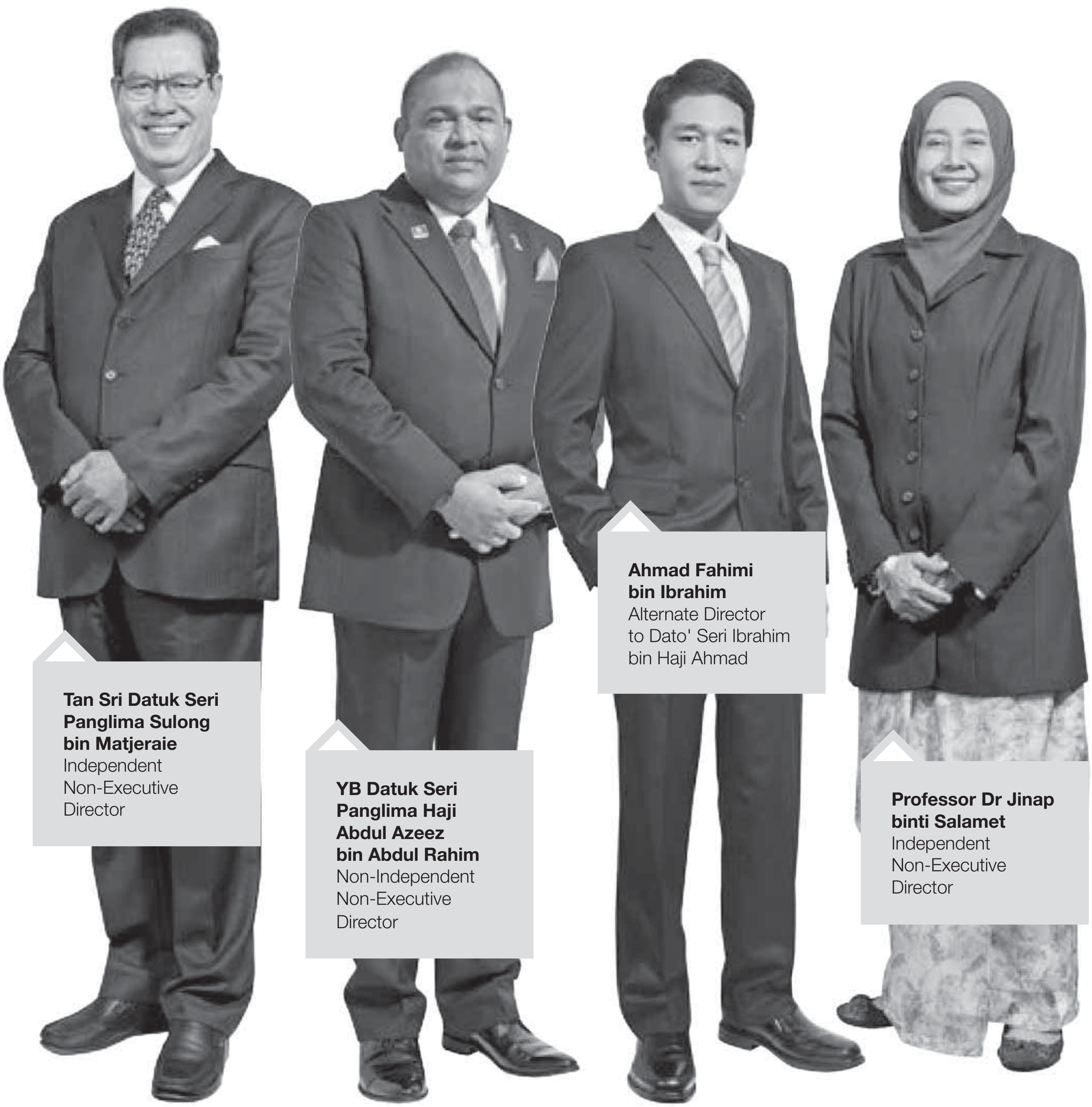
REMUNERATION COMMITTEE

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

Kamil bin Dato' Haji Abdul Rahman
Independent Non-Executive Director

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie
Independent Non-Executive Director

Professor Dr Jinap binti Salamet
Independent Non-Executive Director



Tan Sri Datuk Seri Panglima Sulong bin Matjeraie
Independent Non-Executive Director

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

Ahmad Fahimi bin Ibrahim
Alternate Director to Dato' Seri Ibrahim bin Haji Ahmad

Professor Dr Jinap binti Salamet
Independent Non-Executive Director

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BOARD OF DIRECTORS' PROFILE

DATO' SERI IBRAHIM BIN HAJI AHMAD
Executive Chairman

Nationality/Age Malaysian/70

Gender Male

Date of Appointment 15 May 2008

Length of Service (as at 28 February 2017) 8 years 9 months

Academic/Professional Qualifications
- Master's Degree in Food Technology, Louisiana State University
- Diploma in Agriculture, University Pertanian Malaysia
- Former lecturer and founding member of the Faculty of Food Science and Biotechnology, University Putra Malaysia
- Honoured with the '*Anugerah Usahawan*' (Entrepreneurship Award) in 1993
- Won the Outstanding Entrepreneur Award Asia-Pacific for 2013

Present Directorship(s) and/or Appointment(s)
- Chairman of Brahim's Holdings Berhad
- Founder and Executive Chairman of Dewina Holdings Sdn Bhd
- Chairman of Brahim's SATS Food Services Sdn Bhd
- Founder-Chairman of Baitul Hayati Charity Foundation
- Chairman of Food Aid Foundation
- Deputy President One Belt One Road Association Malaysia
- Executive Committee Member of Malaysia-Japan Econmic Association
- Member of SME Development Council

Past Directorship(s) and/or Appointment(s)
- Head of Corporate Research and Development at a public listed company
- National Representative of the UNESCO Regional Network for Basic Sciences
- Secretary-General of ASEAN Federation of Food Processing Industries
- Member of International Standards Committee SIRIM
- Council Member of Malaysian Microbiological Society and Malaysian Institute of Food Technology

TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN
Non-Independent Non-Executive Director

Nationality/Age Malaysian/74

Gender Male

Date of Appointment 15 May 2008

Length of Service (as at 28 February 2017) 8 years 9 months

Academic/Professional Qualifications
- Graduate from British Institute of Management and Institute of Marketing in the United Kingdom
- Master's in Business Administration from the University of Ohio, United States of America
- Lecturer and Council member/Director of University of Technology MARA

Present Directorship(s) and/or Appointment(s)
- Director of Brahim's Holdings Berhad
- Chairman of Censof Holdings Berhad
- Chairman of Rex Industry Berhad
- Chairman of Yayasan Arshad Ayub

Past Directorship(s) and/or Appointment(s)
- Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad
- Chairman and Chief Executive Officer of Setron (Malaysia) Berhad
- Chairman of Bank Kerjasama Rakyat (M) Berhad, Pan Malaysian Industries Berhad, Pan Malaysian Holdings Berhad, Pan Malaysia Capital Bhd, Chemical Company of Malaysia Berhad and Kawan Food Berhad
- Deputy Chairman of Metrojaya Berhad
- Director of (K & N) Kenanga Bhd and AMMB Holdings Berhad

DATO' CHOO KAH HOE
Non-Independent Non-Executive Director

Nationality/Age Malaysian/63

Gender Male

Date of Appointment 9 July 2008

Length of Service (as at 28 February 2017) 8 years 7 months

Academic/Professional Qualifications
- Degree in Company Administration from Sheffield Hallam University
- MBA from the University of Wales and Manchester Business School
- Chartered Company Secretary, ACIS
- Founding and fellow member of the Malaysian Institute of Commercial and Industrial Accountants, FCIA
- Fellow Institute of Public Accountants, Australia, IPA
- Fellow Chartered Banker, Asian Institute of Chartered Bankers
- International Certification in AML/CFT

Present Directorship(s) and/or Appointment(s)
- Director of Brahim's Holdings Berhad
- Managing Director & CEO, IBH Investment Bank Ltd
- Chairman of Labuan Investment Banks Group
- Chairman, Board of Examinations, AICB
- Industry Advisor for Universiti Malaysia Sarawak (UNIMAS), and Curtin University Sarawak Campus
- 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
- Member of the Company's Audit Committee
- Member of the Nomination Committee and Chairman of the Remuneration Committee

Past Directorship(s) and/or Appointment(s)
- Managing Director & Country Head, DBS Bank Labuan
- Executive Director, DBS Thai Danu Bank, Thailand
- Chairman, Executive Decision Panel for Nationwide Debt Restructuring, Bank of Thailand
- Vice-Chairman, Singapore-Thai Chamber of Commerce
- Chief Representative, DBS Bank Yangon Office
- Advisor to the Chonburi Chamber of Commerce, University Malaysia Sabah, Labuan International Campus, Young Entrepreneurs Association Malaysia (PUMM)

YB DATUK SERI PANGLIMA HAJI ABDUL AZEEZ BIN ABDUL RAHIM
Non-Independent Non-Executive Director

Nationality/Age Malaysian/51

Gender Male

Date of Appointment 26 June 2014

Length of Service (as at 28 February 2017) 2 years 8 months

Academic/Professional Qualifications
- Formed Kelab Putera 1 Malaysia after the idea was accepted by YAB Prime Minister, Dato' Sri Mohd Najib Tun Abdul Razak
- The Palestinian Ambassador – Prime Minister of the state of Palestine, TYT Dr Ismail Haniyeh

Present Directorship(s) and/or Appointment(s)
- Non-Independent Non-Executive Director of Brahim's Holdings Berhad
- Member of UMNO Supreme Council, as well as Member of Parliament for Baling since 2008
- Chairman of Lembaga Tabung Haji (LTH)
- Chairman of Yayasan Pembangunan Rakyat Baling, Kedah
- Executive Chairman in several organisations
- Advisor to several public listed companies
- Chairman of Putrajaya Perdana Berhad
- Director of Seni Jaya Corporation Berhad
- Director of Glomac Berhad

TAN SRI DATUK SERI PANGLIMA SULONG BIN MATJERAIE

Independent Non-Executive Director

Nationality/Age Malaysian/70

Gender Male

Date of Appointment 18 July 2013

Length of Service (as at 28 February 2017) 3 years 7 months

Academic/Professional Qualifications

- Bachelor of Arts (Hons) Degree from the University of Malaya in 1970
- Read law at the Inns of Court School of Law in London in 1971
- Bar of England and Wales in the Trinity Term of 1974 by the Honourable Society of Inner Temple, London
- Master of Laws (LLM) Degree from the University of Southampton in 1977
- Awarded a Certificate in Advanced Management Programme by the Banff School of Advanced Management, Alberta, Canada

Present Directorship(s) and/or Appointment(s)

- Director of Brahim's Holdings Berhad
- 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
- Bencher of the prestigious Honourable Society of the Inner Temple, London
- Independent Non-Executive Director of Ho Hup Construction Company Berhad
- Independent Non-Executive Director of Petra Energy Berhad
- Independent Non-Executive Director of Southern Acids (M) Berhad

Past Directorship(s) and/or Appointment(s)

- Federal Court Judge before his retirement in 2013 with over thirty years of legal and judicial experience
- 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
- Set up Messrs Sulong Matjeraie & Co and served as its Senior Partner
- Judicial Commissioner at the High Court of Malaya in Johor in 1998
- High Court Judge of Malaya in Johor Bahru in 2000
- High Court Judge at Kota Kinabalu, Sabah and Sarawak
- Judge of the Court of Appeal, and was later appointed at the Federal Court of Malaysia, Palace of Justice at Putrajaya

PROFESSOR DR JINAP BINTI SALAMET

Independent Non-Executive Director

Nationality/Age Malaysian/63

Gender Female

Date of Appointment 26 June 2014

Length of Service (as at 28 February 2017) 2 years 8 months

Academic/Professional Qualifications

- Professor and the Head of Food Safety Research Centre at Universiti Putra Malaysia (UPM)
- PhD Degree in Food Science from Pennsylvania State University
- Master's Degree in Food Science from Louisiana State University
- Diploma in Science and Education from Universiti Pertanian Malaysia
- Top Research Scientist of Malaysia (TRSM), 2014
- Malaysia Rising Star Awards (MRSA) – Frontier Research, 2016
- Fellow, Academy of Science Malaysia (ASM)

Present Directorship(s) and/or Appointment(s)

- Member of Industry Standard Committee for Food, Food Products and Food Safety (ISC-U)
- 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
- Member of National Codex Committee of Food Additives, and Food Contaminants
- Fellow of Academy of Science of Malaysia (FASc)
- Board Member of Food Analysis Committee Malaysia
- Chief-in-Editor for International Food Research Journal
- International Editorial Board for Food Additives and Contaminants
- Board member for UPM Innovations Sdn Bhd and Malaysian Cocoa Board

Past Directorship(s) and/or Appointment(s)

- Former Dean of the Faculty of Food Science, Director of Innovation and Commercialisation Centre, Director of University Research Park at UPM
- Former Vice President of the Malaysian Institute of Food Technology (MIFT)

KAMIL BIN DATO' HAJI ABDUL RAHMAN
Independent Non-Executive Director

Nationality/Age Malaysian/68
Gender Male
Date of Appointment 25 February 2016
Length of Service (as at 28 February 2017) 1 year
Academic/Professional Qualifications
- Bachelor of Commerce, University of Otago, New Zealand
- Chartered Accountant, Institute of Chartered Accountants, New Zealand
- Chartered Accountant, Malaysian Institute of Accountants
- Fellow Chartered Secretary, Institute of Chartered Secretaries and Administrators, United Kingdom
- Fellow, Institute of Company Secretaries Malaysia
- Certificate, Building Contractor, Universiti Putra Malaysia
- Director Accreditation Programme, Research Institute of Investment Analysts

Present Directorship(s) and/or Appointment(s)
- Setia DiRaja Kedah
- Senior Independent Non-Executive Director and Chairman of the Audit Committee, Khind Holdings Berhad
- Independent Non-Executive Director and Member of the Audit Committee, Jiankun International Berhad

Past Directorship(s) and/or Appointment(s)
- Executive Director, Commerce International Merchant Bankers Berhad
- Senior Vice President, Bank of Commerce (M) Berhad
- Chairman of the Audit Committee, Global Carriers Berhad
- Chairman of the Audit Committee, Magna Prima Berhad
- Chairman of the Audit Committee, PJ Bumi Berhad
- Chairman of the Audit Committee, Malaysian Merchant Marine Berhad
- Chairman of the Audit Committee, Bukit Katil Resources Berhad
- Chairman of the Audit Committee, Putera Capital Berhad
- Chairman of the Audit Committee, Hotline Furniture Berhad
- Chairman of the Audit Committee, Pancaran Ikrab Berhad
- Chairman of the Audit Committee, Wintoni Group Berhad

AHMAD FAHIMI BIN IBRAHIM
Alternate Director to Dato' Seri Ibrahim bin Haji Ahmad

Nationality/Age Malaysian/33
Gender Male
Date of Appointment 1 February 2014
Length of Service (as at 28 February 2017) 3 years
Academic/Professional Qualifications
- Master's Degree in Business Administration (majoring in Finance), University Putra Malaysia
- Bachelor's Degree in Creative Multimedia (majoring in Film & Animation), Multimedia University
- Holds a helicopter commercial pilot's license, having completed over 150 hours of flights training

Present Directorship(s) and/or Appointment(s)
- Alternate Director to Dato' Seri Ibrahim bin Haji Ahmad (as at 31 December 2015)
- Group Executive Director at Dewina Holdings Sdn Bhd

NASSER ABU BAKAR
Chief Executive Officer

Nationality/Age Malaysian/49
Gender Male
Date of Appointment 25 February 2016
Length of Service (as at 28 February 2017) 1 year
Academic/Professional Qualifications
- Senior Management Development Programme (SMDP)
- La Trobe University, Australia. B.Econs (Banking & Finance)
- Associate Member of Harvard Business School

Past Directorship(s) and/or Appointment(s)
- Senior General Manager, Group Strategic Planning and Business Development at Sapura Holdings Group of Companies
- 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
- Chief Operating Office at Accountant OnLine - a wholly owned subsidiary of HeiTech Padu Berhad
- Senior Investment Analyst – Buy Side at Soc-Gen Crosby (French Investment Bank) Malaysia
- Senior Research Executive (Quantitative and Qualitative Research) at AC Nielsen Malaysia
- Pricing Analyst at Melbourne Metropolitan Board of Works Australia/ Institute of Applied Economics and Social Research (IAESR), Melbourne University

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 5 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.

Audit and Non-Audit Fees
The auditors' remuneration including non-audit fees for the Company and the Group for the financial year ending 31 December 2016 are as follows:

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 2016 were as follows: RM1.166 million

Material Contracts Involving Directors', Chief Executive Who is Not a Director and Major Shareholders' Interest
There were no material contracts entered into by the Company and its subsidiaries which involved the interest of Directors', Chief Executive who is not a Director or Major Shareholders' subsisting as at the end of the financial year ended 31 December 2016.

Variance of Actual Profit from the Forecast Profit
There was no forecast profit announced pertaining to the financial year.

Internal Audit Function
Please refer to Statement on Risk Management and Internal Control.

Details of Audit Fees	Group	Company
	(RM'000)	
Statutory Audit Fees	483	180
Non-Audit Fees	92	35
TOTAL	575	215

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 2016
IBH Investment Bank Limited	Provision of financial services	RM1,166,000
TOTAL		RM1,166,000

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
PricewaterhouseCoopers
Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral, P. O. Box 10192
50706 Kuala Lumpur
Tel: 03-2173 1188
Fax: 03-2173 1288

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

CORPORATE INFORMATION & CORPORATE STRUCTURE

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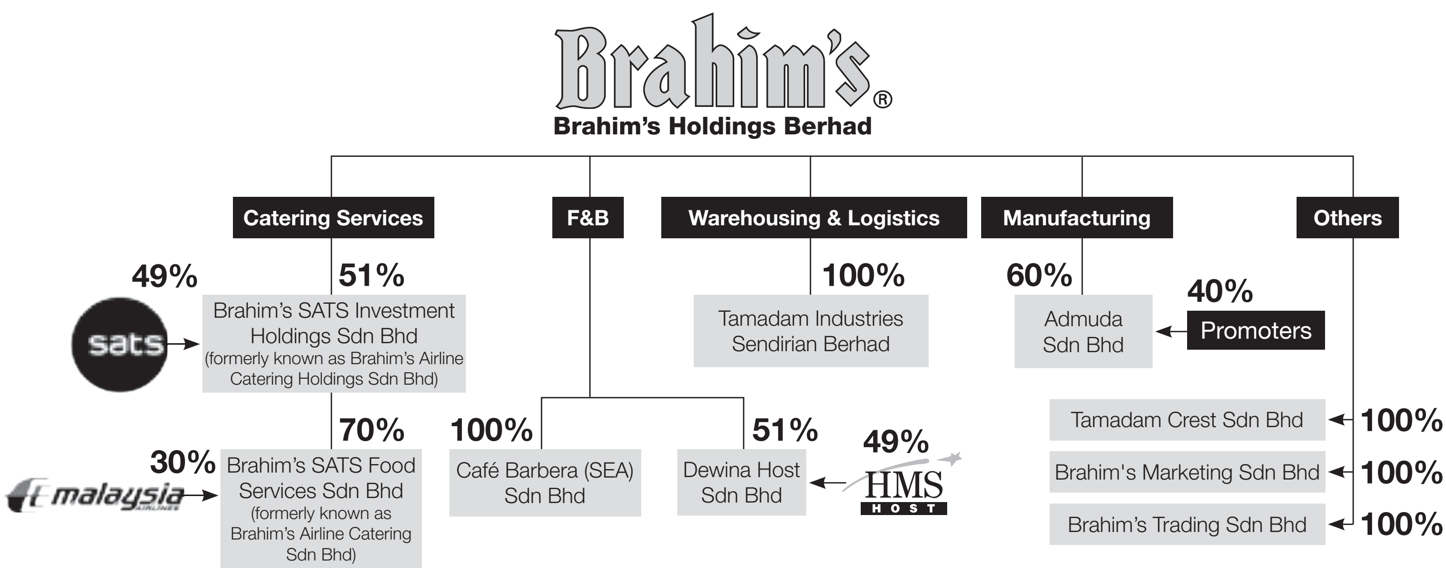
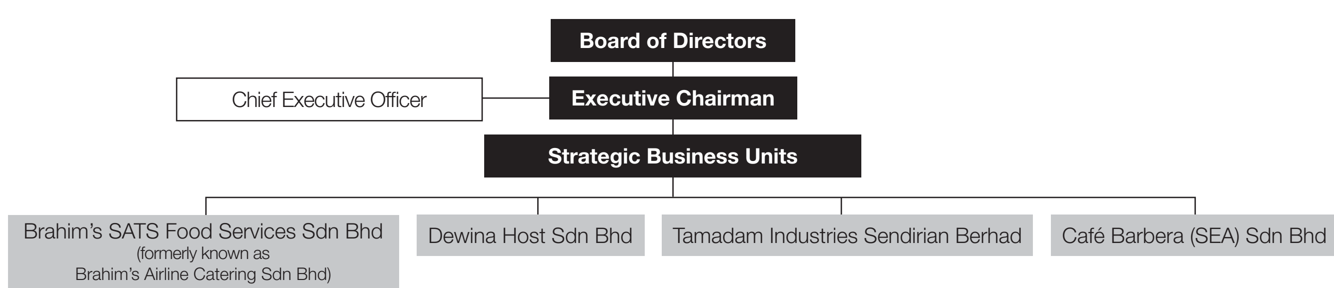
Brahim's is acknowledged as a global and **Malaysia's leading HALAL inflight catering** company and major operator of restaurants and cafes in KLIA and KLIA2. Brahim's serves **29 international commercial airlines** out of KLIA and Penang with MAB as its major customer. BSFS **produces an average of 50,000 meals per day** out of its flight kitchen in Sepang, KLIA catering to over 200 flights daily.





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MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

Brahim's Holdings Berhad's Group is the country's leading halal inflight catering company through its 51% equity interest in Brahim's SATS Investment Holdings Sdn Bhd ("BSIH") which in turn owns 70% of Brahim's SATS Food Services Sdn Bhd ("BSFS"). On 5 February 2016, the Group had disposed 49% equity interest in BSIH to SATS Investment Pte Ltd ("SIPL") for an aggregate cash disposal consideration of up to RM218 million. With this strategic partnership, BSIH has benefitted from working closely with SIPL and its related corporations currently operating in 43 airports across 11 countries, to explore opportunities for its halal inflight kitchen catering capabilities. In addition, BSIH is also tapping into the experience and know-how of SIPL and its related corporations in the non-airline catering business with the aim of further 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 2,572 sq. metres for Premium Urban Food Court and 133 sq. metres for a Fast Food outlet at International Departure sector (Airside).

With the contract extension of three years up to 2018 with Malaysian Airports, DHost will continue to operate the two (2) 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 operates Kopitime, Café Barbera and Food Paradise in KLIA Main Terminal.

DHost also operates multiple concepts in the biggest food court in KLIA2. The Premium Urban Food Court located at the airside of international departures offers seven (7) Food & Beverage concepts with Asian and International cuisine. Currently, there are eight (8) concepts operational in KLIA2 ie. Burger King, The Chicken Rice Shop, Noodles & Yong Tau Foo, Beverage Station, Taste of India, Toast Box, Hot Wok and Popeyes. The Urban Food Court is performing above expectations with the opening of Toast Box.

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 programme 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.

EXECUTIVE OVERVIEW

	(RM'000)		%
	2016	2015	Change
Selected From Statement Of Comprehensive Income			
Revenue	266,364	281,295	5.3
Direct operating expenses	(145,933)	(162,231)	10.0
Gross profit	120,431	119,064	1.1
Other income	981	1,402	30.0
Less: Distribution expenses	(14)	(34)	58.8
Administrative expenses	(115,647)	(115,432)	0.2
Other operating expenses	(117,211)	(7,802)	1,402.3
Finance costs	(8,992)	(10,438)	13.9
Share of results in joint ventures	(368)	(781)	52.8
Loss before tax	(120,820)	(14,021)	761.7
Income tax expense	(1,602)	(1,397)	14.7
Net loss after tax	(122,422)	(15,418)	694.0
Comprehensive income			
- attributable to Owners of the Company	(74,957)	(15,680)	378.0
- to non-controlling interest	(47,465)	262	18,216.4
Selected Items from Statement of Financial Position			
Property, plant & equipment	51,996	58,364	10.9
Goodwill on consolidation	190,963	282,563	32.4
Trade receivables	55,660	57,403	3.0
Fixed deposits & cash/bank balances	30,143	13,790	118.6
Total assets	382,087	477,403	20.0
Total liabilities	136,565	219,459	37.8
Equity attributable to owners of the Company	105,749	230,899	54.2

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.

Commentary:
In FY2016, the Group implemented the strategies which were put in place, and is gradually coming into realisation. The Group registered a consolidated turnover of RM266.37 million.

In FY2016, the Management:
a. introduced Group-wide Cost Cutting exercise;
and
b. initiated a Group-wide Enterprise Risk Management exercise.

These efforts are indirectly reflected in the Group's cost of goods sold (CoGS) and was particularly important for the Management because it had supported the Group in controlling purchasing and payroll costs.

The Group recorded a net loss per share of 31.72 sen for the year ended December 2016, compared with a net loss per share of 6.64 sen for the year ended December 2015. This unwarranted return per share was due to the fact that the Management was faced with tough economic environment coupled with stringent customers' demands. The Group also had to impair the goodwill allocated to catering services by RM91.6 million. This amount primarily posted a further increment in the Group's net loss in FY2016.
To recap, since the acquisition of Brahim's-LSG Sky Chefs Holdings Sdn Bhd ("BLSG") into BHB in FY2008, the Group had recorded RM282.56 million as a "Goodwill on Consolidation" in its Statement of Financial Position.

Return on Shareholders' Equity (ROE) was a negative 115.8% for 2016. Share price decreased by 35% to RM0.66 at year end as compared to the previous year of RM1.02.

BUSINESS OPERATIONS REVIEW

Brahim's SATS Food Services ("BSFS") (formerly known as Brahim's Airline Catering Sdn Bhd ("BAC"), is the principal inflight services provider at the Kuala Lumpur International Airport ("KLIA"), KLIA2 and Penang International Airport.

In 2016, BSFS serves 29 international airlines. BSFS is one of the main vendors to MAB, the national carrier, while other airline clients include: Emirates Airlines, Air Asia X, Air Asia, Cathay Pacific, Turkish Airlines, British Airways, Cathay Dragon, Vietnam Airlines, All Nippon Airways, Oman Air, Mahan Air, Japan Airlines, Garuda Indonesia, Eva Air, China Airlines, China Southern, Korean Air, Pakistan International Airlines, Xiamen Airlines, Air Mauritius, Malindo Air, Thai Smiles, Uzbekistan Airways, Nepal Airlines, Ethiopian Airlines, Iraqi Airways, Myanmar Airways and Air Hong Kong.

	2016	2015	% Change
Key Financial Ratios			
Liquidity			
Working capital (RM'000)	41,009	(11,895)	444.8
Quick ratio	1.56:1	0.82:1	91.1
Current ratio	1.66:1	0.88:1	87.4
Net sales per working capital	6.5	(23.6)	127.5
Leverage/Gearing			
Total borrowed funds	0.77	0.63	22.3
Coverage			
EBITDA (RM'000)	(101,349)	8,342	1,314.9
EBITDA/Int. Exp + CPLTD	(6.87)	0.22	3,195.8
Profitability			
Return on sales (%)	(46.0)	(5.5)	738.5
Return on assets (%)	(32.0)	(3.2)	892.1
Return on equity (%)	(115.8)	(6.7)	1633.7
Gross profit margin (%)	45.2	42.3	6.8
Operating expenses (%)	(142.2)	(101.5)	40.1
Operating profit margin (%)	(41.8)	(1.0)	4,100.9
Profit after tax margin (%)	(46.0)	(5.5)	738.5
Dividend payout rate (%)	-	-	-
Activity Ratio			
Interest coverage ratio	(12.40)	(0.27)	4,517.6
Receivables turnover ratio (days)	63	59	6.0
Payables turnover ratio (days)	73	53	38.7
Asset turnover (net sales/total assets)	0.70	0.59	18.3
Profit before tax/total assets (%)	(31.6)	(2.9)	976.7
Growth (%)			
Total assets growth	(20.0)	(7.8)	155.8
Total liabilities growth	(37.8)	(10.2)	269.2
Net worth growth	(4.8)	(5.6)	14.6
Operating profit growth	3,877.9	(88.9)	4,464.3
Net profit after tax growth	694.0	(54.4)	1,375.1
Sustainable growth	(115.8)	(6.7)	1,633.7
Other Financial Indicators			
NA per share (RM)	1.04	1.09	4.8
EPS (sen)	(0.52)	(0.07)	694.0
Share price at year end (RM)	0.66	1.02	35.3

BSFS caters to an average of 213 aircraft per day and prepares an average of 40,000 to 50,000 inflight meals per day from its huge and highly sophisticated halal inflight kitchen located at KLIA. Menus are planned in collaboration with the inflight services team from the customer airline who will stipulate their requirements. The chefs at BSFS will then suggest and propose recipes and meals modification taking into account of the local raw ingredients and produce available. A food tasting session is then arranged before a new menu is finally adopted and implemented. BSFS's inflight kitchen is categorised into 3 departments, namely: 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.

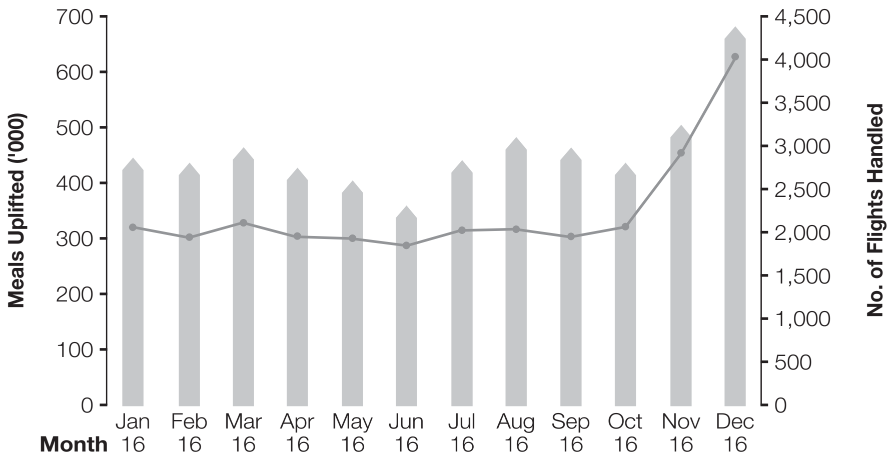
Operating 24 hours daily with a maximum capacity of about 60,000 meals per day, BSFS prides itself as a globally recognised 100% halal-certified inflight kitchen with a fully halal-compliant integrated food logistics supply chain. Besides food, BSFS also provides cabin handling services covering laundry services for pillows and blankets, filling the cabin trolley with items for inflight sales as well as providing passenger headsets, newspapers and periodicals. With 1,167 staff operating from a 59,806 sq. metres complex in KLIA, BSFS is the world's largest halal inflight kitchen and has won many international awards for quality and excellence.

BSFS is majority owned by Brahim's SATS Investment Holdings Sdn Bhd ("BSIH") with 70% equity and the balance of 30% owned by Malaysia Airlines Berhad ("MAB"). BSFS is located at the Catering Building, MAS Complex, South Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan.

The Group's FY2016 operating statistics are tabulated in Table 1, Table 2 and Table 3.

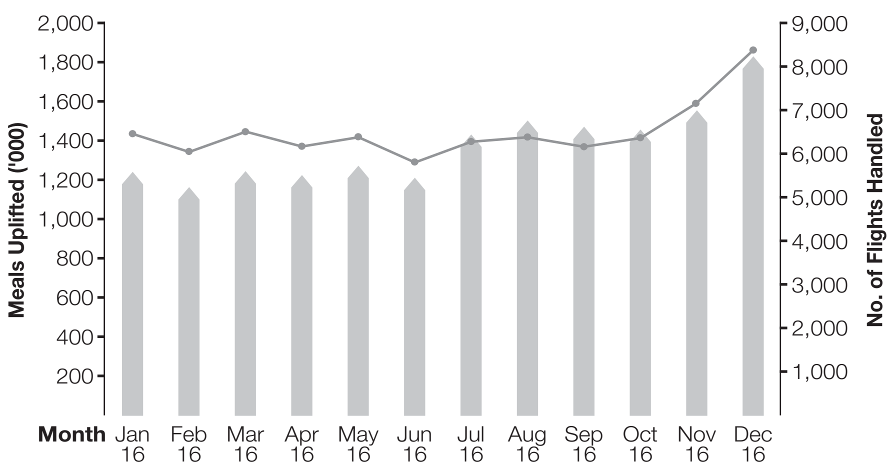
The strategic partnership with SATS has given access to BSFS to leverage on SATS existing network and expertise. In FY2016, the synergy achieved from this strategic partnering were as follows:

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



2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Meals Uplifted ('000)	448	439	470	430	405	366	445	450	469	438	500	684
Flights Catered	2,052	1,936	2,102	1,980	1,921	1,873	2,011	2,023	1,972	2,064	2,906	4,021

Table 2 – BSFS Total Activity Summary 2016



2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Meals Uplifted ('000)	1,217	1,160	1,228	1,211	1,282	1,203	1,432	1,504	1,461	1,463	1,550	1,819
Flights Catered	6,419	6,049	6,489	6,140	6,352	5,825	6,261	6,342	6,136	6,310	7,111	8,453

Table 3 – Historical Statistics

	2011	2012	2013	2014	2015	2016
Meals uplifted (in Millions)						
Total meals	15.10	15.00	17.00	18.00	16.00	16.50
From MAS	9.10	8.80	11.50	12.00	10.70	10.00
From FOCA	6.00	6.20	5.50	6.00	5.30	5.50
From Non-Airline						1.00
Total flights handled						
Total flights	67,148	66,033	78,123	83,659	82,264	77,887
From MAS	47,710	45,875	55,967	60,028	57,780	51,026
From FOCA	19,438	20,158	22,156	23,631	24,484	26,861
Staff strength						
Headcount	1,205	1,142	1,142	1,133	1,226	1,167

- Improve our readiness for airline audits (announce and unannounced) through coaching and knowledge sharing from SATS subject matter experts e.g. Hygiene Audit on allergens, rigorous hygiene spot checks, traceability of raw materials, recall of product batch, bacterial sampling counts, etc.
- SATS Chefs have shared their culinary skills to the BSFS Chef, Pastry Chef and Airport Lounge meal preparation team to transfer the technical skills thereby enhanced the meal quality, consistency and retain the airline customers. This initiative also allowed us to offer a wider variety of selection and showcase our creativity better.
- Access to a bigger pool of supplier base when tapped on SATS suppliers and to explore the potential for consolidation of raw material procurement, whenever possible. This has reduced the food cost for BSFS significantly especially in the area of managing the raw materials through better control and improved yields.

Both KLIA and KLIA2 recorded 52.6 million passengers in 2016, an improvement by 7.5% over 2015. KLIA handled 25.5 million passengers, 12.8% higher than 2015. This was additionally contributed by the transfer of Malindo Air and Lion Air from KLIA2 to KLIA Main terminal. KLIA2 handled 27.1 million passengers, a growth of 3.0% in 2016 over 2015, please refer to Table 4.

With the economy maintaining its current rate of growth, and specifically the tourism sector is anticipating a higher number of tourists due to the weaker Ringgit; the management believes that for FY2017, the Group is in a good position to benefit.

Restaurant Operations

- Dewina Host Sdn Bhd ("DHost") 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 travellers' preferences. The restaurants and cafes currently in operation at KLIA and KLIA2 are listed in Table 5.

  With continuous review of food offerings, benchmarking of prices and upgrading of marketing tools, we hope to improve revenue in 2017. With the Urban Food Court contract extension until 2019, DHost will continue operations with all units.

Table 4 – KLIA and KLIA2 Passenger Traffic ('000)

Airport	2016 December	2015 December	% YoY	FY2016	FY2015	% YoY
KLIA						
TOTAL	**2,762**	**2,126**	**29.9%**	**25,506**	**22,619**	**12.8%**
International	2,011	1,587	26.7%	18,937	17,581	7.7%
Domestic	751	539	39.2%	6,569	5,038	30.4%
KLIA2						
TOTAL	**2,568**	**2,711**	**(5.3%)**	**27,118**	**26,320**	**3.0%**
International	1,757	1,832	(4.1%)	18,231	17,179	6.1%
Domestic	811	879	(7.8%)	8,887	9,141	(2.8%)

www.malaysiaairports.com.my

Table 5 – Dewina Host Sdn Bhd Food & Beverage Brands Portfolio

	No	Outlet Name	Outlet Location	Sq. Metres
KLIA	1.	Burger King	Arrival Level, Main Terminal Building	150
	2.	Burger King	Mezzanine Level, Satelite Building	309
	3.	Café Barbera	Departure Level, Main Terminal Building	88
	4.	Kopitime Café	Departure Level, Main Terminal Building	78
	5.	Food Paradise	Mezzanine Level, Satelite Building	781
KLIA2	1.	Urban Food Court • Burger King • The Chicken Rice Shop • Taste of India • Noodles & Yong Tau Foo • Hot Wok • Toast Box • Beverage Station	International Departures	2572
	2.	Popeyes	International Departures	133

- Café Barbera (SEA) Sdn Bhd was incorporated in 2010 dealing in franchise Italian gourmet coffee with an outlet at No. 18, Lorong Maarof, Bangsar, Kuala Lumpur, 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 Skypark Subang.

  Barbera Caffe S.p.A., the Principal based in Naples, Italy was founded in 1870. Café Barbera Malaysia offers world-class premium quality coffee and Italian meals in an Italian café setting.

  This business segment is still operating in the red. In FY2016, the Management continues to tighten its cost structure and reduce overhead expenses.

Warehousing and Logistics Division

This strategic business unit operates a bonded warehouse on 15.134 acres of sub-lease KTM land in North Port. 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.

For FY 2016, the Division was faced with difficult times, with the weakening of the RM against USD, and the global economic downturn, many importers has opted for Just in Time (J.I.T) orders, to eliminate additional cost. This approach bypassed the need of storage facilities. To overcome this, we have diverted our business approach and have targeted customers whom are into the import/export of raw materials, and converted a 10,000sq. ft. of ambience space to air-conditioned.

BUSINESS ENVIRONMENT

The International Economic Outlook
The US economy is anticipated to see a modest upside from stronger business confidence and possibly some tax relief later in 2017. Europe and Japan are also experiencing, somewhat surprisingly, stronger internal growth dynamics. In contrast, uncertainties of different kinds are being felt throughout emerging markets' growth prospects especially in India, Mexico, Turkey and Saudi Arabia.

On average, economists are projecting a 2.9 percent global growth in 2017– which is a slight notch up from earlier projections. For the medium term there are no signs as yet that policy changes will raise the trend for the next five or ten years. While business needs to stay focused on strengthening qualitative growth factors, such as technology, innovation, and skills, possible disruptive forces from trade and immigration policies create substantial downside risk around the medium-term growth outlook.

As 2017 begins, the global economic environment is mixed affected by political uncertainties are on the rise. The new Administration in the US will inject a substantial fiscal stimulus – based on reduced corporate taxes and higher infrastructure spending. In Europe, growth and inflation have begun to accelerate, yet unemployment remains stubbornly high. In Asia, growth is stabilising, but risks are piling up in the form of higher debt and rising trade tensions. Though Australia and South Korea registered positive growth over the last few quarters, external and internal factors may impede future growth. Singapore, faced with slowing economic growth, is revamping. In Indonesia, the central bank is likely to halt its easing spree, until the Federal Reserve System of the United States' stance on interest rates and the new US government's policies are clearer.

The Malaysian Economy
While there is no doubt that the Malaysian economy closed a difficult year on a good note with the country's GDP recording the strongest performance in four (4) quarters in Q4, expanding at a better-than-expected rate of 4.5 per cent. This clearly exemplify a level of robustness which was a direct result of significant increment in fixed investment and resilient private consumption.

The inflation rate has moderated in the second quarter of 2016, after declining to 1.9 per cent from 3.4 per cent in the first quarter. In fact, all the 12 Consumer Price Index categories, which are used to measure inflation, declined. This suggests that the impact of the one-off price increase due to the implementation of the Goods and Services Tax (GST) has weaned out.

Inflationary pressures is likely to intensify in 2017, with headline inflation coming in at 3.0% on the back of recovering oil prices and stabilising core inflation. The USD/MYR exchange rate will remain volatile next year amid persistent global uncertainties. There are strong signs that foreign capital has returned to Malaysia, which shows more stability and buoyancy in Malaysia's bond and equity markets.

Economic growth momentum is expected to stabilise in 2017, on the back of resilient domestic demand and improving prospects for external demand as indicated by the strengthening of the US economy and China's steadfast structural rebalancing. That said, the prevailing uncertainties vis-à-vis the commencement of BREXIT negotiations and the impact that this may have on European businesses, the US's trade strategy under Trump's administration and the lingering uncertainties over global oil prices will still pose crucial downside risks to the Group's forecasts for next year.

On the tourism sector, Chinese visits to Malaysia are expected to strengthen, assisted by the e-visa (electronic visa) scheme introduced since March 2016. Chinese visits to Malaysia have surged in 2016, rising by 26 per cent in the first eight months of 2016, with further strong growth expected in 2017, helped by the extension of the e-visa scheme as well as the significant increase in direct flights between Malaysia and China by Chinese airlines as well as Malaysia Airlines and AirAsia. The 11th Malaysia Plan has already outlined the push for services sector contribution to GDP to increase from around 54.1 per cent in 2016 to 56.5 per cent in 2020, led by an expected 5.9% average annual growth in the wholesale, retail, accommodation and restaurant sub-sector.

Various sources in cluding BNM, OCBC, EY

SIGNIFICANT ACCOUNTING POLICIES

The adoption of the accounting standards and interpretations (including the consequential amendments) are fully outlined in Note 3 of the Financial Statements. They do not have any material impact on the Group's accounting policies and 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:

- **Catering Services**
  The revenue for catering services segment for the current year was RM257.8 million from RM271.1 million in the previous year. The reduction in catering services revenue resulted from the significant reduction of flight routes by BSFS's major customer, Malaysia Airlines Bhd ("MAB"). The route cuts are part of MAB's change in business strategy.

  The outlook for the catering services segment continues to remain challenging. In order to mitigate the weakening in revenue, Management is exploring diversification into non-traditional source of revenue such as Foreign Carriers (FOCA) and other non-airline businesses. BSFS will continue the cost saving initiatives that were implemented last year as part of BSFS's business plan for 2017.

- **F&B Segment**
  The revenue for F&B segment for the current year contributed RM1.0 million, a decrease from RM2.3 million in the previous year.

- **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 RM7.30 million (2015 : RM7.64 million). The warehouse occupancy rate continued to remain on track.

STATEMENT OF FINANCIAL POSITION AND FUNDING SOURCES

One of our focus on risk management is on the size and composition of the Statement of Financial Position. While the Group's asset base changes arising from market fluctuations and clients' activities, and the opportunities of new businesses, the size and composition of our Statement of Financial Position 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 tabulation below shows the Group's external funding sources.

	BHB	CB	Total
External credit facilities (RM'000)	75,750	3,752	79,502
Average cost of borrowings (% p.a.)	7.38	7.5	-

OVERVIEW AND STRUCTURE OF RISKS MANAGEMENT

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

However, due to the complexity and management of a wide range of risks, the nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses. It should be noted that the Company's system of internal control and risk management are designed to provide reasonable but not absolute assurance against material misstatement, frauds or losses.

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.

RISKS FACTORS THAT MAY AFFECT OUR BUSINESS

- 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 catering services 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 businesses.
- 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.
- 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 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, BSFS is constantly expanding their clientele to include non-airline catering.

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CORPORATE SUSTAINABILITY STATEMENT

The Group is 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 believe in making a positive impact in the communities we live and work in. Commitment, respect, integrity, sustainability and performance (C.R.I.S.P) forms our core values and define us as a whole. These values has always been a part of our foundation and serves to guide us towards excellence.

As a Group, we are always committed to giving our best to our stakeholders even as we uphold the principles of corporate governance. We also realise our responsibility as a business to not only ensure that it is sustainable, but to take into consideration of the environment and social practices.

WORKPLACE

We believe in embracing diversity in our work environment, where opportunities are given to everyone to develop themselves. We value positive attitudes and a determination to improve, as well encouraging our employees to adopt a healthy work and lifestyle balance.

The Group believes and promotes honesty and ethical practices. Our Code of Ethics are shared throughout the Group, from top management to members of the staff. We believe in uncompromising integrity and seek to demonstrate our values according the C.R.I.S.P. With the establishment of the integrity unit, programs in 2016 were designed to focus on education, prevention, enhancement and punitive. We also launched Integrity Week, and invited prominent speakers to give talks.

BSFS, as the principal employer within Brahim's Group is a staunch believe in social diversity and provides equal employment opportunities no matter the gender, ethnicity, age or disabilities. As at end 2016, BSFS employs 1,167 staff. The demographics are as follows:

Age Range	Male	Female
Below 30 years old	139	47
Between 31-40 years	269	86
Between 41-50 years	384	108
Above 50 years old	121	13
TOTAL	**913**	**254**

In any job, safety is integral. We are committed to maintaining the highest standards and ensuring that there is minimum health and safety risks to our employees, and the general public who come into contact with us during visits, audits or meetings. To achieve this, we promote safety, health and environment awareness in our employees and take preventive measures. BSFS also holds training to educate supervisors and leaders to create a safe working environment.

ENVIRONMENT

The Group's major subsidiary, BSFS continues to practice procurement policies with minimal negative impact to the environment. Our suppliers are selected based on their quality and commitment and undergo audits to ensure their standards. For items that are labeled as non-perishable, deliveries are lower in frequencies but in higher volumes and basic items are consolidated to a few dedicated suppliers to reduce transportation emissions and ensure higher efficiency.

We manage our GreenHouse Gas (GHG) in compliance with the Environmental Quality Act (Clean Air) Regulations 2014 by replacing energy-hungry incandescent light bulbs with more energy-efficient florescent light bulbs and L.E.D. Office equipments such as computers, printers and fax machines are turned off after work hours. Materials such as paper, plastic, metals and organic materials are also separated to be recycled. Vehicles under BSFS undergo regular maintenance to ensure that the fuel emissions are within acceptable ranges. Scheduled wastes and effluents are responsibly disposed at prescribed premises; with solid wastes disposed an average of nine times a day and liquid wastes such as used oil are collected and properly disposed by the vendor. All wastes produced by BSFS are non-hazardous.

BSFS used around 396,000 cubic metres of water in 2016 largely in food processing and cleaning activities. To reduce wastage, the Group uses sensor taps and regularly check faucets and pipes for leaks. Any leakages detected are to be addressed swiftly.

COMMUNITY

The Group believes in not only providing and maintaining an engaging work environment for our employees, but also to make a difference in the communities we live and work in. In line with our views, we support non-profit and charity organisations by giving aid however we can.

The Group also collaborate with other charitable organisations such as Food Aid Foundation and Baitol Hayati Foundation, both of which chaired by our Executive Chairman.

Skills and experience are assets to any individual. As such, the Group trains and employs fresh graduates to educate and train them to help raise the quality of our staff and youth, as well as to provide them with better opportunities. The Group also provides employees with disabilities work and experience the same quality of life as their peers.





As part of our community efforts to support and give back to society, our subsidiary BSFS has undertaken several initiatives that includes:

- Fasting break for the underprivileged
- Visitations to orphanages
- Visitation to an old folk's home
- Back to School Program for underprivileged children

A more detailed calendar of activities for the year 2016 is listed as follows:

22 February 2016
BSFS Penang Flight Kitchen received a visit from Cathay Dragon for an Operation Audit including Business Continuity Plan and Catering Pre-flight Inspection.

26 February 2016
A cheque of RM10,000 and necessities were donated to special needs children organisations in Ranau, Sabah as part of CSR activities under Kembara Syahadah programme.

27 February 2016
A closed Golf Tournament (Piala CEO) held at Port Dickson Golf & Country Club participated by management and staff.

15 March 2016
1st supply of frozen meal to Royal Australian Air Force by BSFS Penang. Completed 3 request order from RAAF for year 2016. 1st delivery was on 15 March 2016. 2nd delivery is on 18th July 2016, and the 3rd delivery was on 8th September 2016.

23 March 2016
Integrity Week programme launched at Dewan Perdana, BSFS to remind on the on the importance of integrity as BSFS work Culture and BSFS core values (C.R.I.S.P.).

24 March 2016
Teh Tarik / Townhall with CEO session was held at BSFS Penang for various staff members in Penang office to brief them on the current conditions the Company is facing.

29 March 2016
The launch of Top 20 Talent programme as part of the succession planning project and announcement of selected candidates.

15 April 2016
BSFS Penang Flight Kitchen received an academic visit from UiTM Shah Alam students and lecturers.

19 April 2016
Health Awareness Campaign was held at BSFS Penang in collaboration with Health Department, Penang Airport.

30 April 2016
BSFS Penang conducted a closed bowling tournament between Management and Staff to strengthen their relationship through sport activities.

7 May 2016
1st GoKart Tournament between Management and Staff at Sepang International GoKart Circuit to strengthen their relationship through sport activities.

17 May 2016
As part of staff engagement programme, an activity called 'Turun Padang Pihak Pengurusan di Kafeteria' is held. Chief Executive Officer, Chief Operating Officer and Chief Information Officer of BSFS has spent their lunch hour to cook and served food for the staff as an appreciation to staff hard work.

20 May 2016
A closed Futsal Tournament was held between Management and Staff to strengthen their relationship through sport activities at Nilai Sports centre.

21 May 2016
A charity work 'Gotong Royong Bersama Pertubuhan Anak Yatim & Miskin, Sungai Merab Bangi' was conducted as part of BSFS CSR programme participated by 40 BSFS staff.

28 May 2016
BSFS Penang had a Treasure Hunt activity held at Queensbay Mall Penang. This activity was participated by 28 staffs from various sections.

10 June 2016
Bubur Lambuk distribution was held at BSFS Penang to all staff and vendors as part of Ramadhan activities.

11 June 2016
A programme called 'Singgah Sahur' to Rumah Anak Yatim, Olak Lempit, Banting was successfully conducted in conjunction of Ramadhan. BSFS contributed the meals for sahur and donated RM5000 cash money contributed by Company and staff.

17 June 2016
Bubur Lambuk distribution was held at BSFS lobby area to all muslim staff as part of Ramadhan activities.

An Iftar Celebration was held on the same day between the Management team, staff members, orphans and the under-privileged. 35 orphanage from Pertubuhan Anak Yatim Baitul Sakinah, Kota Warisan, Sepang were invited to broke fast at Anjung Selera. There were also goodies distribution and RM5,000 cash donation contributed by the company and staff.

Brahim's Dewina Group of Companies and Food Aid Foundation to Feed the Needy
In conjunction with Brahim's Dewina 30th anniversary celebration, the Group together with Baitul Hayati Foundation collaborated with Food Aid Foundation to host a Hari Raya feast for 100 children from four homes in Selangor, namely: Pertubuhan Kebajikan Baitul Kasih, Rumah Amal Suci Rohani, Pertubuhan Rumah Amal Cahaya Tengku Ampuan Rahimah and Rumah Kanak-Kanak Angel in Kuala Lumpur on 17 July 2016.

24 June 2016
A visit to Rumah Jagaan & Rawatan Orang Tua Al-Ikhlas by BSFS management team and 30 staff from all department. A 3 hours programme was successfully conducted along with meals and RM5000 money contribution.

26 June 2016
Majlis Berbuka Puasa was held at Penang Flight Kitchen. Orphanage from Rumah Permata Kasih was invited.

29 June 2016
CEO Town Hall at Dewan Perdana, BSFS. Gathering session with all level of staff with CEO updating on the company progress and inspiration for moving forwards.

4 July 2016
Distribution of BSFS new corporate T-Shirt in conjunction of new company's name (from BAC to BSFS) and new logo (with SATS).

17 July 2016
As part of their 30th anniversary celebration, Dewina collaborated with Food Aid Foundation and Baitul Hayati Foundation to host a Hari Raya feast at Café Barbera for 100 children from four homes in Selangor, namely Pertubuhan Kebajikan Baitul Kasih, Rumah Amal Suci Rohani, Pertubuhan Rumah Amal Cahaya Tengku Ampuan Rahimah, and Rumah Kanak-Kanak Angel Kuala Lumpur.

26 July 2016
Hari Raya Celebration, Dewan Perdana, BSFS with all staff, managements and business partner.

29 July 2016
Hari Raya Celebration, BSFS Penang for staffs, family and customers.

17-20 August 2016
Battle of the Chefs Competition was held at SPICE Arena Penang. Annual Cooking Competition to compete among all chef across the globe and BSFS score 2 gold, 1 silver, 6 bronze and 7 Diploma.

30 August 2016
Merdeka Day celebration at Dewan Perdana, BSFS with management and staff.

1 September 2016
Students from Politeknik Tuanku Syed Sirajudin, Perlis had academic visit to Penang Flight Kitchen.

1 October 2016
Supply of meals for ETS VVIP coach in conjunction with 100 years Pandu Puteri celebration at Tanjung Malim. VVIP for the event includes Datin Sri Paduka Rosmah Mansur and YM Tengku Puan Pahang Tunku Azizah Maimunah Iskandariah.

15 October 2016
Badminton Tournament was held between Management and Staff to strengthen their relationship through sport activities at Nilai Sports centre.

2 November 2016
Soft launched of BSFS in house Wellness Centre and Physiotherapy by CEO.

23 November 2016
Disability Management Excellence Awards, Mandarin Oriental Hotel KL. BSFS won the Gold Awards for best employee 2016 on Disability Management presented by Minister of Human Resources.

23 November 2016
BSFS Penang Bowling Tournament was held at Bukit Jambul Complex. There were as many as 30 players who competed in individual category.

01 December 2016
BSFS Penang received a visit from Dept of Civil Aviation for an audit on ground handling.

23 December 2016
Annual Fire Evacuation Exercise was held at Penang Flight Kitchen with collaboration from Jabatan Bomba & Penyelamat Bayan Baru and AFRS Penang Airport.

29 December 2016
Launching of Safety Campaign in BSFS in conjunction with 10 years RAMP Safety Improvement Team (RIT) establishment and achievement with BSFS management, BSFS Airport Safety Practitioner and Malaysia Airport Holding Berhad Airside and Landside Management Representatives.

30 December 2016
Back to School Programme at Pusat Jagaan Kanak-Kanak Yatim/Miskin Muhammad Al-Fateh, Bangi. BSFS contributes school uniform and stationery worth RM3500. This programme is represented by the management and 20 staff from various department.

25 January 2017
A programme 'Mari Berzakat' was held at Penang Flight Kitchen for muslim staff' awareness about zakat. Representative from Pejabat Zakat Pulau Pinang was invited.

18 February 2017
Green Campaign program – Tree Planting at Paya Indah, Dengkil in collaboration with FRIM (Forest Research Institute Malaysia) in creating awareness towards persevering mother earth.

2 March 2016
Presented with 'On Time Performance' award by Air Asia for successfully achieving 99.85% OTP from January to December 2016.

CODE OF ETHICS

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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 my 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 (2) 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

Being a holding company, the CEO is to guide the Executive Chairman of the Board in the following areas:

- To assist in developing policy direction of the operations of BHB.
- To assist in ensuring BHB is managed and operating in an efficient and effective manner
- To bring material and other relevant matters pertaining to BHB 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 2016.

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 2016, the Board size of eight (8) members comprises the Executive Chairman, three (3) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and Alternate Director to Executive Chairman. The composition of the Board meets the criteria on one-third independent directorship as set out in the Main Market Listing Requirements.

The majority of the Board comprise of Non-Independent Directors, including that of the Executive Chairman.

Throughout the financial year 2016, decisions made at Board level were arrived based on presentations, analyses and recommendations from the respective Board Committees.

The three (3) Board Committees comprised of a majority of Non-Executive Independent Directors.

The above practice adhered to the Malaysia Code on Governance 2012.

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 Board Committees and Management. On February 2016, Company appointed new Chief Executive Officer, Nasser Abu Bakar to replace outgoing Managing Director cum Director, Mohamed Zamry bin Mohamed Hashim. 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 Board Committees are 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:

- 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.
- should there be a vacancy in the Board, it is a guideline to replace and appoint a suitable and qualified candidate, within an acceptable time frame

The Board has delegated certain responsibilities to three (3) Board Committees i.e. the Audit Committee, Nomination Committee and Remuneration Committee which operated within clearly defined terms of reference.

The Executive Chairman is primarily responsible for the orderly conduct and workings of the Board, and 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.

Kamil bin Dato' Haji Abdul Rahman is the 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 2016, five (5) 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 (or his Alternate Director, Ahmad Fahimi bin Ibrahim	5/5	100
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	4/5	80
Dato' Choo Kah Hoe	4/5	80
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	5/5	100
YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim	4/5	80
Professor Dr Jinap binti Salamet	4/5	80
Kamil bin Dato' Haji Abdul Rahman (appointed on 25 February 2016)	4/4	100
Col (R) Dato' Ir Cheng Wah (retired on 25 May 2016)	2/2	100
Goh Joon Hai (retired on 25 May 2016)	2/2	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 Constitution of the Company.

Board Charter
The Board Charter adopted in 2012 is also represented in this Annual Report. In this board charter, the Board recognises 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 three (3) Independent Non-Executive Directors and one Non-Independent Non-Executive Director with Kamil bin Dato' Haji Abdul Rahman as Chairman of the Committee. The composition and Terms of Reference of the Audit Committee are also provided in this report.

Name	Designation
Kamil bin Dato' Haji Abdul Rahman (appointed as member on 25 May 2016)	Chairman/ Independent Non-Executive Director
Dato' Choo Kah Hoe (Member)	Non-Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (appointed as member on 25 May 2016)	Independent Non-Executive Director
Professor Dr Jinap binti Salamet (appointed as member on 25 May 2016)	Independent Non-Executive Director
Col (R) Dato' Ir Cheng Wah (retired on 25 May 2016)	Senior Independent Non-Executive Director
Goh Joon Hai (retired on 25 May 2016)	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:

Name	Designation
Kamil bin Dato' Haji Abdul Rahman (appointed as member on 25 May 2016)	Chairman/ Independent Non-Executive Director
Dato' Choo Kah Hoe (Member)	Non-Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (appointed as member on 25 May 2016)	Independent Non-Executive Director
Professor Dr Jinap binti Salamet (appointed as member on 25 May 2016)	Independent Non-Executive Director
Col (R) Dato' Ir Cheng Wah (retired on 25 May 2016)	Senior Independent Non-Executive Director
Goh Joon Hai (retired on 25 May 2016)	Independent Non-Executive Director

The terms of reference of the Nomination Committee include:
- annual review of the composition and required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should possess.
- assess on an annual basis, the effectiveness of the Board and assessing the contribution of each individual Director, including Independent Non-Executive Directors.
- to review the term of office and performance of the audit committee and each of its members annually and to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.
- to recommend to the Board suitable Directors to fill the seats of various Board Committees.

All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are 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 before making recommendation to the Board.

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 in-line with Principle 4 of the Code by attending conferences, workshops etc to update knowledge and skills.

- **Dato' Seri Ibrahim bin Haji Ahmad**
  - 30-31 March 2016 – A speaker at World Halal Conference Kuala Lumpur "Halal at the Forefront of Economic and Social Change" organised by Halal Industry Development Corporation (HDC).
  - 1 June 2016 – The 34th JAMECA-MAJECA Joint Conference (Tokyo) *"Deepening and Strengthening the Economic Collaboration between Malaysia and Japan"* organised jointly by Japan-Malaysia Economic Association (JAMECA) and Malaysia-Japan Economic Association (MAJECA). Brahim's Japan presented a paper on "Investment Opportunities for Japan Halal Market".
- **Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain**
  - 11 August 2016 – Attended seminar on Leadership Excellence From The chair held at Bursa Malaysia.
  - 8 December 2016 – Attended conference on Global Entrepreneurship Community 2016.
- **Dato' Choo Kah Hoe**
  - 28 January 2016 – Equity Crowdfunding 101 talk at Securities Commission, Malaysia.
  - 9 March 2016 – Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom.
  - 15 March 2016 – Risk and Vulnerability of Global Markets: Reinforcing Resilience in Emerging Markets.
  - 18 October 2016 – "Do you have what it takes to be a CEO?" by Professor Alex Frino, Professor of Economy at University of Wollongong (UOW), Australia.
- **Tan Sri Datuk Seri Panglima Sulong bin Matjeraie**
  - 9 November 2016 – Attended the Thirtieth Sultan Azlan Lecture delivered by the Right Honourable Baroness Hale of Richmond, Justice and Deputy President of the Supreme Court of the United Kingdom on "The Supreme Court: Guardian of the Constitution".
  - 18 November 2016 – Attended a Seminar on "Designing Directors' Performance Assessment for Director's Independence & Effectiveness".
- **Professor Dr Jinap binti Salamet**
  - 23 March 2016 – Attended workshop on "Roles of Editor" with Thomson Reuters.
  - 21-25 August 2016 – As a Presenter to "18th World Congress of Food Science and Technology" at Dublin, Ireland.
  - 5 September 2016 – Attended workshop on "Meeting Food Legal Requirements & Opportunity For Market Expansion".
  - 28 September 2016 – As a Presenter to workshop on "Food Science and taste Sensorial Experience".
  - 11-13 October 2016 – As a Presenter to "4th Asia-Pacific International Food Safety Conference & 7th Asian Conference on Food and Nutrition Safety".
  - 25 October 2016 – Attended workshop on "Course on Innovative Teaching and Learning with Technology: Screen Casting and Video Editing".
  - 22 November 2016 – As a Presenter to seminar on "Malaysia-Thailand Research University Networks".
  - 30 November – 2 December 2016 – As a Presenter to workshop on "International Symposium of International Mycotoxicology 2016" at Tokyo, Japan.
- **Kamil bin Dato' Haji Abdul Rahman**
  - 30 March 2016 – Seminar by La Camara and organised by MIDA.
  - 12-13 April 2016 – Attended a seminar on Financial Analysis & Modelling which conducted by Malaysian Institute of Accountants.
  - 8-9 August 2016 – Attended the annual National Conference presented by Malaysia Institute of Chartered Secretaries and Administrators.
  - 15-16 November 2016 – Attended the International Conference presented by Malaysian Institute of Accountants.
- **Ahmad Fahimi bin Ibrahim (Alternate Director)**
  - 30-31 March 2016 – Attended the World Halal Conference, Kuala Lumpur "Halal at the Forefront of Economic and Social Change" organised by Halal Industry Development Corporation (HDC).

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 programs 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:

Name	Designation
Dato' Choo Kah Hoe (Chairman)	Non-Independent Non-Executive Director
Kamil bin Dato' Haji Abdul Rahman (appointed as member on 25 May 2016)	Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (appointed as member on 25 May 2016)	Independent Non-Executive Director
Professor Dr Jinap binti Salamet (appointed as member on 25 May 2016)	Independent Non-Executive Director
Col (R) Dato' Ir Cheng Wah (retired on 25 May 2016)	Senior Independent Non-Executive Director
Goh Joon Hai (retired on 25 May 2016)	Independent Non-Executive Director

The terms of reference of the Remuneration Committee include:

- review, assess and recommend to the Board of Directors the Directors' fees, 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 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 below (This is subject to shareholders' approval at the forthcoming AGM).

The number of Directors of the Company whose income from the Company falling within the following bands are listed in the table set out in the below.

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
This is in line with the recommendation of the code of Corporate Governance. The tenure of independent directors do not exceed a cumulative term of nine (9) years.

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.

Poll Voting
In compliance with the Main Market Listing Requirements, all resolutions put forth for shareholders' approval at the forthcoming Thirty Fifth Annual General Meeting to be held on 18 May 2017 are to be voted by way of poll voting.

Descriptions	Chairman	Non-Executive Director	Total
	(RM'000)		
Fees	60	334	394
Salary and other emoluments	1,451	18	1,469
Benefits-in-kind (BIK)	10	-	10
TOTAL	1,521	352	1,873

Range of Remuneration	Executive Director	Non-Executive Director	Total
RM0 to RM50,000	-	4	4
RM50,001 to RM100,000	-	5	5
RM1,500,001 to RM1,550,000	1	-	1
TOTAL	1	9	10

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 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 outsourced the internal audit function to a professional firm. The internal audit professional firm is independent and audit work is 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 warehouse services division
- audit on flight catering services division
- follow up audit on 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 2016, 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@brahimsgroup.com where shareholders and potential investors may direct their enquiries to the Company.

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 2016, 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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 its subsidiaries. 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 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. The Company has outsourced its Internal Audit Function to a professional internal audit service provider, Messrs. RSM Corporate Consulting (Malaysia) Sdn. Bhd. ("Internal Auditor"). The Internal Auditor reports directly to the Audit Committee of the Company and the internal audit function is independent of the activities or operations of other operating units. The Internal Audit performed its duties in accordance with its annual audit plan covering management, operational and system audit of the Companies within the Group. The cost internal audit services rendered by the Internal Auditor in respective of the financial year ended 31 December 2016 amounting to RM44,500.
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.

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Pratice Guide ("RPG") 5 (Revised 2015) issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

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

Kamil bin Dato' Haji Abdul Rahman (Appointed as Chairman and member of Audit Committee on 25 May 2016)
Senior Independent Non-Executive Director
Col. (R) Dato' Ir Cheng Wah (Retired on 25 May 2016)
Senior Independent Non-Executive Director

MEMBERS

Goh Joon Hai (Retired on 25 May 2016)
Independent Non-Executive Director
Dato' Choo Kah Hoe
Non-Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (Appointed as member of Audit Committee on 25 May 2016)
Independent Non-Executive Director
Prof Dr Jinap binti Salamet (Appointed as member of Audit Committee on 25 May 2016)
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 (3) 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 (3), 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 Chief Financial Officer 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.
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 2016.

7. Attendance at Meetings

During the financial year ended 31 December 2016, 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
Kamil bin Dato' Haji Abdul Rahman	4/4
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	4/4
Prof Dr Jinap binti Salamet	3/4
Dato' Choo Kah Hoe	6/6
Col (R) Dato' Ir Cheng Wah	2/2
Goh Joon Hai	2/2

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 Auditors 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.

FINANCIAL STATEMENTS 39

For the Financial Year Ended 31 December 2016

DIRECTOR'S REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

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 11 to the financial statements. There has been no significant change in the nature of the principal activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Net loss for the financial year	(122,422)	(68,178)
Attributable to:		
- Owners of the Company	(74,957)	(68,178)
- Non-controlling interests	(47,465)	-
	(122,422)	(68,178)

DIVIDENDS

No dividend was paid or declared since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2016.

RESERVES AND PROVISIONS

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

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Ahmad Fahimi bin Ibrahim (Alternate Director to Dato' Seri Ibrahim bin Haji Ahmad)
Dato' Seri Ibrahim bin Haji Ahmad
Kamil bin Dato' Haji Abdul Rahman
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain
Col (Rtd) Dato' Ir Cheng Wah (Retired on 25 May 2016)
Dato' Choo Kah Hoe
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie
Professor Dr Jinap binti Salamet
YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim
Goh Joon Hai (Retired on 25 May 2016)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company and its related corporation are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Direct Interests in the Company				
YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim	20,000	-	(20,000)	-
Indirect Interests in the Company				
Dato' Seri Ibrahim bin Haji Ahmad[1]	96,005,000	-	-	96,005,000
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain[2]	71,005,000	-	-	71,005,000
Dato' Choo Kah Hoe[3]	25,000,000	-	-	25,000,000

1 Dato' Seri Ibrahim bin Haji Ahmad is deemed interested in shares of the Company 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.

2 Tan Sri Dato' Mohd Ibrahim bin Mohd Zain is deemed interested in shares of the Company 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.

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

Other than as disclosed above, according to the register of Directors' Shareholdings, no other Directors holding office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and 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:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

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

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

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

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 which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
(b) 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 to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 17 April 2017.

DATO' SERI IBRAHIM BIN HAJI AHMAD
DIRECTOR

DATO' CHOO KAH HOE
DIRECTOR

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 46 to 74 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 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 36, 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 on behalf of the Board of Directors in accordance with their resolution dated 17 April 2017.

DATO' SERI IBRAHIM BIN HAJI AHMAD
DIRECTOR

DATO' CHOO KAH HOE
DIRECTOR

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STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Nasser bin Abu Bakar, 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 46 to 74 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

NASSER BIN ABU BAKAR

Subscribed and solemnly declared by the abovenamed NASSER BIN ABU BAKAR at Kuala Lumpur in Malaysia on 17 April 2017.

Before me
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Brahim's Holdings Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 74 (excluding Supplementary Information and List Of Properties).

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and the Company. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of goodwill	
The goodwill in the Statement of Financial Position of the Group as at 31 December 2016 amounted to RM191.0 million. Goodwill is allocated to the cash generating units ("CGUs") of the Catering Services (RM190.9 million) and Warehousing and freight forwarding business (RM0.1 million). During the financial year, the Group recognised an impairment loss on goodwill of RM91.6 million on the goodwill allocated to the catering services. We focused on the impairment of goodwill allocated to the catering services due to the significant judgement involved in determining the key assumptions used in performing the impairment test, i.e. revenue growth, gross margin and discount rate, as well as the materiality of the goodwill to the financial statements of the Group. The recoverable amount of the goodwill was determined using the discounted cash flow model. Refer to Note 4 on critical accounting estimates and judgments and Note 15 to the financial statements	Our procedures in relation to management's impairment assessment included the following: • evaluated the reasonableness of the key assumptions used by management in the cash flow projections, i.e. revenue growth and gross margin; • compared the revenue growth rates and gross margin to historical results and industry data where appropriate; • assessed the reliability of management's forecast by comparing past trends of actual financial performances against previous forecasted results; • involved our internal valuation expert to assess the discount rate; • assessed the appropriateness of sensitivity analysis performed by management on a reasonably possible change in revenue growth and discount rate on the recoverable amount and the corresponding effect on the impairment; • checked the adequacy of disclosures made by the Directors in the financial statements. Based on the above procedures, no material exceptions were noted.

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of cost of investments in subsidiaries and amounts due from subsidiaries	
The carrying amounts of the investments in subsidiaries of the Company and amounts due from subsidiaries as at 31 December 2016 amounted to RM152.5 million and RM5.0 million respectively. During the financial year, the Company recognised impairment loss of RM25.9 million on its cost of investments in two subsidiaries and impairment loss of RM10.4 million on receivables due from its subsidiaries. The recoverable amounts of the investments in subsidiaries and amounts due from subsidiaries were determined using discounted cash flow model. We focused on the impairment assessment of the investments in subsidiaries and amounts due from subsidiaries because of the significant judgement involved in determining the key assumptions used in performing the impairment test, i.e. revenue growth, gross margin and discount rate. Refer to Note 11 to the Financial Statements.	Our procedures in relation to management's impairment assessment included the following: • evaluated the reasonableness of the assumptions used by management in the cash flow projections specifically on the revenue growth and gross margin which were also tested by us as part of the impairment assessment of the goodwill; • checked consistency of inputs and key assumptions used to those used in the impairment assessment of the goodwill; • involved our internal valuation expert to assess the discount rate; and • checked the adequacy of disclosures made by the Directors in the financial statements. Based on the above procedures, no material exceptions were noted.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the following contents in the Annual report for the financial year ended 31 December 2016, but does not include the financial statements of the Group and of the Company and our auditors' report thereon:

- Chairman's message,
- Financial highlights 2016,
- Management discussion and analysis,
- Statement on Corporate Governance,
- Board of Directors' profile,
- Corporate Information and Corporate Structure,
- Governance & Audit Committee Report,
- Statement of Director's Responsibilities, and

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 11 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 auditors' 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 36 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.

PRICEWATERHOUSECOOPERS	**YEE WAI YIN**
(No. AF: 1146)	2081/08/2018 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
17 April 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Investment in subsidiaries	11	-	-	152,519	308,049
Investment in joint venture	12	19,729	21,097	20,051	20,051
Property, plant and equipment	13	51,996	58,364	715	243
Intangible assets	14	4,248	11,748	-	-
Goodwill	15	190,963	282,563	-	-
Deferred tax assets	16	11,764	12,416	-	-
Amount due from a subsidiary	19	-	-	4,349	-
		278,700	386,188	177,634	328,343
Current Assets					
Inventories	17	6,126	7,067	-	-
Trade and other receivables	18	55,660	57,403	70	327
Amount due from a related company	19	66	-	-	-
Amounts due from subsidiaries	19	-	-	650	8,711
Amount due from joint venture	20	43	39	32	25
Tax recoverable		11,349	12,916	97	39
Cash and bank balances	21	30,143	13,790	12,549	2,710
		103,387	91,215	13,398	11,812
Total Assets		382,087	477,403	191,032	340,155
EQUITY AND LIABILITIES					
Equity					
Share capital	22	236,286	236,286	236,286	236,286
Reserves	23	(130,537)	(5,387)	(126,228)	(58,050)
Equity attributable to owners of the Company		105,749	230,899	110,058	178,236
Non-controlling interests		139,773	27,045	-	-
Total Equity		245,522	257,944	110,058	178,236
Non-Current Liabilities					
Lease and hire purchase payables	24	437	99	402	-
Term loans	25	73,750	116,250	73,750	116,250
		74,187	116,349	74,152	116,250
Current Liabilities					
Trade and other payables	26	54,043	54,663	2,848	6,694
Lease and hire purchase payables	24	116	86	53	-
Term loans	25	5,752	27,132	2,000	23,250
Amounts due to related companies	19	867	19,068	386	8,516
Amount due to a subsidiary	19	-	-	-	5,113
Bank overdrafts	27	1,535	2,096	1,535	2,096
Provision for taxation		65	65	-	-
		62,378	103,110	6,822	45,669
Total Liabilities		136,565	219,459	80,974	161,919
Total Equity and Liabilities		382,087	477,403	191,032	340,155

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	5	266,364	281,295	1,315	307
Direct operating expenses	6	(145,933)	(162,231)	-	-
Gross profit		120,431	119,064	1,315	307
Other income		981	1,402	428	248
Distribution expenses		(14)	(34)	-	-
Administrative expenses		(115,647)	(115,432)	(9,054)	(3,464)
Other operating expenses					
- impairment loss on goodwill		(91,600)	-	-	-
- impairment loss on intangible asset		(7,500)	-	-	-
- impairment loss on trade and other receivables		(4,347)	(749)	-	-
- loss on partial disposal of interest in a subsidiary without loss of control		-	-	(19,630)	-
- impairment loss of amounts due from subsidiaries		-	-	(10,374)	-
- reversal of impairment loss on amount due from subsidiary		-	-	1,237	-
- impairment loss of investments in subsidiaries		-	-	(25,900)	-
- provision for legal cases	33	(6,900)	-	-	-
- others		(6,864)	(7,053)	882	(6)
		(117,211)	(7,802)	(53,785)	(6)
Loss from operations		(111,460)	(2,802)	(61,096)	(2,915)
Finance cost	7	(8,992)	(10,438)	(7,082)	(10,648)
Share of results in joint venture	12	(368)	(781)	-	-
Loss before taxation	8	(120,820)	(14,021)	(68,178)	(13,563)
Taxation	9	(1,602)	(1,397)	-	(74)
Net loss/total comprehensive loss for the financial year		(122,422)	(15,418)	(68,178)	(13,637)
Net loss for the financial year attributable to:					
Owners of the Company		(74,957)	(15,680)	(68,178)	(13,637)
Non-controlling interests		(47,465)	262	-	-
		(122,422)	(15,418)	(68,178)	(13,637)
Total comprehensive loss attributable to:					
Owners of the Company		(74,957)	(15,680)	(68,178)	(13,637)
Non-controlling interests		(47,465)	262	-	-
		(122,422)	(15,418)	(68,178)	(13,637)
Basic loss per share (sen)	10	(31.72)	(6.64)		

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2016

		Attributable to equity holders of the Company				
	Share capital	Share premium	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	236,286	31,980	(37,367)	230,899	27,045	257,944
Transaction with non-controlling interests (Note 30)	-	-	(50,193)	(50,193)	160,193	110,000
Total comprehensive loss for the financial year	-	-	(74,957)	(74,957)	(47,465)	(122,422)
At 31 December 2016	236,286	31,980	(162,517)	105,749	139,773	245,522
At 1 January 2015	236,286	31,980	(21,687)	246,579	26,783	273,362
Total comprehensive (loss)/income for the financial year	-	-	(15,680)	(15,680)	262	(15,418)
At 31 December 2015	236,286	31,980	(37,367)	230,899	27,045	257,944

	Share capital	Non-Distributable Share premium	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	236,286	31,980	(90,030)	178,236
Total comprehensive loss for the financial year	-	-	(68,178)	(68,178)
At 31 December 2016	236,286	31,980	(158,208)	110,058
At 1 January 2015	236,286	31,980	(76,393)	191,873
Total comprehensive loss for the financial year	-	-	(13,637)	(13,637)
At 31 December 2015	236,286	31,980	(90,030)	178,236

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
OPERATING ACTIVITIES					
Loss before taxation		(120,820)	(14,021)	(68,178)	(13,563)
Adjustments for:					
Impairment loss on:					
- investment in subsidiaries		-	-	25,900	-
- goodwill		91,600	-	-	-
- intangible asset		7,500	-	-	-
- trade and other receivables		4,347	749	-	-
- amounts due from subsidiaries		-	-	10,374	-
Reversal of impairment loss on amount due from subsidiary		-	-	(1,237)	-
Allowance for stock obsolescence		98	90	-	-
Amortisation of intangible assets		-	58	-	-
Depreciation of property, plant and equipment		10,479	11,867	134	84
Provision for legal case		6,900	-	-	-
Interest expense		8,992	10,412	7,082	10,648
Share of results in joint venture		368	781	-	-
Unrealised loss on foreign exchange		169	678	-	-
Reversal of payables and accruals		(882)	-	(882)	-
Write-off of staff advance		-	44	-	-
Interest income		(590)	(479)	(428)	(240)
Net (loss)/gain on disposal of property, plant and equipment		3	(12)	-	-
Waiver of debts		-	(8)	-	(8)
Dividend received from joint venture		-	-	(1,000)	(51)
Loss on partial disposal of interest in a subsidiary without loss of control		-	-	19,630	-
Operating profit/(loss) before working capital changes		8,164	10,159	(8,605)	(3,130)
Decrease/(increase) in inventories		843	369	-	-
Decrease/(increase) in trade and other receivables		(2,604)	37,753	257	(168)
(Decrease)/increase in trade and other payables		(6,807)	(17,673)	(2,964)	488
(Increase)/decrease in intercompany balances		(116)	-	-	-
Cash(Used in)/from Operations		(520)	30,608	(11,312)	(2,810)
Tax refund/(paid)		617	(9,765)	(58)	791
Interest paid		(8,992)	(10,175)	(6,255)	(10,648)
Net Cash Flow (Used in)/from Operating Activities		(8,895)	10,668	(17,625)	(12,667)
INVESTING ACTIVITIES					
Additional investment in a joint venture		-	(51)	-	(51)
Dividend received from joint venture		1,000	51	1,000	51
Repayment from subsidiaries		-	-	-	12,499
Advances to joint venture		(4)	(3)	(7)	(3)
Interest income		590	479	428	240
Purchase of property, plant and equipment	13	(3,657)	(9,174)	(126)	(4)
(Placement)/withdrawal of deposits pledged with licensed bank		(5,128)	4,952	(5,128)	4,952
Proceeds from disposal of property, plant and equipment		23	38	-	-
Proceeds from disposal of interest in a subsidiary		-	-	110,000	-
Repayment to related companies		-	-	(879)	-
Advances to subsidiaries		-	-	(6,252)	-
Net Cash Flow (Used in)/from Investing Activities		(7,176)	(3,708)	99,036	17,684
FINANCING ACTIVITIES					
(Repayment to)/advances from subsidiary		-	-	(5,113)	3,683
Repayment to related companies		(18,151)	-	(7,251)	-
Drawdown of term loans		-	7,750	-	7,750
Repayment of term loans		(63,880)	(15,500)	(63,750)	(15,500)
Net repayment of lease and hire purchase payables		(112)	(114)	(25)	-
Proceeds from disposal of interest in a subsidiary		110,000	-	-	-
Net Cash Flow from/(Used in) Financing Activities		27,857	(7,864)	(76,139)	(4,067)
Net Increase/(Decrease) in Cash And Cash Equivalents		11,786	(904)	5,272	950
Cash and Cash Equivalents at Beginning of the Financial Year		10,196	11,100	(884)	(1,834)
Cash and Cash Equivalents at End of the Financial Year	21	21,982	10,196	4,388	(884)

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

There has been no significant change in the nature of the principal activities of the Group and the Company during the financial year.

The Company is a public company limited by shares, incorporated and domiciled in Malaysia.

The registered office is located at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur. The principal place of business is 7-05, 7th Floor Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

2. BASIS OF PREPARATION

The financial statements of the Group and Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies. The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 4.

(a) Standards, amendments to published standards and interpretations that are effective

The Group and Company have applied the following amendments for the first time for the financial year beginning on 1 January 2016:

- Amendments to MFRS 11 ‘Joint arrangements’ - Accounting for acquisition of interests in joint operations
- Amendments to MFRS 101 ‘Presentation of financial statements’ – Disclosure initiative
- Amendments to MFRS 127 ‘Equity method in separate financial statements’
- Amendments to MFRS 10, 12 & 128 ‘Investment entities - Applying the consolidation exception’
- Annual Improvements to MFRSs 2012 – 2014 Cycle
- Amendments to MFRS 116 and MFRS 138 ‘Clarification of Acceptable Methods of Depreciation and Amortisation’

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) Standards, amendments to published standards and interpretations to existing standards that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2016. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Company, except the following set out below:

- Amendments to MFRS 107 ‘Statement of Cash Flows – Disclosure Initiative’ (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.
- Amendments to MFRS 112 ‘Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses’ (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value. In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences. The amendments shall be applied retrospectively.
- IC Interpretation 22 ‘Foreign Currency Transactions and Advance Consideration’ (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the ‘date of the transaction’ to record foreign currency transactions. IC Interpretation 22 provides guidance how to determine ‘the date of transaction’ when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

  The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

  If there are multiple payments or receipts in advance, the entity should determine the date of transaction for each payment or receipt.

  An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

2. BASIS OF PREPARATION (CONT'D)

(b) Standards, amendments to published standards and interpretations to existing standards that have been issued but not yet effective (cont'd)

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  Revenue is recognised when a customer obtains control of goods or services i.e. when the customer has the ability to direct the use of and obtain the benefits from the good or services.

  A new five-step process is applied before revenue can be recognised:

  - Identify contracts with customers;
  - Identify the separate performance obligations;
  - Determine the transaction price of the contract;
  - Allocate the transaction price to each of the separate performance obligations; and
  - Recognise the revenue as each performance obligation is satisfied.

  Key provisions of the new standard are as follows:

  - Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
  - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
  - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
  - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
  - As with any new standard, there are also increased disclosures.

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company is in the process of assessing the impact of the adoption of the above standards, amendments to published standards and interpretations to existing standards on the financial statements of the Group and Company in the year of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. 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 to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Consolidation (cont'd)

(i) Subsidiaries (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Joint Arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(v) Investments in subsidiaries and joint venture in separate financial statements

In the Company's separate financial statements, investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes the purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

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 it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repairs and maintenance are recognised as expenses in profit and loss during the financial year in which they are incurred.

Depreciation is charged to profit or loss on the straight-line method to allocate the cost to their residual values over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Warehouse buildings and improvements	Over the lease period of 55 ¾ years
Pallets	33 $^{1}/_{3}$%
Plant and machinery	5% to 33 $^{1}/_{3}$%
Renovation and electrical installations	10% to 66%
Signboard	30% to 33 $^{1}/_{3}$%
Furniture, fittings and office equipment	5% to 33 $^{1}/_{3}$%
Motor vehicles	10% to 20%
Containers	10%
Lorries and trucks	10%
Electronic data processing ("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.

Useful lives and residual values of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 different between the net of disposal proceeds and the carrying amount, is recognised in profit or loss.

At the end of the reporting period, the Group and the Company assessed whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See Note 3(e) on impairment of non-financial assets.

(c) Intangible assets

(i) Goodwill

Goodwill arises from business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) 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.

(iii) Licenses

Licenses acquired in a business combination are recognised at fair value at the acquisition date. Licenses with indefinite useful life are measured at cost less accumulated impairment losses.

(d) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'intercompany balances' and 'cash and bank balances' in the statement of financial position (Notes 18, 19, 20 and 21).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (cont'd)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss.

(iii) Subsequent measurement – gains and losses

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(iv) Subsequent measurement – Impairment

Assets carried at amortised cost

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group and the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis.

The cost 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 in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Leases

(i) Finance leases

Leases of property, plant and equipment where the Group and the Company have substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term if there is no reasonable certainty that the Group and the Company will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Group and the Company in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leases (cont'd)

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by lessor 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.

(h) Share capital

Ordinary shares issued are classified as equity.

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(j) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment benefits - defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The defined contribution plan of the Group relates to the contribution to the Employee Provident Fund ("EPF"), the national defined contribution plan.

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investments or other purposes. Cash and cash equivalents comprise cash in hand, deposits held at call with financial institutions, and other short-term, highly liquid investments which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

(l) Borrowings and borrowing costs

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been 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 within other income.

Where the terms of a financial liability are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings 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 end of the reporting period.

(ii) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and joint venture operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. It is recognised when it is probable that the economic benefits associated with the transaction will flow to the entities and the amount of the revenue can be measured reliably. Revenue is shown net of goods and services tax, rebates and discounts.

(i) Warehousing revenue
Warehousing revenue is recognised on an accrual basis when services are rendered.

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

(iii) Catering and related services revenue and sale of goods of restaurant and café related services
Revenue is recognised upon delivery of products and customers' acceptance or performance of services, if any, net of discounts.

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

(v) Dividend income
Dividend income is recognised when the Group's right to receive dividend payment is established.

(o) Contingent asset and liability

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(p) Earnings/loss per ordinary share

Based earnings/loss per ordinary share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

(r) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See accounting policy Note 3(e) on impairment of financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value.

Trade payables are subsequently measured at amortised cost using the effective interest method.

(t) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are outlined below:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount, which is measured at the higher of the fair value less cost to sell and its value-in-use. The value-in-use is the net present value of the projected future cash flows from the cash generating unit, discounted at an appropriate discount rate. Projected future cash flows are based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The Directors have evaluated the carrying amount of goodwill and are satisfied that the impairment loss on goodwill where necessary, is adequate. The carrying amount of goodwill, estimates used in the calculation and sensitivity analysis are disclosed in Note 15 to the financial statements.

5. REVENUE

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Catering and related services	257,770	271,105	-	-
Management fees from joint venture	315	256	315	256
Dividend income from joint venture	-	-	1,000	51
Warehousing, logistics and related services	7,248	7,605	-	-
Restaurant and café related services	1,031	2,324	-	-
Others	-	5	-	-
	266,364	281,295	1,315	307

6. DIRECT OPERATING EXPENSES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Raw materials and consumables	105,747	121,400	-	-
Direct labour	30,609	29,066	-	-
Depreciation of property, plant and equipment	4,874	5,447	-	-
Others	4,703	6,318	-	-
	145,933	162,231	-	-

7. FINANCE COST

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
- bank borrowings and charges	6,537	10,426	6,246	10,011
- intercompany loan	-	-	827	637
- finance lease liabilities	19	12	9	-
- guarantee on performance and operational bonds	2,436	-	-	-
Total finance costs	8,992	10,438	7,082	10,648

8. LOSS BEFORE TAXATION

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging/ (crediting):				
Amortisation of intangible assets	-	58	-	-
Audit fee:				
- current year	483	341	180	100
- underaccrual in the previous financial year	37	15	40	11
Depreciation of property, plant and equipment	10,479	11,867	134	84
Hire of equipment	10	17	-	-
Allowance for stock obsolescence	98	90	-	-
Lease land rental	44	44	-	-
Net loss/(gain) on disposal of property, plant and equipment	3	(12)	-	-
Net realised (gain)/loss on foreign exchange	(29)	90	-	6
Rental of buildings	23,197	23,434	246	242
Director's remuneration	1,874	2,293	1,083	1,389
Staff costs:				
- salaries, wages, bonuses and allowances	61,422	58,810	653	464
- defined contribution plans	7,380	6,676	74	58
- others	12,316	12,348	21	4
Unrealised loss on foreign exchange	169	678	-	-
Interest income	(590)	(479)	(428)	(240)
Rental income	(13)	(35)	-	-
Waiver of debts	-	(8)	-	(8)
Dividend received from joint venture	-	-	(1,000)	(51)
Utilities and related expenses	12,157	17,178	5	4

Included in the Directors' remuneration of the Group and of the Company are as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive directors:				
Fees	60	60	60	60
Salaries and allowances	1,288	1,770	602	869
Defined contribution plan	163	110	60	110
Benefits-in-kind	10	-	10	-
	1,521	1,940	732	1,039
Non-executive directors:				
Fees and allowances	352	350	351	350
Defined contribution plan	-	3	-	-
	352	353	351	350
	1,873	2,293	1,083	1,389

9. TAXATION

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- underaccrual in the previous financial year	950	74	-	74
	950	74	-	74
Deferred tax (Note 16):				
- origination and reversal of temporary difference	652	1,323	-	-
	1,602	1,397	-	74

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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(120,820)	(14,021)	(68,178)	(13,563)
Tax calculated at the applicable Malaysian tax rate of 24% (2015: 25%)	(28,997)	(3,505)	(16,363)	(3,391)
Tax effects of:				
Effects of non-taxable income	(107)	(224)	(103)	(13)
Effects of non-deductible expenses	30,326	3,716	16,428	2,913
Deferred tax assets not recognised during the financial year	452	1,025	38	491
Share of results in joint venture	88	208	-	-
Utilisation of deferred tax asset not recognised in the previous financial year	(169)	(409)	-	-
Effect of change in tax rate	288	512	-	-
Underaccrual of tax in prior financial year	950	74	-	74
Recognition of previously unrecognised deferred tax assets	(1,229)	-	-	-
Tax expense	1,602	1,397	-	74

The statutory tax rate for year of assessment 2016 was reduced to 24% from the previous financial year's rate of 25%.

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	20,210	23,214	12,641	12,501
Unabsorbed capital allowances	6,872	8,129	5,477	5,436
Unrecognised temporary differences	1,017	839	-	-

10. LOSS PER SHARE

The calculation of basic loss per share of the Group is calculated by dividing the net loss attributable to the ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2016	2015
Net loss attributable to owners of the Company (RM'000)	(74,957)	(15,680)
Weighted average number of ordinary shares in issue ('000)	236,286	236,286
Basic loss per share (sen)	(31.72)	(6.64)

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

11. INVESTMENT IN SUBSIDIARIES

	The Company 2016 RM'000	The Company 2015 RM'000
Unquoted shares:		
At 1 January	308,049	308,049
Disposal	(129,630)	-
Less: Impairment loss during the financial year	(25,900)	-
At 31 December	152,519	308,049
Cost	191,334	320,964
Less: Accumulated impairment losses	(38,815)	(12,915)
	152,519	308,049

The details of the subsidiaries are as follows:

Name of companies	Effective equity interests 2016 %	Effective equity interests 2015 %	Principal activities	Country of incorporation
Brahim's SATS Investment Holdings Sdn. Bhd. ("BSIH")	51	100	Investment holding company	Malaysia
Tamadam Crest Sdn. Bhd	100	100	Dormant	Malaysia
Tamadam Industries Sdn. Bhd.	100	100	Provision of warehouse rental, bonded warehousing, freight forwarding and transportation services	Malaysia
Brahim's Marketing Sdn. Bhd.	100	100	Dormant	Malaysia
Brahim's Trading Sdn. Bhd.	100	100	Dormant	Malaysia
Cafe Barbera (SEA) Sdn. Bhd.	100	100	Restaurant and café related services	Malaysia
Admuda Sdn. Bhd.#	60	60	Dormant	Malaysia
Subsidiary of BSIH				
Brahim's SATS Food Services Sdn. Bhd.*	35.7	70	Catering and related services	Malaysia

\# Audited by firms other than PricewaterhouseCoopers Malaysia.

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

	Effective equity interest 2016 %	Effective equity interest 2015 %	The Group 2016 RM'000	The Group 2015 RM'000
Brahim's SATS Investment Holdings Sdn. Bhd. Group	64.3	30	144,207	27,497
Admuda Sdn. Bhd.	40	40	(4,434)	(452)
			139,773	27,045

Transactions with non-controlling interests are disclosed in Note 30.

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	2016 RM'000	2015 RM'000
Brahim's SATS Investment Holdings Sdn. Bhd. Group		
As at 31 December		
Goodwill	190,879	282,479
Non-current assets	35,359	43,055
Current assets	84,749	84,566
Current liabilities	(46,061)	(55,856)
	74,047	71,765
Net assets	264,926	354,244
Brahim's SATS Investment Holdings Sdn. Bhd. Group		
For the financial year ended 31 December		
Revenue	257,770	271,105
(Loss)/profit from operations	(89,318)	1,256
Total comprehensive (loss)/profit	(89,318)	1,256
(Loss)/profit attributable to non-controlling interests	(43,483)	455
Net cash inflows from operating activities	8,935	26,089
Net cash outflows for investing activities	(3,312)	(8,703)
Net cash outflows for financing activities	-	(20,625)
Admuda Sdn. Bhd.		
As at 31 December		
Non-current assets	8	10
Current assets	-	2,883
Non-current liabilities	(1)	(1)
Current liabilities	(11,092)	(4,022)
Net assets	(11,085)	(1,130)
For the Financial Year Ended 31 December		
Revenue	-	-
Loss for the financial year	(9,955)	(483)
Total comprehensive loss	(9,955)	(483)
Loss attributable to non-controlling interests	(3,982)	(193)
Net cash flows from operating activities	(186)	9

Impairment assessment of investments in subsidiaries

Investments in subsidiaries are assessed at each reporting period for an indicator that the investments may be impaired. Where such indicators exist, the recoverable amounts of the identified cost of investments are determined based on the higher value-in-use calculations and fair value less costs to sell.

The Company recognised an impairment loss of RM25,900,000 (2015: RM Nil) in the current financial year on its cost of investments in Brahim's SATS Investment Holdings Sdn. Bhd. ("BSIH") and Admuda Sdn. Bhd. ("Admuda").

(i) During the financial year, the Company's investment in BSIH was reviewed for impairment following changes in business strategies of a major customer of its subsidiary. The impairment assessment was performed using value-in-use calculations, based on a 5-year cash flow projection prepared on budgets approved by the Board of Directors.

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

- Discount rate of 9.7%, representing the cost of equity of the investment.
- All other key assumptions are similar to those used in the impairment assessment of goodwill as disclosed in Note 15(b).

Arising from the above assessment, the Company recognised an impairment loss of RM13,900,000 on its cost of investment in BSIH for the financial year ended 31 December 2016.

(ii) The investment in a subsidiary with a license to manufacture refined sugar and molasses, Admuda, was also reviewed for impairment. The subsidiary has not commenced operations and remained dormant during the financial year. Arising from the assessment, the Company has fully impaired its investment in Admuda of RM12,000,000 for the financial year ended 31 December 2016.

Disposal of interest in a subsidiary without loss of control

During the financial year, the Company disposed of 49% of its interest in the equity of BSIH for a consideration of RM110,000,000. Consequently, the Company recognised a loss on partial disposal of interest in a subsidiary of RM19,630,000. Following the completion of the disposal, BSIH remained as a 51% held subsidiary of the Company.

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

Disposal of interest in a subsidiary without loss of control (cont'd)

	The Company	
	2016	2015
	RM'000	RM'000
Carrying amount of cost of investment disposed of	129,630	-
Consideration received from non-controlling interests	110,000	-
Loss on partial disposal of interest in subsidiary	(19,630)	-

12. INVESTMENT IN JOINT VENTURE

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost:				
At 1 January	20,051	20,000	20,051	20,000
Share of post-acquisition (loss)/profits	(322)	1,046	-	-
	19,729	21,046	20,051	20,000
Addition during the year	-	51	-	51
At 31 December	19,729	21,097	20,051	20,051

	Effective equity interests		Principal Activities
	2016	2015	
Name of Joint Venture	%	%	
Dewina Host Sdn. Bhd.*	51	51	Food and catering services

* Audited by firms other than PricewaterhouseCoopers Malaysia.

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

	2016	2015
	RM'000	RM'000
Dewina Host Sdn. Bhd.		
At 31 December		
Non-current assets	2,694	4,934
Cash and bank balances	10,774	8,609
Other current assets	3,885	3,702
Financial liabilities	(6,407)	(4,582)
Other financial liabilities (excluding trade and other payables)	(130)	(124)
Net assets	10,816	12,539
For the financial year ended 31 December		
Revenue	36,773	29,717
Depreciation of property, plant and equipment	(3,483)	(2,666)
Loss for the financial year	(723)	(1,531)
Total comprehensive loss	(723)	(1,531)
Group's share of total comprehensive loss for the financial year	(368)	(781)
Dividend received	1,000	51

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material joint venture is as follows:

	2016	2015
	RM'000	RM'000
Net assets		
At 1 January	12,539	14,070
Total comprehensive loss	(723)	(1,531)
Dividend received	(1,000)	(51)
Capital injection	-	51
At 31 December	10,816	12,539
Group's share of net assets	5,517	6,395
Goodwill	14,702	14,702
Additional dividend income recognised based on agreement with joint venture partner	(490)	-
Carrying amount of the Group's interests in joint venture	19,729	21,097

13. PROPERTY, PLANT AND EQUIPMENT

	Warehouse buidings and improvements	Containers, pallets, plant and machinery	Renovation and electrical installations	Signboard, furniture and fittings, EDP equipment and office equipment	Motor vehicles, lorries and trucks	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
Net book value							
At 1 January 2016	23,566	19,235	2,575	8,350	4,638	-	58,364
Additions	-	924	137	706	768	1,602	4,137
Disposals	-	-	-	(26)	-	-	(26)
Depreciation charge	(621)	(3,067)	(351)	(4,062)	(2,378)	-	(10,479)
At 31 December 2016	22,945	17,092	2,361	4,968	3,028	1,602	51,996
At 1 January 2015	24,187	15,163	1,021	12,141	6,994	1,400	60,906
Additions	-	6,947	405	1,516	483	-	9,351
Transfer	-	-	1,400	-	-	(1,400)	-
Disposals	-	-	-	(26)	-	-	(26)
Depreciation charge	(621)	(2,875)	(251)	(5,281)	(2,839)	-	(11,867)
At 31 December 2015	23,566	19,235	2,575	8,350	4,638	-	58,364
2016							
At cost	34,371	108,598	3,667	78,948	43,562	1,602	270,748
Accumulated depreciation	(11,426)	(91,506)	(1,306)	(73,980)	(40,534)	-	(218,752)
Net book value	22,945	17,092	2,361	4,968	3,028	1,602	51,996
2015							
At cost	34,371	108,727	3,530	80,099	42,794	-	269,521
Accumulated depreciation	(10,805)	(89,492)	(955)	(71,749)	(38,156)	-	(211,157)
Net book value	23,566	19,235	2,575	8,350	4,638	-	58,364

	Renovation and electrical installations	Signboard, furniture and fittings, EDP equipment and office equipment	Motor vehicles, lorries and trucks	Total
	RM'000	RM'000	RM'000	RM'000
The Company				
2016				
Net book value				
At 1 January 2016	29	117	97	243
Additions	-	1	605	606
Depreciation charge	(9)	(39)	(86)	(134)
At 31 December 2016	20	79	616	715
2015				
Net book value				
At 1 January 2015	38	152	133	323
Additions	-	4	-	4
Depreciation charge	(9)	(39)	(36)	(84)
At 31 December 2015	29	117	97	243
31 December 2016				
At cost	93	395	786	1,274
Accumulated depreciation	(73)	(316)	(170)	(559)
Net book value	20	79	616	715
31 December 2015				
At cost	93	394	181	668
Accumulated depreciation	(64)	(277)	(84)	(425)
Net book value	29	117	97	243

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

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	
	2016	2015
	RM'000	RM'000
Motor vehicles	835	322
Office equipment	37	46
	872	368

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

	The Group	
	2016	2015
	RM'000	RM'000
Warehouse buildings and improvements	22,945	23,566

Included in the addition of property, plant and equipment during the financial year by the Group and the Company is as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cost of property, plant and equipment purchased	4,137	9,351	606	4
Amount financed through hire purchase and leasing payables	(480)	(177)	(480)	-
Cash disbursed for purchase of property, plant and equipment	3,657	9,174	126	4

14. INTANGIBLE ASSETS

	Computer software	License	Total
	RM'000	RM'000	RM'000
The Group			
2016			
Net book value			
At 1 January	-	11,748	11,748
Impairment loss for the financial year	-	(7,500)	(7,500)
At 31 December	-	4,248	4,248
Cost	7,883	19,748	27,631
Accumulated amortisation	(7,883)	-	(7,883)
Sub-total	-	19,748	19,748
Accumulated impairment loss	-	(15,500)	(15,500)
Net book value	-	4,248	4,248
2015			
Net book value			
At 1 January	58	11,748	11,806
Amortisation for the financial year	(58)	-	(58)
At 31 December	-	11,748	11,748
Cost	7,883	19,748	27,631
Accumulated amortisation	(7,883)	-	(7,883)
Sub-total	-	19,748	19,748
Accumulated impairment	-	(8,000)	(8,000)
Net book value	-	11,748	11,748

*Included within goodwill in the financial statements for the year ended 31 December 2015.

The Group has a license to manufacture refined sugar and molasses.

During the financial year, the Group performed an impairment assessment on the recoverability of the carrying amount of the license, which has an indefinite useful life, as the Group has not commenced sugar refinery operations and remained dormant during the financial year. Based on value-in-use calculation performed on the license, an additional impairment loss of RM7,500,000 was recognised during the financial year ended 31 December 2016.

15. GOODWILL

	The Group 2016 RM'000	The Group 2015 RM'000
At 1 January	282,563	282,563
Impairment loss during the financial year	(91,600)	-
At 31 December	190,963	282,563
Cost	282,563	282,563
Accumulated impairment	(91,600)	-
At 31 December	190,963	282,563

a) The carrying amounts of goodwill allocated to the Group's cash-generating units are as follows:

	The Group 2016 RM'000	The Group 2015 RM'000
Catering and related services	190,879	282,479
Warehouse and logistics related services	84	84
	190,963	282,563

(b) Goodwill – Catering and related services

The goodwill allocated to catering and related services arose from the acquisition of Brahim's SATS Investment Holdings Sdn. Bhd. and its subsidiary, Brahim's SATS Food Services Sdn. Bhd., which is the excess of the purchase consideration over the fair value of identifiable assets, liabilities and contingent liabilities.

During the financial year, the carrying amount of goodwill allocated to catering and related services was reviewed for impairment using value-in-use calculations, based on a 5-year cash flow projection prepared on budgets approved by the Board of Directors.

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

- Revenue growth rates for airline catering of between 2% and 32%, based on management's assessment of individual customer's strategic plan and passenger capacity over the 5-year period, taking into consideration the overall economic and market conditions;
- Revenue growth rates for non-airline catering of 0% to 51% over the 5-year period, based on expected sales to each customer on contracted terms or management's assessment of individual customer's future demand level.
- Gross margin for airline catering range from 59% to 61% throughout the 5 year period.
- Gross margin for non-airline catering range from 17% to 65% throughout the 5-year period.
- Discount rate of 11.6%, representing risk of similar industry in the specific market.
- Terminal value with nil growth rate is used.

Arising from the above assessment, the Group recognised an impairment loss of RM91,600,000 for the financial year ended 31 December 2016.

The Directors have also assessed the impact arising from changes to key assumptions as follows:

Base parameters	Increase/(decrease)	Additional impairment loss (RM'000)
Discount rate of 11.6%	+1%	24,742
Revenue growth rate – airline catering	-1%	30,990
Revenue growth rate – non airline catering	-1%	1,378

The sensitivity analysis above does not include the effect that a change in one of the three parameters would have on the other two parameters and is independent of each parameter.

Intangible asset with indefinite useful life has been presented separately from goodwill (Note 14). Comparatives have been restated accordingly.

16. DEFERRED TAX ASSETS

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

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

	The Group 2016 RM'000	The Group 2015 RM'000
Deferred tax assets	11,764	12,416
At 1 January	12,416	13,739
Recognised in profit or loss (Note 9)		
- accruals	697	(17,732)
- unutilised tax losses	(1,034)	13,637
- property, plant and equipment	(315)	2,772
	(652)	(1,323)
At 31 December	11,764	12,416
Subject to income tax		
Deferred tax assets (before offsetting)		
Accruals	732	35
Unutilised tax losses	12,603	13,637
	13,335	13,672
Offsetting	(1,571)	(1,256)
Deferred tax assets (after offsetting)	11,764	12,416
Deferred tax liabilities (before offsetting)		
Property, plant and equipment	(1,571)	(1,256)
Offsetting	1,571	1,256
Deferred tax liabilities (after offsetting)	-	-

17. INVENTORIES

	The Group	
	2016	2015
	RM'000	RM'000
Catering stores	3,575	4,160
Maintenance stores	2,042	2,227
General stores	420	397
Trading stocks	256	351
Food and beverage and other consumables	21	22
	6,314	7,157
Less: Impairment for inventory obsolescence	(188)	(90)
	6,126	7,067

During the financial year, the Group provided an impairment for inventory obsolescence amounting to RM98,000 (2015: RM90,000).

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
- corporate shareholder	21,815	19,478	-	-
- others	25,167	25,771	-	-
	46,982	45,249	-	-
Accumulated impairment of trade receivables	(1,389)	-	-	-
	45,593	45,249	-	-
Other receivables	1,424	1,486	43	150
Accumulated impairment of other receivables	(749)	(749)	-	-
	675	737	43	150
Deposits	9,979	8,387	47	47
Accumulated impairment of deposits	(2,990)	(32)	(32)	(32)
	6,989	8,355	15	15
Prepayments	1,332	2,703	12	162
Goods and services tax receivable (“GST”)	1,071	359	-	-
	2,403	3,062	12	162
	55,660	57,403	70	327

Deposits of the Company at the end of the reporting period are with a number of external parties for which there is no expectation of default.

The normal trade credit terms granted by the Group and the Company range from 30 to 60 days (2015: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group. Receivables that are past due but not individually impaired relate to a number of independent customers for whom there is no recent history of default.

The individually impaired trade receivables mainly relate to disputed balances with customers or balances for which management is of the view that the amount may not be recoverable.

Individual gross debtors (excluding other receivables, prepayments, deposits and GST) are analysed as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Not impaired				
- not past due	30,810	28,793	-	-
- past due by 1 to 90 days	11,106	14,081	-	-
- past due by 91 to 180 days	1,511	1,433	-	-
- past due by more than 181 days	2,166	942	-	-
	45,593	45,249	-	-
Impaired	1,389	-	-	-
Gross receivables	46,982	45,249	-	-

Movements of the Group’s provision for impairment of trade and other receivables are as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 1 January	781	49,037	32	32
Additions during the financial year	4,347	749	-	-
Write off during the financial year	-	(49,005)	-	-
At 31 December	5,128	781	32	32

Other receivables and deposits which are impaired are in respect of balances for which management is of the view that the amount may not be recoverable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above as the Group and the Company do not hold any collateral as security.

18. TRADE AND OTHER RECEIVABLES (CONT'D)

The currency profile of the trade and other receivables is as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	49,915	53,770	70	327
United States Dollar	5,745	3,633	-	-
	55,660	57,403	70	327

During the financial year, net sales of goods and services by a subsidiary of the Group to a corporate shareholder amounted to RM154,342,000 (2015: RM176,394,000). For the same period, rental and other charges made by the corporate shareholder to the subsidiary amounted to RM30,717,000 (2015: RM37,533,000).

19. AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND RELATED COMPANIES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-Current				
Amount due from a subsidiary	-	-	4,349	-
Current				
Amount due from subsidiaries	-	-	13,052	11,976
Less: Accumulated impairment losses of amounts due from subsidiaries	-	-	(12,402)	(3,265)
	-	-	650	8,711
Amount due from a related company	66	-	-	-
	66	-	650	8,711
Current				
Amount due to a subsidiary	-	-	-	(5,113)
Amounts due to related companies	(867)	(19,068)	(386)	(8,516)
	(867)	(19,068)	(386)	(13,629)

The non-current amount due from a subsidiary is non-trade in nature, unsecured and is not expected to be recalled within the next 12 months from the end of the financial year. The non-current amount due from a subsidiary bears interest at 5.89% (2015: 5.89%) per annum.

All current amounts due from subsidiaries and related companies are interest free, unsecured and are repayable on demand.

Movement of allowance for impairment losses of intercompany balances are as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
As at 1 January	-	-	3,265	3,265
Impairment loss during the financial year	-	-	10,374	-
Reversal of previously impaired balances	-	-	(1,237)	-
As at 31 December	-	-	12,402	3,265

20. AMOUNT DUE FROM JOINT VENTURE

The amount due from joint-venture is non-trade in nature, unsecured, interest-free and repayable on demand.

21. CASH AND BANK BALANCES

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	6,842	1,706	6,626	1,498
Cash and bank balances	23,301	12,084	5,923	1,212
Total cash and bank balances	30,143	13,790	12,549	2,710
Bank overdrafts (Note 27)	(1,535)	(2,096)	(1,535)	(2,096)
Less: Deposits pledged to licensed banks	(6,626)	(1,498)	(6,626)	(1,498)
Total cash and cash equivalents	21,982	10,196	4,388	(884)

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period had effective interest rates ranging from 1.90% to 3.22% (2015: 1.50% to 3.15%) per annum. The fixed deposits have maturity periods ranging from 1 to 182 days (2015: 1 to 365 days).

22. SHARE CAPITAL

	The Group and the Company			
	Number of ordinary shares		Amount	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Authorised ordinary shares of RM1 each:				
At 1 January/31 December	500,000	500,000	500,000	500,000
Issued and fully paid up				
At 1 January/31 December	236,286	236,286	236,286	236,286

23. RESERVES

	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Accumulated losses	(162,517)	(37,367)	(158,208)	(90,030)
Share premium	31,980	31,980	31,980	31,980
	(130,537)	(5,387)	(126,228)	(58,050)

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.

24. LEASE AND HIRE PURCHASE PAYABLES

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.

The lease and hire purchase payables of the Group at the end of reporting period had an effective interest rate of 5.22% (2015: 5.00%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Current	116	86	53	-
Non-current				
Later than 1 year and not later than 5 years	306	99	271	-
Later than 5 years	131	-	131	-
	437	99	402	-
Total lease and hire purchase payables	553	185	455	-
Minimum lease and hire purchase payables:				
- not later than 1 year	139	97	82	-
- later than 1 year and not later than 5 years	376	105	328	-
- later than 5 years	136	-	136	-
	651	202	546	-
Less: future finance charges	(98)	(17)	(91)	-
Present value of lease and hire purchase payables	553	185	455	-

25. TERM LOANS

	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Current				
Within 1 year	5,752	27,132	2,000	23,250
Non-current				
Between 1 year and 2 years	6,000	15,500	6,000	15,500
Between 2 and 5 years	52,750	65,875	52,750	65,875
More than 5 years	15,000	34,875	15,000	34,875
	73,750	116,250	73,750	116,250
	79,502	143,382	75,750	139,500

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

	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Term loan				
I	3,752	3,882	-	-
II	75,750	131,750	75,750	131,750
III	-	7,750	-	7,750
	79,502	143,382	75,750	139,500

Term loan I is a fixed rate loan secured by a fixed charge on the financed machinery.

Term loan II is a floating rate loan secured by:

(i) the Company's entire equity interest in Brahim's SATS Investment Holdings Sdn. Bhd.;
(ii) 17,000,000 ordinary shares of RM1.00 each of the Company held by Brahim's International Franchises Sdn. Bhd. (major shareholder); and
(iii) a pledge of the fixed deposits with a licensed bank.

Term loan III was a fixed/floating rate loan which was fully repaid during the financial year.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade payables	29,133	23,342	54	93
Accruals	12,466	22,633	189	763
Other payables	12,420	8,659	2,605	5,838
Goods and services tax payable	24	29	-	-
	54,043	54,663	2,848	6,694

The normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2015: 30 to 60 days).

The currency profile of the trade and other payables is as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	53,988	54,147	2,848	6,694
United States Dollar	-	516	-	-
Euro	55	-	-	-
	54,043	54,663	2,848	6,694

27. BANK OVERDRAFTS

The bank overdrafts bear interest ranging from 8.30% to 9.00% (2015: 8.35% to 9.35%) per annum and are secured by a third party deed of assignment over a subsidiary's sub-lease on 15 acres of land and warehouse buildings.

28. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those person having the authority and responsibility for planning, directing and controlling the activities of the Group.

Key management includes Directors (executive and non-executive) and other senior management personnel. The compensation paid or payable to key management for employee services is shown below:

	The Group	
	2016	2015
	RM'000	RM'000
Salaries and other short-term employee benefits	3,388	3,555
Post-employment benefits	330	344
Other long term benefits	1	1
	3,719	3,900

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

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 on terms and conditions mutually agreed between both parties.

The related parties of the Group and Company and their relationships with the Group and Company are as follows:

Related parties	Relationship
Brahim's International Franchises Sdn. Bhd.	Shareholder of the Company and common director
IBH Investment Bank Limited	Common director
Dewina Food Industries Sdn. Bhd.	Common director

Significant related party transactions between the Group and the Company with its related parties are as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Advances given to/(received from) subsidiaries	-	-	6,469	(13,980)
Repayment of advances made to subsidiaries	-	-	4,633	-
Interest expense paid/payable to subsidiaries	-	-	827	637
Management fees received from a joint venture	315	256	315	256
Dividend received from a joint venture	-	-	1,000	51
Repayment of advances to a related party	17,272	-	7,251	-
Professional services fee payable to a related party	1,166	-	1,166	215
Purchase of supplies from a related party	83	425	-	-
Repayment of loan to a related party	500	-	-	-

The details of the amount due from/(to) the subsidiaries, related companies and joint venture are disclosed in Note 19 and Note 20 respectively.

30. TRANSACTION WITH NON-CONTROLLING INTERESTS

Disposal of interest in a subsidiary without loss of control

On 5 February 2016, the Group disposed of 49% of its equity interest held in Brahim's SATS Investment Holdings Sdn. Bhd. ("BSIH") for a consideration of RM110,000,000. The Group now holds 51% (2015: 100%) of the equity interest in BSIH. The Group recognised additional non-controlling interests of RM160,193,000 and a decrease in equity attributable to owners of the parent of RM50,193,000. The effect of changes in the ownership interest of BSIH on the equity attributable to owners of the Company during the financial year is summarised as follows:

	The Group	
	2016	2015
	RM'000	RM'000
Net assets attributable to non-controlling interests	(160,193)	-
Consideration received from non-controlling interests	110,000	-
Decrease in equity attributable to owner of the Company	(50,193)	-

31. OPERATING SEGMENTS

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

(a) Warehousing and logistic related services - providing bonded warehousing, freight forwarding and transportation services and insurance agency.
(b) Food and beverage - restaurant and café related services.
(c) Catering services - catering and other related services.
(d) Investment holding - provision of management services.

	Warehousing and logistic related services	Food and beverage	Catering services	Investment holding	Consolidation adjustment and elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016						
Revenue						
External sales	7,248	1,031	257,770	1,315	(1,000)	266,364
Intersegment revenue	27	-	-	-	(27)	-
Total revenue	7,275	1,031	257,770	1,315	(1,027)	266,364
Segment operating profit or loss	(75)	(1,684)	(83,991)	(78,549)	52,839	(111,460)
Finance cost						(8,992)
Share of loss in joint venture						(368)
Consolidated profit or loss before tax						(120,820)
Included in operating (loss)/profit are as follows:						
Interest income	2	-	987	428	(827)	590
Depreciation of property, plant and equipment	(1,043)	(213)	(9,088)	(135)	-	(10,479)
Loss on disposal of equity interest in subsidiary	-	-	-	(19,630)	19,630	-
Impairment loss on amounts due from subsidiaries	-	-	-	(10,347)	10,347	-
Reversal of impairment loss on amount due from subsidiary	-	-	-	1,237	1,237	-
Other material items of expenses (Note 31(a))	(70)	-	(92,919)	(17,358)	-	(110,347)

	Warehousing and logistic related services	Food and beverage	Catering services	Investment holding	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
2016					
Assets					
Segment assets	31,110	1,370	289,220	17,545	339,245
Investment in joint venture					19,729
Unallocated assets					
- Deferred tax assets					11,764
- Tax recoverable					11,349
Consolidated total assets					382,087
Liabilities					
Segment liabilities	1,833	4,250	41,670	88,747	136,500
Unallocated liabilities					
- Provision of taxation					65
Consolidated total liabilities					136,565
Other segment items					
Additions to non-current assets other than financial instruments:					
- property and equipment	44	155	3,332	606	4,137

31. OPERATING SEGMENTS (CONT'D)

	Warehousing and logistic related services RM'000	Food and beverage RM'000	Catering services RM'000	Investment holding RM'000	Consolidation adjustment and elimination RM'000	Group RM'000
2015						
Revenue						
External sales	7,610	2,324	271,105	256	-	281,295
Intersegment revenue	27	15	-	51	(93)	-
Total revenue	7,637	2,339	271,105	307	(93)	281,295
Segment operating profit or loss	1,191	(2,604)	3,344	(4,045)	(688)	(2,802)
Finance cost						(10,438)
Share of loss in joint venture						(781)
Consolidated profit or loss before tax						(14,021)
Included in operating profit/(loss) are:						
Interest income	1	-	876	239	(637)	479
Depreciation of property, plant and equipment	(953)	(237)	(10,591)	(86)	-	(11,867)
Other material items of expenses	-	(749)	-	-	-	(749)

	Warehousing and logistic related services RM'000	Food and beverage RM'000	Catering services RM'000	Investment holding RM'000	Group RM'000
2015					
Assets					
Segment assets	31,104	1,928	171,900	226,042	430,974
Investment in joint venture					21,097
Unallocated assets					
- Deferred tax assets					12,416
- Tax recoverable					12,916
Consolidated total assets					477,403
Liabilities					
Segment liabilities	1,274	4,539	55,853	157,728	219,394
Unallocated liabilities					
- Provision for taxation					65
Consolidated total liabilities					219,459
Other segment items					
Additions to non-current assets other than financial instruments:					
- property and equipment	601	25	8,721	4	9,351

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

	Warehousing and logistic related services RM'000	Food and beverage RM'000	Catering services RM'000	Investment holding RM'000	Group RM'000
2016					
Impairment loss on goodwill	-	-	91,600	-	91,600
Impairment losses on trade and other receivables	70	-	1,319	2,958	4,347
Impairment loss on intangible asset	-	-	-	7,500	7,500
Provision for legal case	-	-	-	6,900	6,900
	70	-	92,919	17,358	110,347
2015					
Impairment losses on trade and other receivables	-	749	-	-	749
	-	749	-	-	749

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's revenue, amounting to RM154,342,000 (2015: RM176,394,000) arose from sales of the catering services segment.

32. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments are as follows:

(a) Contingent Liabilities

On 25 August 2016, the Company together with a subsidiary received a Writ Summons and Statement of Claim from a third party, based on a purported breach of an intended joint venture and/or misrepresentation where both parties were then interested to acquire a potential business venture, which did not materialise as the shareholders of the Company did not approve the proposed acquisition. The plaintiff has claimed for the return of the deposit paid amounting to RM950,000 and expenses incurred of RM93,000. The case is fixed for trial from 2 to 4 May 2017.

(b) Capital commitments

	The Group 2016 RM'000	2015 RM'000
Approved and contracted for:		
Upgrading of electrical works	-	142
Purchase of plant and equipment	88	-
Purchase of computer software	309	959

32. CONTINGENT LIABILITIES AND COMMITMENTS (CONT'D)

(c) Non-cancellable operating lease commitments

	The Group	
	2016	2015
	RM'000	RM'000
Commitments under non-cancellable operating leases:		
Not later than 1 year	20,143	20,818
Later than 1 year but not later than 5 years	10,463	30,052
More than 5 years	489	527
	31,095	51,397

The Company does not have any non-cancellable operating lease as at 31 December 2016 (2015: Nil).

33. MATERIAL LITIGATION

On 10 June 2016, the Group's 60% owned subsidiary, Admuda Sdn. Bhd. ("Admuda") received a Writ and Statement of Claim filed on 30 May 2016 at the High Court of Sabah and Sarawak in Kuching by the plaintiff to claim against Admuda the sum of RM6,939,000 together with interest thereon as the Court deems fit from 24 June 2014 until full and final settlement of the alleged damages. The plaintiff's claim arose from the non-payment by Admuda of the first progress claim for the works done by the plaintiff in relation to the design and build a sugar refinery factory with production capacity of 500 tones per day. The High Court of Sabah and Sarawak in Kuching delivered its judgment in favour of the plaintiff for the amount of RM6,939,000 with cost of RM6,000 on 17 February 2017. On 2 March 2017, Admuda filed a Notice of Appeal to the Court of Appeal against the whole of the decision. The claim is not expected to have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2016 as adequate provision has been made in the financial statements.

34. FINANCIAL INSTRUMENTS

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

(a) Financial risk management policies

(i) Market risk

(a) *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.

There is no material impact on the Group's and Company's results arising from a reasonable change in the foreign currency exchange rate as there is no significant exposure to foreign currency risk.

(b) *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.

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	
	2016	2015
	RM'000	RM'000
Effects on loss after taxation		
Increase of 100 basis points	(758)	(1,062)
Decrease of 100 basis points	758	1,062
Effects on equity		
Increase of 100 basis points	(758)	(1,062)
Decrease of 100 basis points	758	1,062

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(ii) Credit risk

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

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by a corporate shareholder of a subsidiary which constituted approximately 46% (2015: 41%) of its trade receivables as at the end of the reporting period.

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 asset 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.

Ageing analysis

The ageing analysis is as disclosed in Note 18 to the financial statements.

(iii) Liquidity risk

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

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 RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group						
2016						
Lease and hire purchase payables	5.22	553	651	139	376	136
Term loans	7.3	79,502	97,142	10,591	71,368	15,183
Amounts due to related companies	-	867	867	867	-	-
Bank overdrafts	8.9	1,535	1,535	1,535	-	-
Trade payables	-	29,133	29,133	29,133	-	-
Other payables and accruals	-	24,886	24,886	24,886	-	-
		136,476	154,214	67,151	71,744	15,319
2015						
Lease and hire purchase payables	5.00	185	202	97	105	-
Term loans	7.06	143,382	181,044	36,521	106,997	37,526
Amounts due to related companies	-	19,068	19,068	19,068	-	-
Bank overdrafts	8.90	2,096	2,096	2,096	-	-
Trade payables	-	23,342	23,342	23,342	-	-
Other payables and accruals	-	31,292	31,292	31,292	-	-
		219,365	257,044	112,416	107,102	37,526
Company						
2016						
Lease and hire purchase payables	5.22	455	546	82	328	136
Term loans	7.3	75,750	93,155	6,604	71,368	15,183
Trade payables	-	54	54	54	-	-
Other payables and accruals	-	2,794	2,794	2,794	-	-
Amounts due to related companies	-	386	386	386	-	-
Bank overdrafts	8.90	1,535	1,535	1,535	-	-
		80,974	98,470	11,455	71,696	15,319
2015						
Term loans	7.05	139,500	177,161	32,639	106,997	37,525
Trade payables	-	93	93	93	-	-
Other payables and accruals	-	6,601	6,601	6,601	-	-
Amount due to a subsidiary	-	5,113	5,113	5,113	-	-
Amounts due to related companies	-	8,516	8,516	8,516	-	-
Bank overdrafts	8.90	2,096	2,096	2,096	-	-
		161,919	199,580	55,058	106,997	37,525

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support 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 and fixed deposits. 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.

	The Group	
	2016	2015
	RM'000	RM'000
Lease and hire purchase payables	553	185
Term loans	79,502	143,382
Bank overdrafts	1,535	2,096
	81,590	145,663
Less: Fixed deposits with licensed banks	(6,842)	(1,706)
Less: Cash and bank balances	(23,301)	(12,084)
Net debt	51,447	131,873
Total equity	245,522	257,944
Debt-to-equity ratio	0.21:1	0.51 : 1

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

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2016 and 31 December 2015.

(c) Classification of financial instruments

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables financial assets				
Trade receivables (Note 18)	45,593	45,249	-	-
Other receivables and deposits (Note 18)	7,664	9,092	58	165
Amounts due from subsidiaries (Note 19)	-	-	4,999	8,711
Amount due from a related company (Note 19)	66	-	-	-
Amount due from joint venture (Note 20)	43	39	32	25
Fixed deposits with licensed banks (Note 21)	6,842	1,706	6,626	1,498
Cash and bank balances (Note 21)	23,301	12,084	5,923	1,212
	83,509	68,170	17,638	11,611
Financial liabilities				
Other financial liabilities				
Lease and hire purchase payable (Note 24)	553	185	455	-
Term loans (Note 25)	79,502	143,382	75,750	139,500
Trade payables (Note 26)	29,133	23,342	54	93
Amount due to a subsidiary (Note 19)	-	-	-	5,113
Amounts due to related companies (Note 19)	867	19,068	386	8,516
Other payables and accruals (Note 26)	24,886	31,292	2,794	6,601
Bank overdrafts (Note 27)	1,535	2,096	1,535	2,096
	136,476	219,365	80,974	161,919

(d) 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 approximate their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments at the end of the reporting period:

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000
Group				
2016				
Financial Liabilities				
Term loans	-	3,752	-	3,752
Lease and hire purchase payables	-	553	-	553
2015				
Financial Liabilities				
Term loans	-	11,632	-	11,632
Lease and hire purchase payables	-	185	-	185

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value information (cont'd)

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000
Company				
2016				
Financial liabilities				
Lease and hire purchase	-	455	-	455
2015				
Financial liabilities				
Term loans	-	7,750	-	7,750

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Lease and hire purchase payables	5.22 - 6.80	6.60 - 6.94	5.22	-
Term loans	7.10 - 7.60	6.25 - 7.50	7.10 - 7.60	6.25 - 7.10

35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with their resolution on 17 April 2017.

36. 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total accumulated losses of the Company and its subsidiaries:				
- realised	(256,204)	(18,569)	(158,208)	(90,030)
- unrealised	11,595	11,738	-	-
	(244,609)	(6,831)	(158,208)	(90,030)
Total share of retained profit of joint ventures:				
- realised	(322)	776	-	-
- unrealised	-	270	-	-
	(322)	1,046	-	-
Less: Consolidation adjustments	82,414	(31,582)	-	-
At 31 December	(162,517)	(37,367)	(158,208)	(90,030)

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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	Warehouse	23,131,000	Tamadam Industries Sdn. Bhd./ 1 November 1991	17 years

ANALYSIS OF SHAREHOLDINGS

As at 24 March 2017

ISSUED AND PAID-UP SHARE CAPITAL	:	RM236,285,500 COMPRISING OF 236,285,500 ORDINARY SHARES
CLASS OF SHARES	:	ORDINARY SHARES
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	:	3,652

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
1 – 99	141	3.86	4,905	0.00
100 – 1,000	851	23.30	711,957	0.30
1,001 – 10,000	1,968	53.89	9,309,136	3.94
10,001 – 100,000	587	16.07	18,273,102	7.73
100,001 to less than 5% of issued shares	99	2.71	75,327,950	31.88
5% and above of issued shares	6	0.16	132,658,450	56.14
TOTAL	3,652	100.00	236,285,500	100.00

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct		Indirect	
No.	Directors	No. of shares held	%	No. of shares held	%
1.	Dato' Seri Ibrahim bin Haji Ahmad	-	-	96,005,000[2]	40.63
2.	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	-	-	71,005,000[3]	30.05
3.	Dato' Choo Kah Hoe	-	-	25,000,000[4]	10.58
4.	Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	-	-	-	-
5.	YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim	-	-	-	-
6.	Professor Dr Jinap binti Salamet	-	-	-	-
7.	Kamil bin Dato' Haji Abdul Rahman	-	-	-	-
8.	Ahmad Fahimi bin Ibrahim (Alternate Director to Dato' Seri Ibrahim bin Haji Ahmad)	-	-	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
No.	Directors	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[1]	30.05
3.	Semantan Capital Sdn. Bhd.	-	-	71,005,000[1]	30.05
4.	Dato' Seri Ibrahim bin Haji Ahmad	-	-	96,005,000[2]	40.63
5.	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	-	-	71,005,000[3]	30.05
6.	IBH Capital (Labuan) Limited	25,000,000	10.58	-	-
7.	Dato' Choo Kah Hoe	-	-	25,000,000[4]	10.58
8.	Lembaga Tabung Haji	45,553,450	19.28	-	-

Notes:-

1. Deemed interested in shares by virtue of their shareholdings in Brahim's International Franchises Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.
2. 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 8 of the Companies Act, 2016.
3. 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 8 of the Companies Act, 2016.
4. Deemed interested in shares by virtue of his shareholdings in IBH Capital (Labuan) Limited pursuant to Section 8 of the Companies Act, 2016.

TOP THIRTY (30) SECURITIES ACCOUNT HOLDERS AS AT 24 MARCH 2017

No.	Name	No. of shares held	%
1.	Lembaga Tabung Haji	45,553,450	19.28
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. 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	8,535,300	3.61
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Brahim's International Franchises Sdn. Bhd.	6,400,000	2.71
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (MIDF AM IS EQ)	5,661,700	2.40
11.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Takaful Ikhlas Berhad (JS487)	2,511,700	1.06
12.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Brahim's International Franchises Sdn. Bhd. (SFC)	2,500,000	1.06
13.	CIMB Group Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Yayasan Sarawak (JG281)	2,400,000	1.02
14.	CIMB Group Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Universiti Malaya (JG488)	2,134,900	0.90
15.	Amanahraya Trustees Berhad MIDF Amanah Strategic Fund	2,069,200	0.88
16.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. CIMB Islamic Trustee Bhd for BIMB I Dividend Fund	1,919,800	0.81
17.	Maybank Nominees (Tempatan) Sdn. Bhd. Bank Kerjasama Rakyat (M) Berhad (412803)	1,760,500	0.75
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	1,373,000	0.58
19.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)	1,054,300	0.45
20.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Batu Bara Resources Corporation Sdn. Bhd.	1,050,000	0.44
21.	Kumpulan Wang Simpanan Guru-Guru	1,000,000	0.42
22.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for Bank Julius Baer & Co. Ltd. (Singapore BCH)	950,000	0.40
23.	Koperasi Permodalan Felda Malaysia Berhad	917,200	0.39
24.	Sharifah Bahiyah binti Wan Omar	900,500	0.38
25.	CIMB Group Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Renesas Semicon Ductor (M) Sdn. Bhd. (JF290)	830,000	0.35
26.	Leong You Tong	800,000	0.34
27.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Perbadanan Nasional Berhad (JC492)	722,800	0.31
28.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (AMISLAMIC FD)	720,000	0.30
29.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	715,600	0.30
30.	CIMB Group Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Lembaga Tabung Angkatan Tentera (JG441)	635,900	0.27
	Total	190,961,100	80.82

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 35th 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 Thursday, 18 May 2017 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 2016 together with the Reports of the Directors and Auditors thereon	**Please refer to Explanatory Note A**
2.	To approve the payment of Directors' Fees amounting to RM393,600.00 for the financial year ended 31 December 2016.	**Ordinary Resolution 1 Please refer to Explanatory Note B**
3.	To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries up to an amount of RM50,000.00 for the financial period from 1 January 2017 until the conclusion of next Annual General Meeting.	**Ordinary Resolution 2 Please refer to Explanatory Note B**
4.	To re-elect Dato' Choo Kah Hoe who retires by rotation as a Director of the Company pursuant to Paragraph 98 of the Constitution of the Company.	**Ordinary Resolution 3**
5.	To re-elect Professor Dr Jinap binti Salamet who retires by rotation as a Director of the Company pursuant to Paragraph 98 of the Constitution of the Company.	**Ordinary Resolution 4**
6.	To re-appoint Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, who retires at the conclusion of this 35th Annual General Meeting of the Company as a Non-Independent Non-Executive Director of the Company.	**Ordinary Resolution 5 Please refer to Explanatory Note C**
7.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**

Special Business

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

8. **AUTHORITY TO ISSUE SHARES**

"THAT subject to Section 75 of the Companies Act, 2016, Constitution 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 to issue not more than ten percent (10%) of the issued capital (excluding treasury shares) 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 in accordance with Section 76 of the Companies Act, 2016 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 7**

9. **PROPOSED RENEWAL OF 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 26 April 2017 ("**the Circular**") provided such transactions are:-

(a) necessary for the day-to-day operations;

(b) 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

(c) not prejudicial to the minority shareholders of the Company.

("**Shareholders' Mandate**")

THAT such approval shall continue to be in force and effect until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the said AGM;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) 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 8**

10.	To transact any other business for which due notice has been given in accordance with the Companies Act, 2016.

By Order of the Board

LIM LEE KUAN (MAICSA 7017753)
TEO MEE HUI (MAICSA 7050642)
Company Secretaries

Kuala Lumpur
26 April 2017

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 attorney, 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 Thursday, 11 May 2017.

Explanatory Notes

A: **Item 1 of the Agenda**

The Audited Financial Statements under this agenda item is meant for discussion only as the provision of Section 248 of the Companies Act 2016 does not require a formal approval of the shareholders and hence this item is not put forward for voting.

B: **Ordinary Resolutions 1 and 2**

Section 230(1) of the Companies Act, 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 35th Annual General Meeting on the Directors' remuneration in two (2) separate resolutions as below:-

- Resolution 1 on payment of Directors' fees for the year ended 31 December 2016; and
- Resolution 2 on payment of Directors' Remuneration (excluding Directors' Fees) payable to Directors for the financial period from 1 January 2017 until the next Annual General Meeting.

The payment of the Directors' Fees in respect of the financial year ended 31 December 2016 will only be made if the proposed Resolution 1 has been passed at the 35th Annual General Meeting pursuant to Section 230(1) of the Companies Act, 2016.

The proposed Directors' Remuneration (excluding Directors' Fees) comprises the following allowance payable to the Board of the Company and its subsidiaries:-

No.	Description	Directors
1.	Meeting Allowance: Board of Directors' Meeting	RM500.00 (per meeting per person)

In determining the estimated total amount of the Directors' Remuneration (excluding Directors' fee), the Board considered various factors including the number of scheduled meetings for the Board and number of Directors involved in these meetings.

C: **Ordinary Resolution 5 – Re-appointment of Director**

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, who is over the age of 70 years was re-appointed under Section 129 of the Companies Act, 1965 at the 34th Annual General Meeting. With the removal of the above section under the Companies Act, 2016, he is subject to retirement and eligible for re-appointment at the forthcoming 35th Annual General Meeting to be held on 18 May 2017. The proposed Resolution 5 is to seek shareholders' approval on the re-appointment of Tan Sri Dato' Mohd Ibrahim bin Mohd Zain as a Non-Independent Non-Executive Director of the Company.

(i) **Ordinary Resolution 7 - Authority to Issue Shares**

The proposed Ordinary Resolution 7, 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.

(ii) **Ordinary Resolution 8 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 8, 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 26 April 2017.

Brahim's®

Brahim's Holdings Berhad
(82731-A) (Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	CDS Account No.

*I/We…………………………………………………………………………...........***I/C No./Passport No./Company No.**……..............…........……

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 35th Annual General Meeting of the Company to be held at Cafe Barbera, 18, Lorong Maarof, Bangsar Park, 59000 Kuala Lumpur on Thursday, 18 May 2017 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 2016.		
2.	To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries for the period from 1 January 2017 until the conclusion of the next Annual General Meeting.		
3.	To re-elect Dato' Choo Kah Hoe as a Director.		
4.	To re-elect Professor Dr Jinap binti Salamet as a Director.		
5,	To re-appoint Tan Sri Dato' Mohd Ibrahim bin Mohd Zain as a Non-Independent Non-Executive Director.		
6.	To re-appoint Auditors for the ensuing year and to authorise the Directors to determine their remuneration.		
7.	**Special Business** To approve the authority to Issue Shares		
8.	To approve the Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature.		

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 ……….................. 2017

……………………………………….............……
Signature/Common Seal of Shareholder

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 attorney, 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 Thursday, 11 May 2017.

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

Please fold here

We Deliver Halal Cuisine of the World

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
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