Brahim's®

Brahim's Holdings Berhad

(82731-A) (Incorporated in Malaysia)

annual report 2017

We Deliver Halal Cuisine of the World

01 CONTENTS

02	CHAIRMAN'S MESSAGE
04	FINANCIAL HIGHLIGHTS 2017
05	STOCK INFORMATION
06	FINANCIAL & INVESTOR CALENDAR 2017
07	BOARD OF DIRECTORS & CORPORATE INFORMATION
08	BOARD OF DIRECTORS' PROFILE
13	CORPORATE STRUCTURE
14	MANAGEMENT DISCUSSION & ANALYSIS
20	CORPORATE SUSTAINABILITY STATEMENT
23	CODE OF ETHICS
24	BOARD CHARTER
26	CORPORATE GOVERNANCE OVERVIEW STATEMENT
32	STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
34	AUDIT COMMITTEE REPORT
37	FINANCIAL STATEMENTS
78	LIST OF PROPERTIES
79	ANALYSIS OF SHAREHOLDINGS
81	NOTICE OF ANNUAL GENERAL MEETING
	FORM OF PROXY

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.

When we least expect it, life sets us a challenge to test our courage and willingness to change and adapt.

A WORD OF WELCOME

Greetings. On behalf of the Board of Brahim's Holdings Berhad ("BHB"), it gives me pleasure to present you my Tenth Annual Message in the 36th Annual General Meeting.

2017 was a year of continuous rebuilding, realigning and reinforcing ourselves and has been a productive one. In addition to achieving improved performance over the preceeding year, we have aligned the Group's transformation business plan to address the challenges for our business. I have great confidence in our Group's ability to adopt the right strategy and recover at the right pace to take the Group forward.

EMBRACING CHALLENGES

The Group has continued to make unprecedented changes over the past 12 months. We continued to take decisive, immediate action on the challenges we faced – one of which is to be less dependent on the airline catering business. We have continued to make changes needed to re-energise our operation, whilst capitalising on the existing infrastructure and experienced human resources available in hand.

The Group has succeeded in overcoming initial difficulties in the increasingly competitive food and beverage ("F&B") sector by capitalising on our halal expertise and reputation for offering delicious, wholesome variety, safe and healthy meals at affordable prices. It is encouraging to see the satisfactory performance of the Group's airline catering division and the shift to emphasise on our non-airline catering business, and our team's ability to maintain our market leadership.

The Group has also responded to difficult market conditions and severe competition by continuously fine-tuning our F&B brand portfolio through the consolidation of old brands and the introduction of new brands to increase market share, which is detailed in our Management Discussion & Analysis. It is especially encouraging to see how much the Group has accomplished. This gives me great hope in the Group's ability to build up our business in this sector.

COMMITTED TO SUSTAINABILITY

As Chairman, I am wholly committed to sustainability as a way of thinking, and I am especially proud that the Group has aspired to make better decisions, integrate sustainability into our business. The Group's sustainability initiatives continue to focus on three key areas: in promoting health and wellness; minimising our environmental impact; and to benefit the local communities where we operate.

In the process, we have enable ourselves to: deliver valuable insights to understand sustainability issues and make better decisions; facilitated motivational dialogues and collaborations by encouraging better work relationships to accelerate progress; and support integration of sustainability into our core business strategy and operations.

Sustainable development requires human ingenuity. And, our people are the most important resource.

Next to excellence, is the respect and appreciation of it.

In 2017, the Group has continued to build and strengthen our sustainability platform across all of our operations described in our Corporate Sustainability Statement, which we adopted in lieu of the Corporate Social Responsibility format since 2016.

ACKNOWLEDGEMENTS

The Group's Audit, Nomination and Remuneration Committees have worked hard to ensure that the right balance of skills and breadth of experience is reflected on our Board through these challenging years. Our commitment to best practices, code of ethics and stringent corporate governance played a key role in managing the Group's business risks and opportunities.

I would like to extend my appreciation to the Board, whose staunch support I have greatly appreciated. Since 2014, when our business suffered greatly under the MAS Restructuring Exercise and Recovery Plan, the management team has been under pressure to improve the overall financial and business growth performance of the Group.

I would like to recognise and thank all employees of the Group for your commitment, diligence, belief and resilience in delivering results in what continues to be a challenging environment. It is with their unwavering focus on meeting customers' needs and commitment that has enabled our substantial progress in these challenging years. With our values that we continue to adhere and the transformation plan aligned in place, I am highly optimistic of a profitable and promising future outlook. *Insyallah*, I look forward to better times very soon.

My appreciation to our partner SATS Ltd for the significant growth in creating a shared value with the Group's employees, communities, customers, consumers, shareholders, vendor and supply partners. I look forward to more sharing of experiences and synergy between us to further grow the business and deliver value for all.

And last but not least, a big THANK YOU to our customers, bankers, regulatory authorities and esteemed shareholders for your continued support and trust in the Group. I believe that we have focused on the right priorities as we continue to rebuild and strengthen the Group's business. Your confidence has undoubtedly support our momentum towards achieving our goals for the long-term success of the Group.

I look forward to seeing you all at our 36th Annual General Meeting.

Dato' Seri Ibrahim bin Haji Ahmad
Executive Chairman

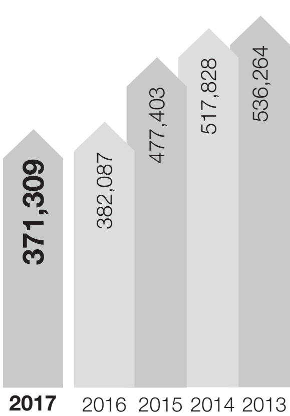
9 April 2018

04 FINANCIAL HIGHLIGHTS 2017

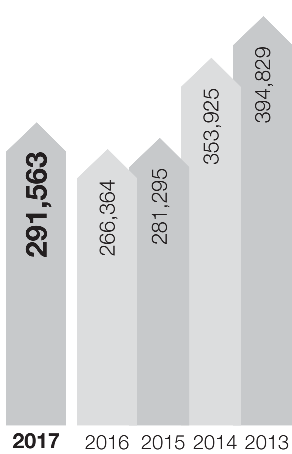
SUMMARY OF FINANCIAL STATEMENTS

	2013	2014	2015	2016	2017
Statements of Comprehensive Income (RM'000)					
Revenue	394,829	353,925	281,295	266,364	**291,563**
Profit/(Loss) before tax	58,800	(35,055)	(14,021)	(120,820)	**678**
Profit/(Loss) after tax	39,049	(33,832)	(15,418)	(122,422)	**(2,168)**
Profit/(Loss) attributable to equity holders of the Company	22,028	(31,962)	(15,680)	(74,957)	**(6,937)**
EPS/(LPS) (sen)	10.12	(13.64)	(6.64)	(31.72)	**(2.94)**
Statements of Financial Position (RM'000)					
Issued and paid-up capital	225,545	236,286	236,286	236,286	**268,266**
Total equity	288,883	273,361	257,944	245,522	**243,354**
Total assets	536,264	517,828	477,403	382,087	**371,309**

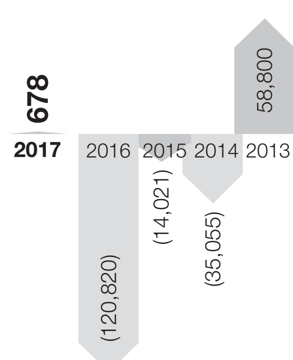
TOTAL ASSETS (RM'000)



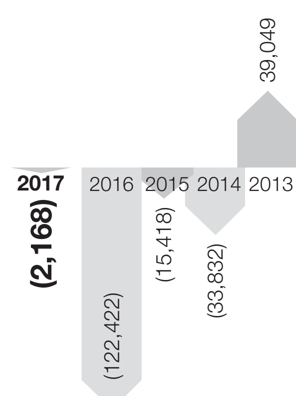
REVENUE (RM'000)



PROFIT/(LOSS) BEFORE TAX (RM'000)



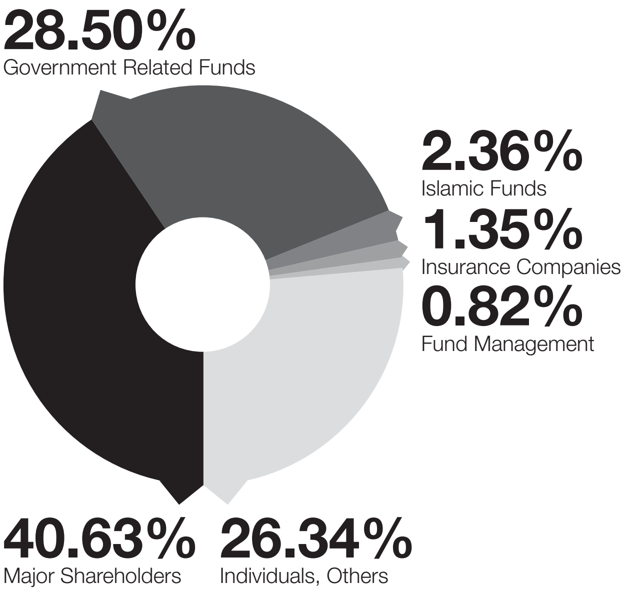
PROFIT/(LOSS) AFTER TAX (RM'000)



05

STOCK INFORMATION

As at 23 March 2018



STOCK SUMMARY

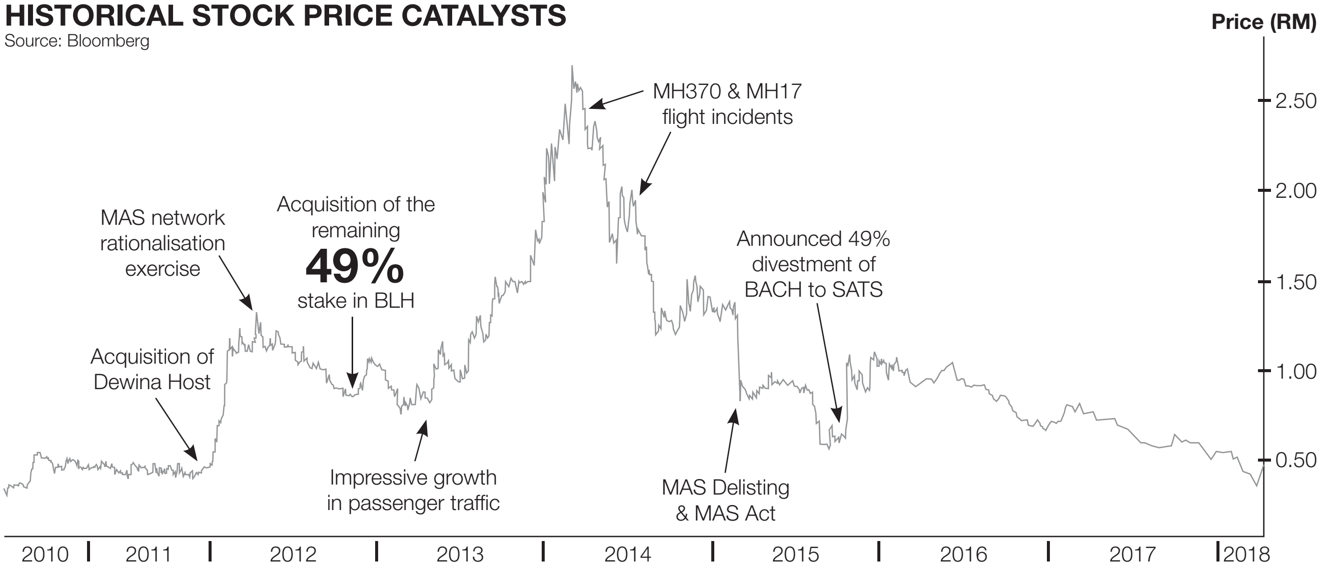
Stock Name	: BRAHIMS
Stock Code	: 9474
Number of Shares Issued	: 236,285,500 shares
Number of Shareholders	: 3,957

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	67,347,450	28.50
3	Islamic Funds	5,593,800	2.36
4	Insurance Companies	3,178,700	1.35
5	Funds Management	1,929,250	0.82
6	Individuals, Others	62,231,300	26.34
	TOTAL	**236,285,500**	**100**

HISTORICAL STOCK PRICE CATALYSTS

Source: Bloomberg



06 FINANCIAL & INVESTOR CALENDAR 2017

02

23 February
BOD, AC & NC Meeting of BHB.

28 February
Announcement of Q4 2016 Results.

03

24 March
Cafeteria Operation Agreements between Brahim's SATS Food Services Sdn. Bhd. ("BSFS") and Universiti Kebangsaan Malaysia ("UKM").

04

17 April
BOD, AC & NC Meeting of BHB.

26 April
Announced 2016 BHB Audited Financial results and 2016 Annual Report.

05

18 May
35th AGM.

23 May
BOD & AC Meeting of BHB.
Announced Q1 2017 Results.

06

9 June
BHB EXCO Meeting.

07

16 July
Brahim's Dewina Group of Companies Hari Raya Open House & 29th Anniversary Celebrations.

27 July
BHB EXCO Meeting.

08

3 August
Special Board Meeting.

29 August
BOD & AC Meeting of BHB.

30 August
Announced Q2 2017 Results.

11

8 November
Appointed Encik Mohd Fadhli bin Abdul Rahman as Group Accountant cum Chief Operating Officer.

9 November
BHB EXCO Meeting.

29 November
BOD & AC Meeting of BHB.

30 November
Announced Q3 2017 Results.

BOARD OF DIRECTORS & CORPORATE INFORMATION

07

BOARD OF DIRECTORS

Dato' Seri Ibrahim bin Haji Ahmad
Executive Chairman

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

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

YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim
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

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

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

AUDIT COMMITTEE

Kamil bin Dato' Haji Abdul Rahman
Chairman

Dato' Choo Kah Hoe

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie

Professor Dr Jinap binti Salamet

EXECUTIVE COMMITTEE

Dato' Seri Ibrahim bin Haji Ahmad
Chairman

Dato' Choo Kah Hoe

Kamil bin Dato' Haji Abdul Rahman

Professor Dr Jinap binti Salamet

NOMINATION COMMITTEE

Kamil bin Dato' Haji Abdul Rahman
Chairman

Dato' Choo Kah Hoe

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie

Professor Dr Jinap binti Salamet

REMUNERATION COMMITTEE

Dato' Choo Kah Hoe
Chairman

Kamil bin Dato' Haji Abdul Rahman

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie

Professor Dr Jinap binti Salamet

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 PLT
(LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral, Jalan Rakyat
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

08 BOARD OF DIRECTORS' PROFILE

1. DATO' SERI IBRAHIM BIN HAJI AHMAD
Executive Chairman

Nationality/Age Malaysian/71

Gender Male

Date of Appointment 15 May 2008

Length of Service (as at 28 February 2018) 9 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
- Lifetime Achievement Award by the Malay Chamber of Commerce in 2017

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 Economic Association
- Member of SME Development Council
- Member of Malaysia Saudi Business 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

2. TAN SRI DATO’ MOHD IBRAHIM BIN MOHD ZAIN
Non-Independent Non-Executive Director

Nationality/Age Malaysian/75

Gender Male

Date of Appointment 15 May 2008

Length of Service (as at 28 February 2018) 9 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

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

Nationality/Age Malaysian/64
Gender Male
Date of Appointment 9 July 2008
Length of Service (as at 28 February 2018) 9 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
- President, Malaysia-Vietnam Chamber of Commerce

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")

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

Nationality/Age Malaysian/52
Gender Male
Date of Appointment 26 June 2014
Length of Service (as at 28 February 2018) 3 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

5. TAN SRI DATUK SERI PANGLIMA SULONG BIN MATJERAIE

Independent Non-Executive Director

Nationality/Age Malaysian/71

Gender Male

Date of Appointment 18 July 2013

Length of Service (as at 28 February 2018) 4 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
- Called to the 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 maximum period of four years from 2013 to 9 February 2017
- Bencher of the prestigious the Honourable Society of the Inner Temple, London
- Independent Non-Executive Chairman of Ho Hup Construction Company Berhad
- Independent Non-Executive Chairman of Petra Energy Berhad
- Independent Non-Executive Chairman 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

6. PROFESSOR DR JINAP BINTI SALAMET

Independent Non-Executive Director

Nationality/Age Malaysian/64

Gender Female

Date of Appointment 26 June 2014

Length of Service (as at 28 February 2018) 3 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")
- Member of Programme Advisory Panel ("PAP") for Master of Science (Food Science) programme, 2017
- Accredited Trainer for Food Handlers (SPLLM), Ministry of Health

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

- Board Member of Food Analysis Committee Malaysia
- Editor In Chief, International Food Research Journal, 2017
- 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
- Member of National Expert Committee 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
- Member of ASEAN Risk Assessment Committee ("ARAC")
- Committee Fellow of Academy of Science of Malaysia ("FASc")
- International Editorial Board for Food Additives and Contaminants
- Member of Food Industry Training Centre ("FITC"), 2017
- Member of the Vetting Committee for Biological, Agricultural and Environment Sciences Discipline Group, 2017
- Chairperson, Panel Penasihat Standard Malaysia:
  a) Spices and condiment, b) Sugar and confectionary
- Member, ISC, Standard Malaysia, 2017
- Panel, ASEAN Risk Assessment, 2017

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
- Board member for UPM Innovations Sdn Bhd and Malaysian Cocoa Board
- Former Vice President of the Malaysian Institute of Food Technology ("MIFT")

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

Nationality/Age Malaysian/69
Gender Male
Date of Appointment 25 February 2016
Length of Service (as at 28 February 2018) 2 years

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
- Independent Non-Executive Director and Chairman of the Audit Committee, Ire-Tex Corporation 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

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

Nationality/Age Malaysian/34
Gender Male
Date of Appointment 1 February 2014
Length of Service (as at 28 February 2018) 4 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

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 ended 31 December 2017 are as follows:

Related Party Transactions of a Revenue or Trading Nature
There were no recurrent related party transactions entered into by the Group during the financial year ended 31 December 2017.

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 2017.

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

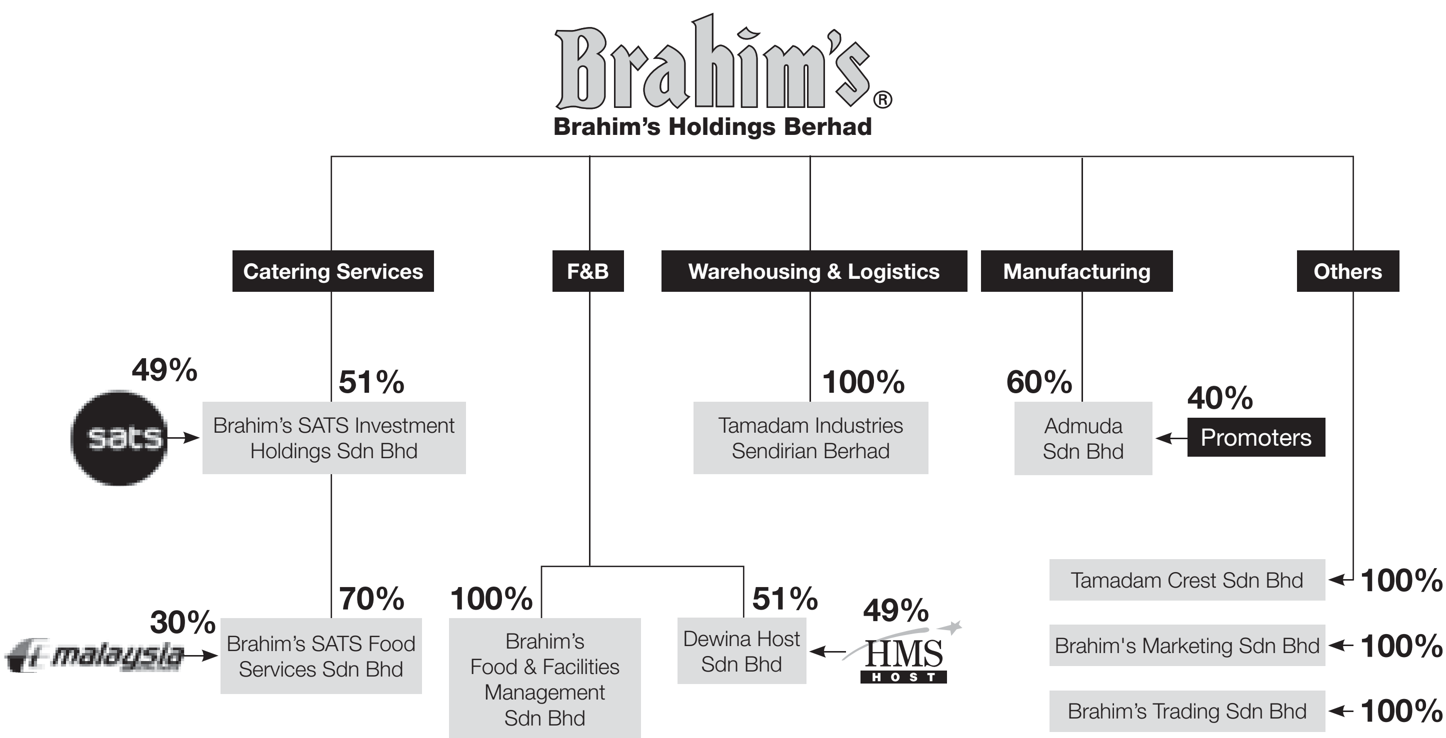
Internal Audit Function
Please refer to Statement on Risk Management and Internal Control.

Details of Audit Fees	Group (RM'000)	Company (RM'000)
Statutory Audit Fees	483	180
Non-Audit Fees	106	20
TOTAL	589	200

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

CORPORATE STRUCTURE

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 **33 international commercial airlines** out of KLIA and Penang with MAB as its major customer. BSFS **produces an average of 52,000 meals per day** out of its flight kitchen in Sepang, KLIA catering to over 200 flights daily.



14

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

Brahim's Holdings Berhad Group is the country's leading halal in-flight catering company through its 51% equity interests in Brahim's SATS Investment Holdings Sdn Bhd ("BSIH") which in turn owns 70% of Brahim's SATS Food Services Sdn Bhd ("BSFS") and the balance of 30% owned by Malaysia Airlines Berhad ("MAB"). 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 RM218 million, of which RM110 million has been received. 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 interest in Dewina Host Sdn Bhd ("DHSB"), a major operator of restaurants and cafes in Kuala Lumpur International Airport ("KLIA") and KLIA2. With the completion of KLIA2 in 2014, DHSB was awarded 2,572 sq. metres for premium Urban Food Court and 133 sq.metres for a Fast Food outlet in International Departure sector (Airside).

With the contract extension of three (3) years up to 2018 with Malaysia Airport Holding Berhad ("MAHB"), DHSB will continue to operate the two (2) existing Burger King outlets. One outlet is located in KLIA Satellite Building, which cater for international flights whilst another large outlet is located in the Arrival section of main terminal building. DHSB also operates Kopitime and Food Paradise in KLIA main terminal building.

In KLIA2, DHSB operates multiple concepts of outlets in the biggest food court. The Premium Urban Food Court located at the airside of international departure offers seven (7) food & beverages ("F&B") concepts with Asia and International cuisine. Currently, there are eight (8) concepts operational in KLIA2 i.e. Burger King, The Chicken Rice Shop, Noodles & Yong Tau Foo, Beverage Station, Taste of India, Toast Box, Hot Wok and Popeyes.

The Group has shifted from its logistics business to a more sustainable airport-centric food services business and other Food & Beverage business 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 business to broaden and deepen the Group's earnings base.

EXECUTIVE OVERVIEW

	(RM'000) 2017	2016	% Change
Selected Items from Statement of Comprehensive Income			
Revenue	291,563	266,364	9.5
Direct operating expenses	(159,467)	(145,933)	9.3
Gross profit	132,096	120,431	9.7
Other income	1,378	981	40.5
Less: Distribution expenses	-	(14)	(100.0)
Administrative expenses	(115,506)	(115,647)	(0.1)
Other operating expenses	(10,817)	(117,211)	(90.8)
Finance costs	(6,969)	(8,992)	(22.5)
Share of results in joint venture	496	(368)	(234.8)
Profit/(loss) before tax	678	(120,820)	(100.6)
Zakat	(383)	-	(100.0)
Income tax expense	(2,463)	(1,602)	53.7
Net loss after tax	(2,168)	(122,422)	(98.2)
Comprehensive (loss)/income			
- attributable to Owners of the Company	(6,937)	(74,957)	(90.7)
- to non-controlling interest	4,769	(47,465)	(110.0)
Selected Items from Statement of Financial Position			
Property, plant & equipment	49,712	51,996	(4.4)
Goodwill on consolidation	190,963	190,963	0.0
Trade and other receivables	61,925	55,660	11.3
Deposits with licensed financial institutions & cash/bank balances	18,862	30,143	(37.4)
Total assets	371,309	382,087	(2.8)
Total liabilities	127,955	136,565	(6.3)
Equity attributable to owners of the Company	98,812	105,749	(6.6)

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 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 FY2017, the Group implemented the strategies which were put in place, and is gradually coming into realisation. The efforts include group-wide cost saving initiative as well as group-wide Enterprise Risk Management ("ERM"). The group registered a consolidated turnover of RM291.56 million.

These efforts are indirectly reflected in the Group’s direct operating expenses 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 2.94 sen for the year ended December 2017, compared with a net loss per share of 31.72 for the year ended December 2016. This unfavorable return per share was due to the fact that the management was faced with tough economic environment coupled with stringent customers’ demands.

Return on Shareholders’ Equity ("ROE") was a negative 7.0% for 2017 compared to negative 70.9% for 2016. Share price decrease by 29% to RM0.47 at year end as compared to the 2016 closing at RM0.66.

	2017	2016	% Change
Key Financial Ratios			
Liquidity			
Working capital (RM'000)	38,796	41,009	(5.4)
Quick ratio	1.55	1.56	(0.6)
Current ratio	1.65	1.66	(0.6)
Net sales per working capital	7.5	6.5	15.4
Leverage/Gearing			
Debt-to-equity ratio	0.25	0.21	19.0
Coverage			
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	15,579	(101,349)	(115.4)
EBITDA/Int Exp + CPLTD	0.94	(6.87)	(113.7)
Profitability			
Return on sales (%)	(0.7)	(46.0)	(98.5)
Return on assets (%)	(0.6)	(32.0)	(98.1)
Return on equity (%)	(7.0)	(70.9)	(90.1)
Gross profit margin (%)	45.3	45.2	0.2
Operating expenses (%)	(98.0)	(142.2)	(31.1)
Operating profit margin (%)	2.5	(41.8)	(106.0)
Loss after tax margin (%)	(0.7)	(46.0)	(98.5)
Dividend payout rate (%)	-	-	-
Activity Ratio			
Interest coverage ratio	1.03	(12.40)	(108.3)
Receivables turnover ratio (days)	64	63	1.6
Payables turnover ratio (days)	59	73	(19.2)
Asset turnover (net sales/total assets)	0.79	0.70	12.9
Profit/(loss) before tax/total assets (%)	0.2	(31.6)	(100.6)
Growth (%)			
Total assets growth	(2.8)	(20.0)	(86.0)
Total liabilities growth	(6.3)	(37.8)	(83.3)
Net worth growth	(0.9)	(4.8)	(81.3)
Operating profit growth	106.4	3,877.9	(97.3)
Net profit after tax growth	(98.2)	694.0	(114.1)
Sustainable growth	(7.0)	(70.9)	(90.1)
Other Financial Indicators			
NA per share (RM)	1.03	1.04	(1.0)
EPS (sen)	(2.94)	(31.72)	90.7
Share price at year end (RM)	0.47	0.66	(28.8)

BUSINESS OPERATIONS REVIEW

BSFS is the principal inflight catering service provider at KLIA, KLIA2 and Penang International Airport.

In 2017, BSFS served 33 international airlines with MAB remaining as the major customer. Other airlines includes Emirates Airlines, Air Asia X, Malindo Air, Air Asia, Cathay Pacific, Turkish Airlines, British Airways, Cathay Dragon, Vietnam Airlines, All Nippon Airlines, Oman Air, Mahan Air, Japan Airlines, Garuda Indonesia, Eva Air, China Airlines, China Southern, Korean Air, Pakistan International Airlines, Xiamen Airlines, Air Mauritius, Thai Smiles, Uzbekistan Airways, Nepal Airlines, Ethiopian Airlines, Iraqi Airways, Myanmar Airways, Air Hong Kong, Silk Air, Lucky Air, Himalaya Airlines and Philippines Airlines.

BSFS cater to an average of 269 aircraft per day and prepares an average of 50,000 to 52,000 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 testing session is then arranged before a new menu is finally adopted and implemented. BSFS’s inflight kitchen is categorised into 3 main departments, namely the hot kitchen, the cold kitchen and the pastry and 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 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 1,334 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 located at the Catering Building, MAS Complex, South Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor.

The Group's FY2017 operating statistics are tabulated in Table 4.

The strategic partnership with SATS has given access to BSFS to leverage on SATS' existing network and expertise. In FY2017, the synergy achieved from this strategic partnership were as follows:

- Improve the readiness for airline audit (announced and unannounced) through coaching and knowledge sharing from SATS subject matter expert 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 enhance the meal quality, consistency and retain the airline customers. This initiative also allowed us to offer a wider variety of selection and showcase creativity.
- Access to bigger pool of suppliers base when tapped on SATS' suppliers and to explore the potential for consolidation of raw material procurement, whenever possible. This has reduced the food costs for BSFS significantly especially in the area of managing the raw material through better control and improved yields.

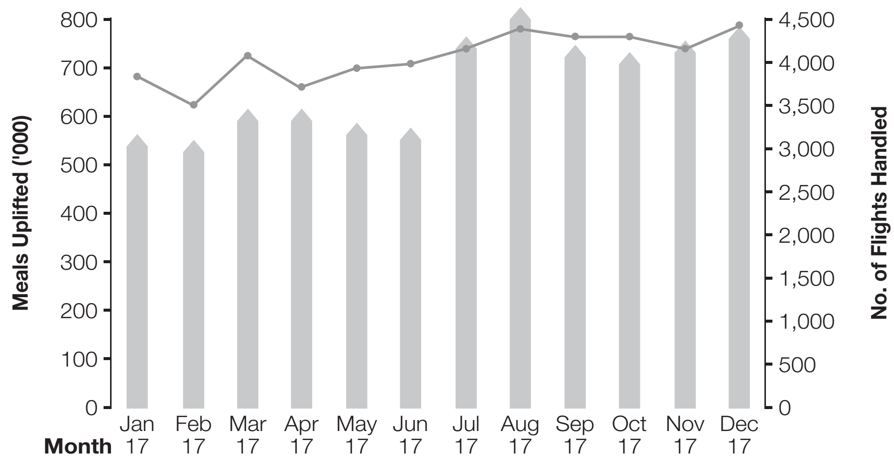
Apart from airline catering, in FY2017, BSFS also expanded the business in non-airline catering business. With corporate customers as the main target, BSFS has already registered Keretapi Tanah Melayu Berhad ("KTMB"), Universiti Kebangsaan Malaysia ("UKM"), Pantai Hospital and many others as the main catering operators.

The non-airline catering business may and will open up a lot more possibilities and have already tapped into maximising the capacity utilisation of the kitchen at KLIA in order to control the non-variable cost as most of the food and beverages are centrally supplied from KLIA kitchen.

Restaurant Operations

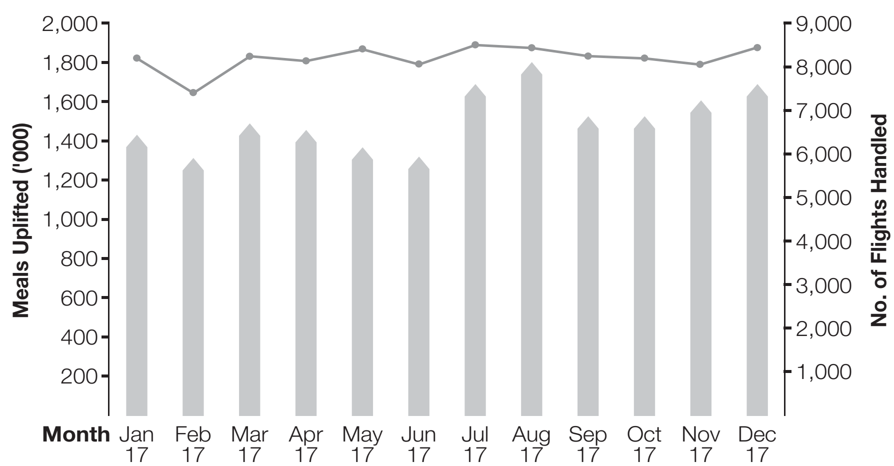
DHSB operates an exciting portfolio of F&B brands in KLIA and KLIA2.

Table 1 – Quantity and number of flights catered - Foreign Airlines except MAB (FOCA)



2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Meals Uplifted ('000)	565	550	615	612	586	578	757	823	738	726	742	761
No. of flight handled	3,847	3,522	4,101	3,719	3,956	3,980	4,164	4,333	4,290	4,286	4,128	4,450

Table 2 – BSFS Total Activity Summary 2017



2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Meals Uplifted ('000)	1,486	1,354	1,518	1,539	1,494	1,399	1,671	1,791	1,539	1,538	1,601	1,694
No. of flight handled	8,220	7,423	8,267	8,011	8,282	8,053	8,461	8,407	8,304	8,213	8,020	8,539

Table 3 – Historical Statistics

	2012	2013	2014	2015	2016	2017
Meals uplifted (in Millions)						
Total meals	15.03	16.97	17.89	16.08	16.56	18.62
From MAB	8.87	11.48	12.08	10.66	9.96	9.42
From FOCA	6.16	5.49	5.81	5.30	5.59	8.05
From Non-Airline				0.12	1.01	1.16
Total Flights handled						
Total Flights	66,033	78,123	83,659	82,264	77,887	98,200
From MAB	45,875	55,967	60,028	57,780	51,026	49,424
From FOCA	20,158	22,156	23,631	24,484	26,861	48,776
Staff Strength						
Headcount	1,142	1,142	1,133	1,226	1,167	1,334

Table 4 – Extracts from Statement of Comprehensive Income and Statement of Financial Position

	2017 RM'000	2016 RM'000	2015 RM'000
Statement of Comprehensive Income			
Revenue	291,563	266,364	281,295
Direct operating expenses	(159,467)	(145,933)	(162,231)
Gross profit	132,096	120,431	119,064
Operating profit	7,151	(111,460)	(2,802)
Profit/(loss) before taxation	678	(120,820)	(14,021)
Loss after taxation	(2,168)	(122,422)	(15,418)
Comprehensive loss attributable to owners	(6,937)	(74,957)	(15,680)
Amortisation	-	-	(58)
Depreciation	(7,932)	(10,479)	(11,867)
Administrative and operating expenses	(126,323)	(232,872)	(123,268)
Finance cost	(6,969)	(8,992)	(10,438)
Statement of Financial Position			
Inventories	6,259	6,126	7,067
Current assets	98,028	103,387	91,215
Current liabilities	(59,232)	(62,378)	(103,110)
Total assets	371,309	382,087	477,403
Total liabilities	(127,955)	(136,565)	(219,459)
Share capital	(268,266)	(236,286)	(236,286)
Equity attributable to owners	(98,812)	(105,749)	(230,899)
Total equity	(243,354)	(245,522)	(257,944)
Receivables	61,925	55,660	57,403
Payables	(47,904)	(54,043)	(54,663)
Bank overdrafts	(976)	(1,535)	(2,096)
Current portion term loan	(9,626)	(5,752)	(27,132)
Non-current portion term loan	(67,750)	(73,750)	(116,250)
Current portion hire purchase & lease	(92)	(116)	(86)
Non-current portion hire purchase & lease	(356)	(437)	(99)
Trade receivables	50,883	45,593	45,429
Trade payables	(25,665)	(29,133)	(23,342)

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

They provide a mix of international brands and local favorites that cater to different travelers' 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 2018.

Warehousing and Logistics Division
Tamadam is a premier Malaysian logistics services provider with a complete range of products at a reasonable price. Incorporated in 1982, Tamadam is one of the largest logistics companies in Malaysia. Tamadam was listed on the Kuala Lumpur Stock Exchange in 1994 under Tamadam Bonded Warehouse Berhad. Tamadam was founded by Yang Mulia Dato' Seri Tunku Mahmud bin Tunku Besar Burhanuddin.

Tamadam is situated on 15.134 acres of land with a build-up of 218,357 square feet comprising a warehouse 205,000 square feet rackable storage area, 3-storey office (12,000 square feet) and a covered loading bay (34,400 square feet). The warehouse is gigantic with a height of 45 feet and 44 loading bays. This bonded warehouse divides into 4 blocks that is block A, B, C and D. Block A and B is bonded. C and D is non bonded area. The biggest block in Tamadam is C which it is 76,700 square feet.

Tamadam is totally focused on providing services with competitive pricing. This is achieved through economies of scale, being a one-stop logistics services provider, smart use of technology taking into account the local environment, maximising value from investment in assets and heavy emphasis on information technology.

BUSINESS ENVIRONMENT

The Malaysian Economy
The global economy is projected to expand at a faster pace in 2018, driven largely by private consumption and boosted by investment activity in the advanced economies. In Asia, trade activity will continue to expand, albeit at a more moderate pace.

Financing conditions are likely to remain accommodative despite the ongoing normalisation of global monetary policy. In the advanced economies, the strength of investments is likely to persist through 2018 and Asian economies will continue to benefit from positive spillovers from the external sector. Other emerging market economies are also likely to see a pickup in growth, while commodity exporters will observe a rebound in domestic demand due to higher global crude oil prices. Overall, risks to the global outlook are poised to become more broadly balanced. Nevertheless, several downside risks stemming from 2017 linger. These include uncertainties surrounding the effects of a synchronised monetary policy normalisation across major economies, the inward-looking trade policies that threaten international trade, in addition to geopolitical risks that could adversely affect sentiments in global financial markets.

Amid the stronger global economic conditions, the Malaysian economy is projected to grow by 5.5% - 6.0% in 2018. Domestic demand will continue to be the anchor of growth, underpinned by private sector activity. Private consumption growth is expected to remain sustained, supported by continued growth in employment and income, lower inflation and improving sentiments. Income growth will be supported by a robust export performance and continued Government measures, such as the continuation of Bantuan Rakyat 1Malaysia cash transfers, individual income tax reduction, and the special payment to all civil servants and retirees. Private investment growth will also be sustained, underpinned by ongoing and new capital spending in both the manufacturing and services sectors, and strengthened by continued positive business sentiments. Public sector expenditure is projected to decline due to the contraction in public investment amid more moderate growth in public consumption.

Apart from domestic demand, Gross Domestic Product ("GDP") growth will also be supported by the favourable external demand conditions. Both gross exports and imports are forecasted to grow at above-average trends in 2018. Exports will be lifted by favourable demand from major trading partners, the continued expansion in the global technology upcycle, increase in domestic productive capacity and broadly sustained global commodity prices. Despite the projected higher goods surplus of the current account, deficits in the services and income accounts will continue to weigh on the current account balance. Overall, the current account balance is expected to record a surplus of between 2.0% – 3.0% of Gross National Income ("GNI") in 2018.

Labour market conditions are expected to remain favourable and supportive of growth, driven by continued robust economic activity and better hiring sentiments. Employment will continue to expand while the growth in job creation will be sufficiently robust to accommodate new entrants into the workforce. As such, the unemployment rate is expected to be relatively unchanged. Looking ahead, several reforms undertaken such as the implementation of the Employment Insurance System and the Employers Undertaking, and an impending review of the minimum wage, will position the nation's labour market on a more competitive and resilient path, and improve the overall well-being of Malaysia's workforce.

On the supply side, all economic sectors are forecasted to expand in 2018. The services and manufacturing sectors will continue to be the key drivers of overall growth. The construction sector is expected to register a stronger expansion, driven by large new and existing multi-year civil engineering projects. Growth in the mining sector is also projected to be higher, reflecting the continued pickup in natural gas production. The agriculture sector is expected to register a more moderate growth, following the exceptional post-El Niño crude palm oil production recovery in 2017.

Headline inflation is projected to moderate in 2018, averaging between 2.0% – 3.0%. The lower inflation compared to 2017 is due mainly to an expected smaller contribution from global energy and commodity prices. A stronger ringgit exchange rate compared to 2017 would also mitigate import costs. Inflationary pressure from domestic demand factors will be contained by improving labour productivity and ongoing investments for capacity expansion. The inflation outlook, however, depends on the trajectory of global oil prices, which remains highly uncertain.

Overall, the economic outlook is marked by several upside risks to growth. This includes stronger-than-expected global demand, which in turn would improve the prospects for export-oriented industries. The potential increase in minimum wage and a faster-than-expected pickup of existing and new production facilities in various industries would also support a more favourable growth outlook. Nevertheless, several downside risks to growth remain. The strength of Malaysia's exports to major trading partners could be impacted by unfavourable effects arising from monetary and regulatory policy shifts in the advanced economies, rising trade protectionism by major trading partners and a sharper-than-expected growth moderation in People's Republic of China. In addition, a reemergence of volatile global commodity prices or abrupt corrections in the global financial markets could weigh down sentiments, which in turn could dampen the strength of domestic economic activity.

Malaysia is, however, well-positioned to withstand these headwinds should these downside risks materialise. The structural reforms that were undertaken over the years have endowed the Malaysian economy with multiple sources of growth, ample buffers and robust policy frameworks. Going forward, the positive economic environment will provide policymakers with ample policy space to continue with the necessary reforms. The domestic financial markets are resilient and well-positioned to intermediate large swings of capital flows in the event of heightened financial market volatility. Fundamentally, policymakers have the tools, capacity and flexibility to undertake the necessary measures to steer the economy along a steady growth path.

Source : extracts from Bank Negara Malaysia Annual Report 2017

SIGNIFICANT ACCOUNTING POLICIES

The adoption of the accounting standards and interpretations (including the consequential amendments) are fully outlined in Note 2 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 discussion in on the operational results of the major subsidiaries. Summarised details are found in the section under segmental reporting notes to the financial statement.

Catering Services
The revenue for catering services segment for the 2017 was RM283.0 million from RM257.8 million in 2016. The increase in revenue resulted from the additional new airline customers as well as the increase in the non-airline businesses.

The outlook for this segment is expected to remain stable, in view of expected revenue improvement. The services is expected to be extended to at least another international airport in Malaysia i.e. Kota Kinabalu International Airport ("KKIA") and Langkawi Airport. As for cost saving measurement, the management will continue with the planned initiative which were implemented last year.

F&B Segment
The performance of the F&B segment continues to show operational losses. With the discontinued operations of under-performing outlets and restaurants, the Group is presently reviewing the market segment prospect.

Warehousing and Logistic
The logistics segment continues to maintain its business volume and is looking into expanding its business models and operations to streamline the cost structure.

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, as well as 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 businesses, it is critical to have an efficient capital management mechanism and a strong finance committee to dynamically manage its assets and liabilities, including:

- Quarterly planning and review
- Business specific limits
- Setting and monitoring key metrics; and
- Scenario planning and analysis

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

OVERVIEW AND STRUCTURE OF RISK MANAGEMENT

The Board acknowledges its overall responsibility in 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 unfavorable 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 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 a regular basis to enable the Group to react swiftly to changes in the industry to mitigate the industry risks.

Like any other concessions, DHSB's rights to operate the restaurants in the airport could be materially and/or adversely affected by changes in political and economic conditions in Malaysia.

20

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 to C.R.I.S.P. With the establishment of the integrity unit, programmes in 2017 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 believer of social diversity and provides equal employment opportunities no matter the gender, ethnicity, age or disabilities. As at end 2017, BSFS employed 1,369 staff. The demographics are as follows:

Age Range	Male	Female
Below 30 years old	223	141
Between 31-40 years	219	69
Between 41-50 years	385	119
Above 50 years old	189	24
TOTAL	**1,016**	**353**

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 held training to educate supervisors and leaders about creating 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. 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 2017 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 Baitul 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. A more detailed calendar of activities for the year 2017 is listed as follows:

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 Forest Research Institute Malaysia ("FRIM") in creating awareness towards persevering mother earth.

26 February 2017
As part of raising awareness, as well as the need to protect our environment, BSFS collaborated with Paya Indah Wetlands and Forest Research Institute of Malaysia ("FRIM") for the Go Green Paya Indah Wetlands programme at Dengkil.

2 March 2017
Presented with 'On Time Performance' award by Air Asia for successfully achieving 99.85% OTP from January to December 2016.

21-24 April 2017
As part of BSFS Kembara Syahadah programme, Series 6 took the team to Aceh along with Pusat Muktamar Islam Malaysia to provide aid those who are in need and help alleviate their burdens, with focus on education.

6 May 2017
Sponsored by BSFS' business partner, Program Ziarah Pautan Kasih Anak Yatim & Asnaf took place Seremban where the team helped and provided assistance to the underprivileged.

12 May 2017
BSFS staff members took part in a Bowling Tournament.

16 June 2017
The Management team, staff members and orphans from Rumah Anak Yatim Baitul Sakinah broke fast together as part of the 'Iftar Bersama Kakitangan Pengurusan & Golongan Berkeperluan' programme. Gifts and donations were also given to the children and orphanage as goodwill.

16 July 2017
Dewina and Baitul Hayati Foundation continue to collaborate with Food Aid Foundation by donating a one-tonne refrigerator truck to facilitate Food Aid Foundation's increased food processing and distribution activities. The additional food truck will aid the Foundation in collecting food items and deliver food too more than 140 charity and welfare homes daily.

20 July 2017
As part of Hari Raya Aidil Fitri, Keretapi Tanah Melayu Berhad ("KTMB") and KTM Catering Services ("KTMC"), a division under BSFS, held a celebration at the KTM Intercity office. It was also in conjunction with the ‘Kindness Cookies Campaign’, where both KTMB and KTMC raised around RM4,100 during a 2 week long campaign to help Generating Opportunities for Learning Disabilities ("GOLD"), a non-profit organisation that assists children with Autism and learning disabilities.

9 September 2017
As part of team-building exercises, staff members took part in The Survival Games themed activities and challenges at Sungai Congkak.

29 September 2017
Working hand-in-hand with Persatuan Perkasih N9 under Program Sapaan Kasih Rakan Jalanan (Gelandangan) in Negeri Sembilam, the BSFS team approached the homeless to understand their plight as well as to provide moral support and donations.

28 October 2017
Collaborating with Jabatan Perhilitan Selangor dan Hidupan Liar Sungai Dusun, BSFS took part in the Love Fauna, Save Tapir programme to help foster awareness in younger generations as to the necessity of preservation and conservation of flora and fauna, especially endangered species.

10 November 2017
In a collaboration with Universiti Kuala Lumpur ("UNIKL"), Dewina donated 864 packets of Brahim’s ready-to-eat rice to help ease difficulties of the Penang flood victims in their time of need.

25 November 2017
BSFS worked together with Hospital UKM, Mawar Medical Centre and the local communities to reduce the cost of circumcision for orphans and staff at Majlis Khatan Perdana.

6 December 2017
Working alongside Yayasan Pembangunan Keluarga Kuala Terengganu, BSFS set up a programme to provide employment opportunities for the youths in Terengganu.

15 December 2017
A closed Football Tournament was held between management and staff to strengthen relationship through sport activities.

26 December 2017
BSFS distributed zakat funds under Majlis Agihan Wang Zakat (Bantuan Persekolahan) programme to help lighten staff members’ expenses when it comes to their children’s school fees.

CODE OF ETHICS

1. Brahim's Holdings Berhad will conduct its businesses 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 advantages. 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 Constitution, Companies Act 2016
- 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 Chief Executive Officer ("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's mission and the objects of the organisation as embodied in its Constitution.

3. ROLES AND RESPONSIBILITIES

The Board has delegated authority for the operations and administration of the organisation to the 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 as 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 risks are adequately considered and accounted for by the Executive management team.

Ensure that the 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 Constitution 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 an investment 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 the Group.
- To assist in ensuring the Group is managed and operating in an efficient and effective manner
- To bring material and other relevant matters pertaining to the Group 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 OVERVIEW STATEMENT

The Board of Brahim's Holdings Berhad 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 2017 ("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 2017.

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 2017, 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 2017, 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 Independent Non-Executive Directors.

The above practice adhered to the Malaysia Code on Governance 2017.

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 November 2017, the Company appointed new Group Accountant and Chief Operating Officer ("COO"), Mr Mohd Fadhli bin Abdul Rahman. On January 2018, Mr Nasser bin Abu Bakar has resigned from the position of Chief Executive Officer ("CEO") of which the function is currently being taken up by the COO.

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 procedures 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 ensures that deliberations at the Board meetings are well captured and minuted.

During the financial year ended 31 December 2017, six (6) Board of Directors' meetings were convened. The details of attendance of the Board members are as follows:

Name of Directors	No. of Meetings Attended
Dato' Seri Ibrahim bin Haji Ahmad (or his Alternate Director, Ahmad Fahimi bin Ibrahim	6/6
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	4/6
Dato' Choo Kah Hoe	5/6
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	5/6
YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim	4/6
Professor Dr Jinap binti Salamet	4/6
Kamil bin Dato' Haji Abdul Rahman	6/6

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 (Chairman)	Independent Non-Executive Director
Dato' Choo Kah Hoe (Member)	Non-Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (Member)	Independent Non-Executive Director
Professor Dr Jinap binti Salamet (Member)	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 comprise exclusively of the following Non-Executive Directors:

Name	Designation
Kamil bin Dato' Haji Abdul Rahman (Chairman)	Independent Non-Executive Director
Dato' Choo Kah Hoe (Member)	Non-Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (Member)	Independent Non-Executive Director
Professor Dr Jinap binti Salamet (Member)	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.
- 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.

All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

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**
  - 2 August 2017 – Attended AICB Global Banking Conference "China's Banking and Financial – Opportunities for Growth" held at Sasana Kijang Kuala Lumpur and organised by Asian Institute of Chartered Bankers. Panel member and presented paper on "*Opportunities, Growth and Challenges for SMEs in Malaysia*".
  - 14 November 2017- Attended 6th MARA-OISCA International Business Forum 2017 (Kota Kinabalu) and speaker on subject of "*Brahim's Experience in Japan – Opportunities, Obstacles and Challenges for the Malaysian Entrepreneur*".
  - 23 November 2017 – Attended 35th MAJECA-JAMECA Joint Conference (Kuala Lumpur) "Beyond 40 Years and into the Next Decade" organised jointly by Malaysia-Japan Economic Association ("MAJECA") and Japan-Malaysia Economic Association ("JAMECA"). Presented paper on "*Halal certified goods and services for the Muslim market in Japan*".

- **Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain**
  - 19-20 July 2017 – Attended unbound London 2017 at London, United Kingdom.
  - 21-22 September 2017 – Attended Asia PE-VC Summit 2017 at Marina Bay Sands, Singapore.
  - 12-13 December 2017 – Attended Global Entrepreneuship Community Summit 2017 at KLCC.

- **Dato' Choo Kah Hoe**
  - 16 January 2017 – Attended Global Outlook 2017 (organised by Bank of Singapore) @ Fairmont Hotel & Swissôtel The Stamford, Singapore.
  - 24 February 2017 – Attended a talk on FEA Measures by Makhzani Mustaffa Ng, Deputy Director, Foreign Exchange Administration Department, Bank Negara Malaysia.
  - 28 April 2017 – Attended seminar by QMSB on "Outlook of Gold and Benefits of Investing in Gold".
  - 8 October 2017 – Attended Vietnamese Forum.
  - 20 October 2017 – Attended Panel Discussion – Opportunities in the Asian Debt Financing Markets.
  - 27 October 2017 – Attended Dialogue session with Governor, Bank Negara Malaysia.
  - 29 November 2017 – Attended Vietnam Embassy Working Dinner/ Conference.

- **Tan Sri Datuk Seri Panglima Sulong bin Matjeraie**
  - 21 March 2017 – Attended Companies Act 2016 Listing Requirements at Menara OBYU, Bandar Damansara Perdana, Kuala Lumpur organised by Petra Energy Berhad.
  - 24 July 2017 – Attended a one-day conference on "Corporate Governance Culture – What's Possible?" organised by the Malaysian Institute of Corporate Governance at The Waterfront Hotel, Kuching, Sarawak.
  - 8 August 2017- Attended an in-house course on "Key Disclosures Directors Must Have" conducted by a training expert, Mr Boey at Ho Hup Construction Company Berhad Building, Bukit Jalil, Kuala Lumpur.
  - 24 October 2017- Attended an advocacy session on Corporate Disclosure for Directors organised by Bursa Malaysia at Pullman Kuching Hotel.

- **Professor Dr Jinap binti Salamet**
  - 7 January 2017 – Attended Public Lecture on Mycotoxins, Food Security and Climate Change.
  - 5 May 2017 – Presented at Food Safety Seminar, Universiti Putra Malaysia.
  - 25 July 2017 – Presented at the International Food Research Conference 2017.
  - 7 August 2017 – Attended Public Lecture on Integrated & Ultrasensitive Biosensors for Food & Environment Application.
  - 8 August 2017 – Advised and participated at Workshop on Principle in Food Mycology.
  - 21 August 2017 – Advised and participated at Workshop on Analysis of Mycotoxins using HPLC.
  - 30 August 2017 – Attended training on GMP Plant Design in Food Manufacturing.
  - 5-6 September 2017 – Attended Workshop on Molecular Detection of Foodborne Pathogens Via PCR.
  - 12 September 2017 – Attended Seminar on Food Safety – Current Challenges & Updates.
  - 9-10 October 2017 – Attended training on ISO 22000:2005 Documentation.
  - 18-20 October 2017 – Presented at Indonesian Cocoa Symposium ("INCOSY") 2017 at Jakarta, Indonesia.
  - 25 October 2017 – Presented at International Conference on Food Science and Nutrition 2017 ("ICFSN 2017").
  - 26-27 October 2017 – Presented at 1st Apec Conference on Mycotoxin Prevention and Control in Food and Feed Commodities at Beijing, China.

- **Kamil bin Dato' Haji Abdul Rahman**
  - 3 March 2017 – Attended London Capital Market Seminar by Centillion.
  - 4 August 2017 – Attended ASEAN @ 50 Conference conducted by ASEAN Secretariat.
  - 12-13 September 2017 – Attended the Annual National Conference conducted by Malaysian Institute of Chartered Secretaries and Administrators.
  - 26 October 2017 – Attended Enhancing Financial Literacy Seminar conducted by Bursa Malaysia.
  - 7-8 November 2017 – Attended International Conference conducted by Malaysian Institute of Accountants.
  - 14 November 2017 – Attended Conversation with Securities Commission Seminar conducted by Securities Commission.
  - 12 December 2017 – Attended seminar on Practical Issues under the Companies Act 2016 conducted by Malaysian Institute of Accountants.
  - 18 December 2017 – Attended seminar on Companies Act 2016 – Practical Insights on Compliance conducted by Malaysian Institute of Accountants.

- **Ahmad Fahimi bin Ibrahim (Alternate Director)**
  - 8 August 2017 – Attended forum "Islam Civilisation and Science" (Kuala Lumpur) organised by Pertubuhan Legasi Tun Abdullah Badawi with Institute of Islam Hadhari UKM and MYKYOTO.
  - 23 November 2017 – Attended 35th MAJECA-JAMECA Joint Conference (Kuala Lumpur)" Beyond 40 Years and into the Next Decade" organised jointly by Malaysia-Japan Economic Association ("MAJECA") and Japan-Malaysia Economic Association ("JAMECA").

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 (Member)	Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie (Member)	Independent Non-Executive Director
Professor Dr Jinap binti Salamet (Member)	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 can be found on the following page (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 on page 30.

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

Descriptions	Chairman	Non-Executive Director	Total
	(RM'000)		
Fees	72	360	432
Salary and other emoluments	1,454	81	1,535
Benefits-in-kind ("BIK")	-	-	-
TOTAL	1,526	441	1,967

Range of Remuneration	Executive Director	Non-Executive Director	Total
RM0 to RM50,000	-	-	-
RM50,001 to RM100,000	-	6	6
RM1,500,001 to RM1,550,000	1	-	1
TOTAL	1	6	7

challenge and help develop proposals on strategy, scrutinise 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 Sixth Annual General Meeting to be held on 11 May 2018 are to be voted by way of poll voting.

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 2017 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 losses. 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
- 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.

Other Information
During the financial year ended 31 December 2017, 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 2016 (the "Act").

During the preparation of the Company's financial statements for the year ended 31 December 2017, 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 Board of Directors of Brahim's Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control of the Group in accordance with paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Malaysian Code of Corporate Governance ("the 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, continuously review 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.

In 2017, the adequacy and effectiveness of internal controls were reviewed by the Audit Committee ("AC") in relation to the audits conducted by the Internal Auditor ("IA") during the year. Audit issues and actions taken by Management to address the issues tabled by IA were deliberated on during AC meetings. At every quarterly meeting of the Board, an AC report would be presented for consideration by the Board.

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 AC 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 AC 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.

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 AC 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 AC.
f. The Company has outsourced its Internal Audit Function to a professional internal audit service provider, Messrs. RSM Corporate Consulting (Malaysia) Sdn. Bhd. The IA reports directly to the AC of the Company and the internal audit function is independent of the activities or operations of other operating units. The IA performed its duties in accordance with its annual audit plan covering management, operational and system audit of the Companies within the Group. The cost of internal audit services rendered by the IA in respective of the financial year ended 31 December 2017 amounting to RM27,231.
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 aspects 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 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 AC together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considers 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 Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 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
Independent Non-Executive Director

MEMBERS

Dato' Choo Kah Hoe
Non-Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie
Independent Non-Executive Director
Prof Dr Jinap binti Salamet
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 assisting 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 meetings 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 the 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 the 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 are 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 2017.

7. Attendance at Meetings

During the financial year ended 31 December 2017, the Audit Committee held a total of five (5) 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	5/5
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	5/5
Prof Dr Jinap binti Salamet	4/5
Dato' Choo Kah Hoe	4/5

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

For the Financial Year Ended 31 December 2017

DIRECTORS' REPORT	38
STATEMENT BY DIRECTORS	41
STATUTORY DECLARATION	41
INDEPENDENT AUDITORS' REPORT	42
STATEMENTS OF FINANCIAL POSITION	45
STATEMENTS OF COMPREHENSIVE INCOME	46
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	46
STATEMENTS OF CASH FLOWS	47
NOTES TO THE FINANCIAL STATEMENTS	49

DIRECTORS' 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 2017.

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

	Group RM'000	Company RM'000
Net loss for the financial year	(2,168)	(10,192)
Attributable to:		
- Owners of the Company	(6,937)	(10,192)
- Non-controlling interests	4,769	-
	(2,168)	(10,192)

DIVIDENDS

No dividend was paid or declared by the Company 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 2017.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

The Companies Act 2016 ("2016 Act") which came into effect on 31 January 2017 has repealed the Companies Act, 1965. The 2016 Act has abolished the concept of par or nominal value of shares and hence, the share premium and authorised share capital will be abolished. In accordance with section 618(2) of the 2016 Act, the amount standing to the credit of the share premium account has become part of the Company's share capital. There is no impact on the number of ordinary shares in issue of 236,285,500 or the entitlement of the holders of the Company's ordinary shares.

There were no issuance of shares by the Company during the financial year.

DIRECTORS

The Directors who have held office during the financial year and during the period from the end of the financial year to the date of the report are as follows:

Dato' Choo Kah Hoe
Dato' Seri Ibrahim Bin Haji Ahmad
Ahmad Fahimi Bin Ibrahim (Alternate Director to Dato' Seri Ibrahim Bin Haji Ahmad)
Tan Sri Datuk Seri Panglima Sulong Bin Matjeraie
Kamil Bin Dato' Haji Abdul Rahman
Professor Dr. Jinap Binti Salamet
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain
YB Datuk Seri Panglima Haji Abdul Azeez Bin Abdul Rahim

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year have any interest in shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
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 8 of the Companies Act 2016.

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 8 of the Companies Act 2016.

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 8 of the Companies Act 2016.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 8 to the financial statements.

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 by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Notes 28 and 29 to the financial statements.

During the financial year, there were no indemnity given to or insurance effected for any Directors and officers of the Group and Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
(b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and the Company had been written down to an amount which the current assets 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 provision for doubtful debts inadequate to any substantial extent; or
(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
(c) which have arisen which would 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:

(a) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
(b) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

No contingent or other liability of any company in the Group 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 Company and its subsidiaries to meet their obligations 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 of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company 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 of the Company for the financial year in which this report is made.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Ahmad Fahimi Bin Ibrahim
Ahmad Robin Wahab Bin Ahmad Noordin
Arved Nikolaus Von Zur Muehlen (Resigned on 9 February 2018)
Boo Hui Yee (Appointed on 9 February 2018)
Dato' Choo Kah Hoe
Dzamir Bin Elyas
Felix Alexander E. Davidson Ellias Iskandar
Dato' Seri Ibrahim Bin Haji Ahmad
Kamil Bin Dato' Haji Abdul Rahman
Kannan @ Saravanan a/l Mohan
Kok Seng Hun
Nasser Bin Abu Bakar (Resigned on 1 April 2018)
Nik Azli Bin Abu Zahar (Resigned on 9 February 2018)
Nur Fatin Binti Ibrahim
Sharmi Bin Dzhari
Siti Rafidah Binti Tan Sri Datuk Amar Haji Adenan
Tan Chuan Lye
Tan Kok Meng (Appointed on 9 February 2018)
Zainuddin Bin Dollah
Mohd Fadhli Bin Abdul Rahman (Appointed on 1 April 2018)

SUBSIDIARIES

Details of subsidiaries are set out in Note 11 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 8 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 9 April 2018.

Signed on behalf of the Board of Directors:

DATO' SERI IBRAHIM BIN HAJI AHMAD
DIRECTOR

DATO' CHOO KAH HOE
DIRECTOR

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

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 45 to 78 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and the financial performance for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 9 April 2018.

DATO' SERI IBRAHIM BIN HAJI AHMAD
DIRECTOR

DATO' CHOO KAH HOE
DIRECTOR

41

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Mohd Fadhli Bin Abdul Rahman, 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 45 to 78 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.

MOHD FADHLI BIN ABDUL RAHMAN

Subscribed and solemnly declared by the abovenamed Mohd Fadhli Bin Abdul Rahman at Kuala Lumpur in Malaysia on 9 April 2018.

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 2017, 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 2016 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 2017 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 45 to 78 (excluding 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 matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
The goodwill in the Statement of Financial Position of the Group as at 31 December 2017 amounted to RM191.0 million. Goodwill is allocated to the cash generating units ("CGU") of the Catering Services (RM190.9 million) and Warehousing and freight forwarding business (RM0.1 million). Based on management's assessment, the Directors are of the opinion that the carrying amount of goodwill is recoverable. We focused on the impairment of goodwill allocated to 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 based on the discounted cash flows under the value-in-use ("VIU") method. 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 sensitivity analysis performed by management on the revenue growth rate and discount rate to evaluate the impact on the recoverable amount and the corresponding effect on the impairment, if any; and • checked the adequacy of disclosures made by the Directors in the financial statements. Based on the above procedures, no material exceptions were noted.

We have determined that there are no key audit matters for the Company to communicate in our report.

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 2017, but does not include the financial statements of the Group and of the Company and our auditors' report thereon:

- Chairman's message,
- Financial highlights 2017,
- Management discussion and analysis,
- Statement on Corporate Governance, and
- Governance & Audit Committee Report.

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 2016 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 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

YEE WAI YIN
02081/08/2018 J
Chartered Accountant

Kuala Lumpur
9 April 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	11	-	-	150,819	152,519
Investment in a joint venture	12	18,525	19,729	20,051	20,051
Property, plant and equipment	13	49,712	51,996	515	715
Intangible assets	14	4,248	4,248	-	-
Goodwill	15	190,963	190,963	-	-
Deferred tax assets	16	9,743	11,764	-	-
Trade and other receivables	18	90	-	-	-
Amount due from a subsidiary	19	-	-	3,524	4,349
		273,281	278,700	174,909	177,634
CURRENT ASSETS					
Inventories	17	6,259	6,126	-	-
Trade and other receivables	18	61,835	55,660	21	70
Amount due from a related company	19	48	66	-	-
Amounts due from subsidiaries	19	-	-	38	650
Amount due from a joint venture	20	62	43	62	32
Tax recoverable		10,962	11,349	70	97
Cash and bank balances	21	11,592	23,301	285	5,923
Deposits with a licensed financial institutions	21	7,270	6,842	7,048	6,626
		98,028	103,387	7,524	13,398
TOTAL ASSETS		371,309	382,087	182,433	191,032
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	268,266	236,286	268,266	236,286
Reserves	23	(169,454)	(130,537)	(168,400)	(126,228)
Equity attributable to owners of the Company		98,812	105,749	99,866	110,058
Non-controlling interests		144,542	139,773	-	-
TOTAL EQUITY		243,354	245,522	99,866	110,058
NON-CURRENT LIABILITIES					
Trade and other payables	26	617	-	-	-
Amount due to a subsidiary	19	-	-	2,240	-
Lease and hire purchase payables	24	356	437	339	402
Term loans	25	67,750	73,750	67,750	73,750
		68,723	74,187	70,329	74,152
CURRENT LIABILITIES					
Trade and other payables	26	47,287	54,043	3,708	2,848
Lease and hire purchase payables	24	92	116	69	53
Term loans	25	9,626	5,752	6,000	2,000
Amounts due to related companies	19	868	867	386	386
Amount due to a subsidiary	19	-	-	1,099	-
Bank overdrafts	27	976	1,535	976	1,535
Provision for taxation		-	65	-	-
Provision for zakat		383	-	-	-
		59,232	62,378	12,238	6,822
TOTAL LIABILITIES		127,955	136,565	82,567	80,974
TOTAL EQUITY AND LIABILITIES		371,309	382,087	182,433	191,032

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	5	291,563	266,364	2,062	1,315
Direct operating expenses	6	(159,467)	(145,933)	-	-
Gross profit		132,096	120,431	2,062	1,315
Other income		1,378	981	260	428
Distribution expenses		-	(14)	-	-
Administrative expenses		(115,506)	(115,647)	(3,528)	(9,054)
Other operating expenses					
- impairment loss on goodwill		-	(91,600)	-	-
- impairment loss on intangible asset		-	(7,500)	-	-
- impairment loss on trade and other receivables		(856)	(4,347)	(53)	-
- impairment loss on property, plant and equipment		(478)	-	-	-
- loss on partial disposal of interest in a subsidiary without loss of control		-	-	-	(19,630)
- impairment loss of amounts due from subsidiaries		-	-	(784)	(10,374)
- reversal of impairment loss on amount due from subsidiary		-	-	-	1,237
- impairment loss of investments in subsidiaries		-	-	(1,700)	(25,900)
- provision for legal cases		-	(6,900)	-	-
- others		(9,483)	(6,864)	-	882
		(10,817)	(117,211)	(2,537)	(53,785)
Profit/(loss) from operations		7,151	(111,460)	(3,743)	(61,096)
Finance cost	7	(6,969)	(8,992)	(6,449)	(7,082)
Share of results in joint venture	12	496	(368)	-	-
Profit/(loss) before taxation and zakat	8	678	(120,820)	(10,192)	(68,178)
Taxation	9	(2,463)	(1,602)	-	-
Zakat		(383)	-	-	-
Net loss/total comprehensive loss for the financial year		(2,168)	(122,422)	(10,192)	(68,178)
Net (loss)/profit for the financial year attributable to:					
Owners of the Company		(6,937)	(74,957)	(10,192)	(68,178)
Non-controlling interests		4,769	(47,465)	-	-
		(2,168)	(122,422)	(10,192)	(68,178)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(6,937)	(74,957)	(10,192)	(68,178)
Non-controlling interests		4,769	(47,465)	-	-
		(2,168)	(122,422)	(10,192)	(68,178)
Basic loss per share (sen)	10	(2.94)	(31.72)		

46

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2017

Consolidated Statements of Changes in Equity	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 2017	236,286	31,980	(162,517)	105,749	139,773	245,522
Transition to no-par value regime on 31 January 2017	31,980	(31,980)	-	-	-	-
Total comprehensive (loss)/income for the financial year	-	-	(6,937)	(6,937)	4,769	(2,168)
At 31 December 2017	268,266	-	(169,454)	98,812	144,542	243,354
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

Company Statements of Changes in Equity	Share capital	Share premium	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	236,286	31,980	(158,208)	110,058
Transition to no-par value regime on 31 January 2017	31,980	(31,980)	-	-
Total comprehensive loss for the financial year	-	-	(10,192)	(10,192)
At 31 December 2017	268,266	-	(168,400)	99,866
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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
OPERATING ACTIVITIES					
Profit/(loss) before taxation and zakat		678	(120,820)	(10,192)	(68,178)
Adjustments for:					
Impairment loss on:					
- investment in subsidiaries		-	-	1,700	25,900
- goodwill		-	91,600	-	-
- intangible asset		-	7,500	-	-
- trade and other receivables		856	4,347	53	-
- property, plant and equipment		478	-	-	-
- amounts due from subsidiaries		-	-	784	10,374
Reversal of impairment loss on amount due from subsidiary		-	-	-	(1,237)
Allowance for stock obsolescence		33	98	-	-
Depreciation of property, plant and equipment		7,932	10,479	203	134
Provision for legal case		-	6,900	-	-
Interest expense		6,969	8,992	6,449	7,082
Share of results in joint venture		(496)	368	-	-
Unrealised (gain)/loss on foreign exchange		(275)	169	-	-
Reversal of payables and accruals		-	(882)	-	(882)
Interest income		(457)	(590)	(260)	(428)
Net loss on disposal of property, plant and equipment		-	3	-	-
Dividend received from joint venture		-	-	(1,700)	(1,000)
Loss on partial disposal of interest in a subsidiary without loss of control		-	-	-	19,630
Operating profit/(loss) before working capital changes		15,718	8,164	(2,963)	(8,605)
(Increase)/decrease in inventories		(166)	843	-	-
(Increase)/decrease in trade and other receivables		(7,206)	(2,604)	(4)	257
(Decrease)/increase in trade and other payables		(7,480)	(8,391)	(491)	(4,312)
Decrease/(increase) in intercompany balances		19	(116)	-	-
NET CASH GENERATED FROM/(USED IN) OPERATIONS		885	(2,104)	(3,458)	(12,660)
Tax (paid)/refund		(120)	617	27	(58)
Interest paid	(a)	(5,394)	(7,408)	(4,273)	(4,907)
NET CASH FLOW USED IN OPERATING ACTIVITIES		(4,629)	(8,895)	(7,704)	(17,625)
INVESTING ACTIVITIES					
Dividend received from joint venture		1,700	1,000	1,700	1,000
Advances to joint venture		(19)	(4)	(30)	(7)
Interest income		457	590	260	428
Purchase of property, plant and equipment		(6,126)	(3,657)	(3)	(126)
(Placement)/withdrawal of deposits pledged with licensed bank		(422)	(5,128)	(422)	(5,128)
Proceeds from disposal of property, plant and equipment		-	23	-	-
Proceeds from disposal of interest in a subsidiary		-	-	-	110,000
Repayment to related companies		-	-	-	(879)
Advances to subsidiaries		-	-	(781)	(6,252)
NET CASH FLOW (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(4,410)	(7,176)	724	99,036
FINANCING ACTIVITIES	(b)				
Advances from/(repayment to) subsidiary		-	-	3,948	(5,113)
Repayment to related companies		-	(18,151)	-	(7,251)
Repayment of term loans		(2,000)	(63,880)	(2,000)	(63,750)
Net repayment of lease and hire purchase payables		(105)	(112)	(47)	(25)
Proceeds from disposal of interest in a subsidiary		-	110,000	-	-
NET CASH FLOW (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(2,105)	27,857	1,901	(76,139)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,144)	11,786	(5,079)	5,272
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		21,982	10,196	4,388	(884)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	21	10,838	21,982	(691)	4,388

NOTES TO STATEMENTS OF CASH FLOWS

(a) Non-cash transactions

The principal non-cash transactions during the financial year are accrued interest arising from loans, as below:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Accrued interest on:				
- bank borrowings	1,575	1,584	1,351	1,348
- intercompany loan from a subsidiary	-	-	825	827
	1,575	1,584	2,176	2,175
Interest paid	5,394	7,408	4,273	4,907
Interest expense	6,969	8,992	6,449	7,082

(b) Reconciliation of liabilities arising from financing activities

	Term loans	Lease and hire purchase payables	Total
	RM'000	RM'000	RM'000
2017			
Group			
As at beginning of the financial year	79,502	553	80,055
Repayments during the financial year	(2,000)	(105)	(2,105)
Non-cash changes:			
Interest accretion	242	-	242
Effects of foreign exchange movement	(368)	-	(368)
As at end of the financial year	77,376	448	77,824

	Net amount due (from)/to subsidiaries	Term loans	Lease and hire purchase payables	Total
	RM'000	RM'000	RM'000	RM'000
2017				
Company				
As at beginning of the financial year	(4,999)	75,750	455	71,206
Repayments during the financial year	-	(2,000)	(47)	(2,047)
Advances received during the year	3,948	-	-	3,948
Advances given during the year	(781)	-	-	(781)
Non-cash changes:				
Interest accretion	825	-	-	825
Impairment loss on amounts due from subsidiaries	784	-	-	784
As at end of the financial year	(223)	73,750	408	73,935

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 2016 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 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 'Disclosures of Interests in Other Entities'

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments 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 2017. None of these is expected to have a significant effect on the financial statements of the Group and the Company, except the following set out below:

- 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.

- 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 changes are:

  - For financial liabilities classified as fair value through profit or loss, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.
  - When a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

  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.

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)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2017. None of these is expected to have a significant effect on the financial statements of the Group and the Company, except the following set out below: (cont'd)

- 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 profit or loss.

  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.

- IC Interpretation 23 'Uncertainty over income tax treatments' (effective from 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' (effective from 1 January 2019) clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

  In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments will be applied retrospectively.

- Amendments to MFRS 9 'Prepayment features with negative compensation' (effective from 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of contract, and the asset must be within a 'held to collect' business model.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

  - Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  - Amendments to MFRS 11 'Joint arrangements' (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

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)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2017. None of these is expected to have a significant effect on the financial statements of the Group and the Company, except the following set out below: (cont'd)

- Amendments to MFRS 112 'Income taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.
- Amendments to MFRS 123 'Borrowing costs' (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Impact of initial application of MFRS 9 'Financial Instruments'

The new standard is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and de-recognition of financial assets and financial liabilities together with a new hedge accounting model.

The Group has undertaken an accounting impact analysis of the new standard based on the nature of the financial instruments it holds and the way in which they are used. The indicative impacts of adopting MFRS 9 on the Group are as follows:

- Classification and measurement

  MFRS 9 establishes a principles-based approach to determining whether a financial asset should be measured at amortised cost or fair value, based on the cash flow characteristics of the asset and the business model in which the asset is held. The Group anticipates that the classification and measurement basis for its financial assets will be largely unchanged under this model.

- Impairment

  Based on the Group's initial assessment, the introduction of the 'expected credit loss' model for the assessment of impairment of financial assets held at amortised cost is not expected to have a material impact on the Group's results, given the low exposure to counterparty default risk as a result of the credit risk management processes that are in place.

- Presentation and disclosure

  MFRS 9 allows reclassification of financial assets from one category to another only when an entity changes its business model for managing financial assets. As the Group does not intend to change its business model, it does not expect any material changes in presentation and disclosure of financial instruments.

Impact of initial application of MFRS 15 'Revenue from contract with customers'

The Group does not expect the adoption of the new revenue recognition standard to change the timing and measurement of revenue. The new standard however, introduces expanded disclosure requirements and changes in presentation. This includes:

- Disaggregation of revenue into categories that depict the nature, amount, timing and uncertainty of revenue.
- Separate disclosure of contract assets and liabilities, if any.

The Group will incorporate these disclosures in the year of adoption of the new accounting standard.

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.

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 profit or loss.

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.

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

(c) Consolidation (cont'd)

(i) Subsidiaries (cont'd)

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 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. 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 of 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 de-recognised. 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 de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from de-recognition of the asset, being the difference 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 assess 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 as loans and receivables. 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', 'cash and bank balances' and 'deposits with licensed financial institutions' 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. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

(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

(i) Classification

Ordinary shares issued are classified as equity.

(ii) Dividend distribution

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 financial year 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 financial year 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 with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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 financial year comprises current and deferred income tax. The income tax expense or credit for the financial year is the tax payable on the current year'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, returns, rebates and discounts, as well as after eliminating sales within the Group.

(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

Basic 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.

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

(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, with the amount of goods and service tax ("GST") included. The net amount of GST recoverable from the government is presented as trade and other receivables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows which are recoverable from, or payable to, the government are classified as operating cash flows.

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(d) on impairment of financial assets.

(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, with the amount of goods and services tax ("GST") included. The net amount of GST payable to the government is presented as trade and other payables in the statement of financial position. 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 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.

(u) Zakat

This represents business zakat payable by the Group. Zakat in the form of contribution is calculated according to the principles of Syariah.

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Catering and related services	282,973	257,770	-	-
Management fees from joint venture	362	315	362	315
Dividend income from joint venture	-	-	1,700	1,000
Warehousing, logistics and related services	7,686	7,248	-	-
Restaurant and café related services	542	1,031	-	-
	291,563	266,364	2,062	1,315

6. DIRECT OPERATING EXPENSES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Raw materials and consumables	111,059	105,747	-	-
Direct labour	38,153	30,609	-	-
Depreciation of property, plant and equipment	4,885	4,874	-	-
Others	5,370	4,703	-	-
	159,467	145,933	-	-

7. FINANCE COST

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
- bank borrowings and charges	5,894	6,537	5,602	6,246
- intercompany loan	-	-	825	827
- finance lease liabilities	26	19	22	9
- guarantee on performance and operational bonds	1,049	2,436	-	-
Total finance costs	6,969	8,992	6,449	7,082

8. PROFIT/(LOSS) BEFORE TAXATION AND ZAKAT

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation and zakat is arrived at after charging/(crediting):				
Audit fee:				
- current year	483	483	180	180
- underaccrual in the previous financial year	30	37	30	40
Depreciation of property, plant and equipment	7,972	10,479	203	134
Hire of equipment	-	10	-	-
Allowance for stock obsolescence	33	98	-	-
Lease land rental	46	44	-	-
Net loss on disposal of property, plant and equipment	-	3	-	-
Rental of buildings	22,602	23,197	229	246
Director's remuneration	1,967	1,873	1,179	1,083
Staff costs:				
- salaries, wages, bonuses and allowances	68,964	61,422	506	653
- defined contribution plans	7,786	7,380	60	74
- others	13,251	12,316	44	21
Net realised loss/(gain) on foreign exchange	91	(29)	-	-
Unrealised (gain)/loss on foreign exchange	(275)	169	-	-
Interest income	(457)	(590)	(260)	(428)
Rental income	(32)	(13)	-	-
Dividend received from joint venture	-	-	(1,700)	(1,000)
Utilities and related expenses	19,322	12,157	4	5
Revenue sharing arrangement with a customer of a subsidiary	360	-	-	-

8. PROFIT/(LOSS) BEFORE TAXATION AND ZAKAT (CONT'D)

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive directors:				
Fees	72	60	72	60
Salaries and allowances	1,291	1,288	606	602
Defined contribution plan	163	163	60	60
Benefits-in-kind	-	10	-	10
	1,526	1,521	738	732
Non-executive directors:				
Fees and allowances	441	352	441	351
	1,967	1,873	1,179	1,083

9. TAXATION

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- current year tax	267	-	-	-
- underaccrual in the previous financial year	175	950	-	-
	442	950	-	-
Deferred tax (Note 16):				
- origination and reversal of temporary difference	2,021	652	-	-
	2,463	1,602	-	-

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation and after zakat	295	(120,820)	(10,192)	(68,178)
Tax calculated at the applicable Malaysian tax rate of 24% (2016: 24%)	71	(28,997)	(2,446)	(16,363)
Tax effects of:				
Effects of non-taxable income	-	(107)	(408)	(103)
Effects of non-deductible expenses	2,514	30,326	2,425	16,428
Deferred tax assets not recognised during the financial year	612	452	429	38
Share of results in joint venture	(119)	88	-	-
Utilisation of temporary differences not recognised in the previous financial year	-	(169)	-	-
Effect of change in tax rate	-	288	-	-
(Over)/underaccrual of tax in prior financial year	(615)	1,008	-	-
Recognition of previously unrecognised deferred tax assets	-	(1,287)	-	-
Tax expense	2,463	1,602	-	-

Subject to agreement with the tax authorities, the unutilised tax losses and deductible temporary differences 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:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	23,960	21,352	13,386	11,611
Unabsorbed capital allowances	1,518	1,431	39	27
Unrecognised deductible temporary differences	872	1,017	-	-

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.

	Group	
	2017	**2016**
Net loss attributable to owners of the Company (RM'000)	(6,937)	(74,957)
Weighted average number of ordinary shares in issue ('000)	236,286	236,286
Basic loss per share (sen)	(2.94)	(31.72)

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

	Company	
	2017	**2016**
	RM'000	**RM'000**
Unquoted shares:		
At 1 January	152,519	308,049
Disposal	-	(129,630)
Less: Impairment loss during the financial year	(1,700)	(25,900)
At 31 December	150,819	152,519
Cost	191,334	191,334
Less: Accumulated impairment losses	(40,515)	(38,815)
	150,819	152,519

The details of the subsidiaries are as follows:

	Effective equity interests			
	2017	**2016**		**Country of**
Name of companies	**%**	**%**	**Principal activities**	**incorporation**
Brahim's SATS Investment Holdings Sdn. Bhd. ("BSIH")	51	51	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
Café 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	35.7	Catering and related services	Malaysia

Audited by firms other than PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

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

	Effective equity interest		Group	
	2017	**2016**	**2017**	**2016**
	%	**%**	**RM'000**	**RM'000**
Brahim's SATS Investment Holdings Sdn. Bhd. Group	64.3	64.3	149,017	144,207
Admuda Sdn. Bhd.	40	40	(4,475)	(4,434)
			144,542	139,773

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Set out below are 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:

	2017 RM'000	2016 RM'000
Brahim's SATS Investment Holdings Sdn. Bhd. Group		
As at 31 December		
Goodwill	190,879	190,879
Non-current assets	33,077	35,359
Current assets	86,978	84,749
Non-current liabilities	(617)	-
Current liabilities	(37,916)	(46,061)
	81,522	74,047
Net assets	272,401	264,926
Brahim's SATS Investment Holdings Sdn. Bhd. Group		
For the financial year ended 31 December		
Revenue	282,973	257,770
Profit/(loss) for the financial year	7,473	(89,318)
Total comprehensive profit/(loss)	7,473	(89,318)
Profit/(loss) attributable to non-controlling interests	4,810	(43,483)
Net cash inflows from operating activities	2,237	8,935
Net cash outflows for investing activities	(6,038)	(3,312)
Admuda Sdn. Bhd.		
As at 31 December		
Non-current assets	7	8
Current assets	31	31
Non-current liabilities	-	(1)
Current liabilities	(10,292)	(11,092)
Net assets	(10,257)	(10,154)
For the financial year ended 31 December		
Loss for the financial year	(103)	(9,955)
Total comprehensive loss	(103)	(9,955)
Loss attributable to non-controlling interests	(41)	(3,982)

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.

During the current financial year, the Company recognised an impairment loss of RM1,700,000 on its cost of investment in Café Barbera (SEA) Sdn Bhd ("CBSB").

(i) CBSB operated restaurant outlets in the Klang Valley. During the financial year, the Company's investment in CBSB was reviewed for impairment using the value-in-use calculations as CBSB ceased its business activities in January 2018 with the closure of its restaurant outlets. Arising from the assessment, the Company has fully impaired its investment in CBSB of RM1,700,000 for the financial year ended 31 December 2017.

(ii) During the financial year, the Company's investment in BSIH was reviewed for impairment as the Company's share of the net assets of BSIH Group has declined to be below the Company's cost of investment in BSIH. 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 8.7%, 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, no impairment loss has been recognised on the cost of investment in BSIH for the financial year ended 31 December 2017.

Disposal of interest in a subsidiary without loss of control

In the previous 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.

12. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	20,051	20,051	20,051	20,051
Share of post-acquisition losses	(1,526)	(322)	-	-
At 31 December	18,525	19,729	20,051	20,051

	Effective equity interests		Principal Activities
	2017	2016	
Name of Joint Venture	%	%	
Dewina Host Sdn. Bhd.*	51	51	Food and catering services

* Audited by firms other than PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

Set out below are the summarised financial information for the joint venture that is material to the Group:

	2017	2016
	RM'000	RM'000
Dewina Host Sdn. Bhd.		
At 31 December		
Non-current assets	1,128	2,694
Cash and bank balances	11,256	10,774
Other current assets	3,211	3,885
Financial liabilities	(5,506)	(6,407)
Other financial liabilities (excluding trade and other payables)	-	(130)
Net assets	10,089	10,816
For the financial year ended 31 December		
Revenue	42,126	36,773
Depreciation of property, plant and equipment	(1,803)	(3,483)
Profit/(loss) for the financial year	973	(723)
Total comprehensive income/(loss)	973	(723)
Group's share of total comprehensive income/(loss) for the financial year	496	(368)
Dividend received	1,700	1,000

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

	2017	2016
	RM'000	RM'000
Net assets		
At 1 January	10,816	12,539
Total comprehensive income/(loss)	973	(723)
Less: Dividend received during the year	(1,700)	(1,000)
At 31 December	10,089	10,816
Group's share of net assets	5,145	5,517
Goodwill	14,702	14,702
Additional dividend income recognised based on agreement with joint venture partner	(1,322)	(490)
Carrying amount of the Group's interests in joint venture	18,525	19,729

Impairment assessment of investment in joint venture

Investment in joint venture is assessed at each reporting period for indicators that the investment may be impaired. Where such indicators exist, the recoverable amount of the identified cost of investment is determined based on the higher value-in-use calculation and fair value less costs to sell.

During the financial year, the Group and Company's investment in Dewina Host Sdn Bhd were reviewed for impairment as the Group and Company's share of the net assets of Dewina Host Sdn Bhd has declined to be below the respective carrying amounts of the investments. The impairment assessments were 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:

- Revenue growth rate of 5% in 2018. Thereafter, revenue growth rates are in the range of 6% to 10% per annum from 2019 to 2022.
- Gross margin in the range of 9.0% to 9.1% throughout the 5 year period.
- Discount rate of 11.1%, representing the cost of equity in the investment.
- Terminal value with nil growth rate is used.

Based on the above assessment performed by management, the Directors are of the opinion that the carrying amount of the investment in joint venture is recoverable. Accordingly, no impairment loss was recognised in the current financial year.

12. INVESTMENT IN JOINT VENTURE (CONT'D)

Impairment assessment of investment in joint venture (Cont'd)

The recoverable amount of the investment held by the Company is sensitive to changes in key assumptions such as discount rate and revenue growth rate, with the impact arising from the changes to key assumptions as follows:

Base parameters	Increase/(decrease)	Headroom/(impairment) (RM'000)
Discount rate of 11.1%	+0.5%	238
Revenue growth rate	-0.5%	(249)

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

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
Group							
Net book value							
At 1 January 2017	22,945	17,092	2,361	4,968	3,028	1,602	51,996
Additions	-	720	16	1,287	15	4,088	6,126
Reclassification	-	755	-	144	-	(899)	-
Depreciation charge	(621)	(2,961)	(313)	(2,393)	(1,644)	-	(7,932)
Impairment	-	-	(478)	-	-	-	(478)
At 31 December 2017	22,324	15,606	1,586	4,006	1,399	4,791	49,712
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

During the financial year, the Group assessed the recoverable amount of the property, plant and equipment in a subsidiary following the cessation of business activities by the subsidiary in January 2018. Arising from the assessment, the Group recognised an impairment charge of RM478,000 on its 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
Group							
2017							
At cost	34,371	110,073	3,683	80,379	43,577	4,791	276,874
Accumulated depreciation	(12,047)	(94,467)	(1,619)	(76,373)	(42,178)	-	(226,684)
Accumulated impairment	-	-	(478)	-	-	-	(478)
Net book value	22,324	15,606	1,586	4,006	1,399	4,791	49,712
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

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

	Renovation and electrical installations RM'000	Furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company				
2017				
Net book value				
At 1 January 2017	20	79	616	715
Additions	-	3	-	3
Depreciation charge	(9)	(37)	(157)	(203)
At 31 December 2017	11	45	459	515
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
31 December 2017				
At cost	93	398	786	1,277
Accumulated depreciation	(82)	(353)	(327)	(762)
Net book value	11	45	459	515
31 December 2016				
At cost	93	395	786	1,274
Accumulated depreciation	(73)	(316)	(170)	(559)
Net book value	20	79	616	715

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:

	Group	
	2017 RM'000	2016 RM'000
Motor vehicles	673	835
Office equipment	27	37
	700	872

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

	Group	
	2017 RM'000	2016 RM'000
Warehouse buildings and improvements	22,324	22,945

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cost of property, plant and equipment purchased	6,126	4,137	3	606
Amount financed through hire purchase and leasing payables	-	(480)	-	(480)
Cash disbursed for purchase of property, plant and equipment	6,126	3,657	3	126

14. INTANGIBLE ASSETS

	Computer software RM'000	License RM'000	Total RM'000
Group			
2017			
Net book value			
At 1 January/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
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

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 the fair value less costs to sell of the license, the Directors are of the opinion that the carrying amount of the license is recoverable.

15. GOODWILL

	Group	
	2017 RM'000	2016 RM'000
At 1 January	190,963	282,563
Impairment loss during the financial year	-	(91,600)
At 31 December	190,963	190,963
Cost	282,563	282,563
Accumulated impairment	(91,600)	(91,600)
At 31 December	190,963	190,963

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

	Group	
	2017 RM'000	2016 RM'000
Catering and related services	190,879	190,879
Warehouse and logistics related services	84	84
	190,963	190,963

15. GOODWILL (CONT'D)

(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 airlines of between -7% to 86% in 2018. Thereafter, revenue growth rates for these airlines are in the range of 2% to 4% per annum from 2019 to 2022. These growth rates are 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 3% to 65% in 2018, followed by 2% per annum from 2019 to 2022, based on expected sales to each customer on contracted terms or management's assessment of individual customer's future demand level.
- Gross margin of 63% throughout the 5 year period.
- Discount rate of 11.4%, representing risk of similar industry in the specific market.
- Terminal value with 1% growth rate is used.

Based on the above assessment performed by management, the Directors are of the opinion that the carrying amount of goodwill allocated to catering and related services is recoverable. Accordingly, no impairment loss was recognised in the current financial year.

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

Base parameters	Increase/(decrease)	Headroom (RM'000)
Discount rate of 11.4%	+0.5%	11,590
Revenue growth rate – airline catering	-1.0%	340
Revenue growth rate – non airline catering	-1.0%	21,906

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.

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 during the financial year are as follows:

	Group 2017 RM'000	Group 2016 RM'000
Deferred tax assets	9,743	11,764
At 1 January	11,764	12,416
Recognised in profit or loss (Note 9)		
- accruals	(228)	697
- unutilised tax losses	(2,281)	(1,150)
- property, plant and equipment	488	(199)
	(2,021)	(652)
At 31 December	9,743	11,764
Subject to income tax		
Deferred tax assets (before offsetting)		
- accruals	504	732
- unutilised tax losses	10,207	12,488
	10,711	13,220
Offsetting	(968)	(1,456)
Deferred tax assets (after offsetting)	9,743	11,764
Deferred tax liabilities (before offsetting)		
- property, plant and equipment	(968)	(1,456)
Offsetting	968	1,456
Deferred tax liabilities (after offsetting)	-	-

17. INVENTORIES

	Group	
	2017	2016
	RM'000	RM'000
Catering stores	3,490	3,575
Maintenance stores	2,125	2,042
General stores	580	420
Trading stocks	247	256
Food and beverage and other consumables	39	21
	6,480	6,314
Less: Impairment for inventory obsolescence	(221)	(188)
	6,259	6,126

During the financial year, the Group provided an allowance for inventory obsolescence amounting to RM33,000 (2016: RM98,000).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current				
Deposits	27	-	-	-
Prepayments	63	-	-	-
	90	-	-	-
Current				
Trade receivables				
- corporate shareholder	16,264	21,815	-	-
- others	36,331	25,167	-	-
	52,595	46,982	-	-
Accumulated impairment of trade receivables	(1,712)	(1,389)	-	-
	50,883	45,593	-	-
Other receivables	1,455	1,424	47	43
Accumulated impairment of other receivables	(787)	(749)	(38)	-
	668	675	9	43
Deposits	11,036	9,979	47	47
Accumulated impairment of deposits	(3,005)	(2,990)	(47)	(32)
	8,031	6,989	-	15
Prepayments	1,738	1,332	12	12
Goods and services tax ("GST") receivable	515	1,071	-	-
	2,253	2,403	12	12
	61,835	55,660	21	70
Total trade and other receivables	61,925	55,660	21	70

Deposits of the Group 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 (2016: 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 or where the Directors are of the opinion that the amounts are recoverable.

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 and other receivables (excluding prepayments and GST receivable) are analysed as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Not impaired				
- not past due	45,849	38,474	9	58
- past due by 1 to 90 days	12,405	11,106	-	-
- past due by 91 to 180 days	367	1,511	-	-
- past due by more than 181 days	988	2,166	-	-
	59,609	53,257	9	58
Impaired	5,504	5,128	85	32
Gross receivables	65,113	58,385	94	90

18. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	5,128	781	32	32
Additions during the financial year	856	4,347	53	-
Write off during the financial year	(480)	-	-	-
At 31 December	5,504	5,128	85	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.

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	58,772	49,915	21	70
United States Dollar	3,153	5,745	-	-
	61,925	55,660	21	70

During the financial year, net sales of goods and services by a subsidiary of the Group to a corporate shareholder amounted to RM154,464,000 (2016: RM154,342,000). For the same period, rental and other charges made by the corporate shareholder to the subsidiary amounted to RM37,050,000 (2016: RM30,717,000).

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current				
Amount due from a subsidiary	-	-	3,524	4,349
Current				
Amount due from subsidiaries	-	-	13,224	13,052
Less: Accumulated impairment losses of amounts due from subsidiaries	-	-	(13,186)	(12,402)
	-	-	38	650
Amount due from a related company	48	66	-	-
	48	66	38	650
Non-current				
Amount due from a subsidiary	-	-	(2,240)	-
Current				
Amount due to a subsidiary	-	-	(1,099)	-
Amounts due to related companies	(868)	(867)	(386)	(386)
	(868)	(867)	(1,485)	(386)

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% (2016: 5.89%) per annum.

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

The non-current amount due to a subsidiary is non-trade in nature, unsecured, bears interest at 7.00% (2016: nil) per annum and is payable to the subsidiary from year 2019 to 2022. Included within the current amount due to a subsidiary is an amount of RM560,000 which bears interest at 7.00% (2016:nil).

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
As at 1 January	-	-	12,402	3,265
Impairment loss during the financial year	-	-	784	10,374
Reversal of previously impaired balances	-	-	-	(1,237)
As at 31 December	-	-	13,186	12,402

20. AMOUNT DUE FROM A JOINT VENTURE

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

21. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	7,270	6,842	7,048	6,626
Cash and bank balances	11,592	23,301	285	5,923
Total cash and bank balances	18,862	30,143	7,333	12,549
Bank overdrafts (Note 27)	(976)	(1,535)	(976)	(1,535)
Less: Deposits pledged to licensed banks	(7,048)	(6,626)	(7,048)	(6,626)
Total cash and cash equivalents	10,838	21,982	(691)	4,388

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 1.48% to 2.99% (2016: 1.90% to 3.22%) per annum. The fixed deposits have maturity periods ranging from 1 to 181 days (2016: 1 to 182 days).

22. SHARE CAPITAL

	Group and Company	
	2017	2016
	RM'000	RM'000
Authorised:		
Ordinary shares		
At 1 January	500,000	500,000
Abolishment of the concept of authorised share capital on 31 January 2017*	(500,000)	-
At 31 December	-	500,000
Issued and fully paid up:		
Ordinary shares with no par value (2016: par value of RM1.00 each)		
At 1 January	236,286	236,286
Transition to no-par value regime on 31 January 2017*	31,980	-
At 31 December	268,266	236,286

* The new Companies Act 2016 ("2016 Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. In accordance with section 618(2) of the 2016 Act, the amounts standing to the credit of the share premium account of RM31,980,000 becomes part of the Company's share capital. There is no impact on the number of ordinary shares in issue of 236,285,500 or the relative entitlement of any of the members as a result of this transition.

23. RESERVES

	Share premium	Accumulated losses	Total
	RM'000	RM'000	RM'000
Group			
At 1 January 2017	31,980	(162,517)	(130,537)
Transition to no-par value regime on 31 January 2017*	(31,980)	-	(31,980)
Net loss/total comprehensive loss for the financial year	-	(6,937)	(6,937)
At 31 December 2017	-	(169,454)	(169,454)
At 1 January 2016	31,980	(37,367)	(5,387)
Transaction with non-controlling interests (Note 30)	-	(50,193)	(50,193)
Net loss/total comprehensive loss for the financial year	-	(74,957)	(74,957)
At 31 December 2016	31,980	(162,517)	(130,537)
Company			
At 1 January 2017	31,980	(158,208)	(126,228)
Transition to no-par value regime on 31 January 2017*	(31,980)	-	(31,980)
Net loss/total comprehensive loss for the financial year	-	(10,192)	(10,192)
At 31 December 2017	-	(168,400)	(168,400)
At 1 January 2016	31,980	(90,030)	(58,050)
Net loss/total comprehensive loss for the financial year	-	(68,178)	(68,178)
At 31 December 2016	31,980	(158,208)	(126,228)

* Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act, 1965. In accordance with the transitional provisions set out in Section 618(2) of the 2016 Act, on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital (Note 22). Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM31,980,000 for purposes as set out in Section 618(3) of the 2016 Act.

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 5.36% (2016: 5.22%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current	92	116	69	53
Non-current				
Later than 1 year and not later than 5 years	302	306	285	271
Later than 5 years	54	131	54	131
	356	437	339	402
Total lease and hire purchase payables	448	553	408	455
Minimum lease and hire purchase payables:				
- not later than 1 year	107	139	82	82
- later than 1 year and not later than 5 years	345	376	328	328
- later than 5 years	61	136	61	136
	513	651	471	546
Less: future finance charges	(65)	(98)	(63)	(91)
Present value of lease and hire purchase payables	448	553	408	455

25. TERM LOANS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current				
Within 1 year	9,626	5,752	6,000	2,000
Non-current				
Between 1 year and 2 years	13,000	6,000	13,000	6,000
Between 2 and 5 years	54,750	52,750	54,750	52,750
More than 5 years	-	15,000	-	15,000
	67,750	73,750	67,750	73,750
	77,376	79,502	73,750	75,750

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Term loan				
I	3,626	3,752	-	-
II	73,750	75,750	73,750	75,750
	77,376	79,502	73,750	75,750

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 the Company held by Brahim's International Franchises Sdn. Bhd. (major shareholder); and
(iii) a pledge of the fixed deposits with a licensed bank.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other payables	617	-	-	-
Current				
Trade payables	25,665	29,133	83	54
Accruals	4,558	12,466	195	189
Other payables	17,033	12,420	3,430	2,605
Goods and services tax payable	31	24	-	-
	47,287	54,043	3,708	2,848
	47,904	54,043	3,708	2,848

The normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2016: 30 to 60 days).

26. TRADE AND OTHER PAYABLES (CONT'D)

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	47,844	53,988	3,708	2,848
Euro	60	55	-	-
	47,904	54,043	3,708	2,848

27. BANK OVERDRAFTS

The bank overdrafts bear interest ranging from 8.46% to 9.25% (2016: 8.30% to 9.00%) 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:

	Group	
	2017	2016
	RM'000	RM'000
Salaries and other short-term employee benefits	2,893	3,385
Post-employment benefits	319	330
Other long term benefits	3	4
	3,215	3,719

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
SATS Services Sdn Bhd	Corporate shareholder of a subsidiary

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net advances (received from)/given to subsidiaries	-	-	(3,167)	6,252
Repayment of advances made to subsidiaries	-	-	-	4,633
Interest expense paid/payable to subsidiaries	-	-	825	827
Management fees received from a joint venture	362	315	362	315
Dividend received from a joint venture	-	-	1,700	1,000
Repayment of advances to a related party	-	17,272	-	7,251
Professional services fee payable to a related party	3,149	1,166	-	1,166
Purchase of supplies from a related party	112	83	-	-
Repayment of loan to a related party	-	500	-	-

The details of the amounts due from/(to) the subsidiaries, related companies and a 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

In the previous financial year, 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. Subsequent to the disposal, the Group holds 51% 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.

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 RM'000	Food and beverage RM'000	Catering services RM'000	Investment holding RM'000	Consolidation adjustment and elimination RM'000	Group RM'000
2017						
Revenue						
External sales	7,686	542	282,973	2,062	(1,700)	291,563
Intersegment revenue	14	-	-	-	(14)	-
Total revenue	7,700	542	282,973	2,062	(1,714)	291,563
Segment operating profit/(loss)	662	(731)	11,248	(3,846)	(182)	7,151
Finance cost						(6,969)
Share of profit in joint venture						496
Consolidated profit before tax and zakat						678
Included in operating profit/(loss) are as follows:						
Interest income	4	-	1,018	260	(825)	457
Depreciation of property, plant and equipment	(1,002)	(157)	(6,568)	(205)	-	(7,932)
Impairment loss on amounts due from subsidiaries	-	-	-	(784)	784	-
Other material items of expenses (Note 31(a))	(18)	(191)	(594)	(53)	-	(856)

	Warehousing and logistic related services RM'000	Food and beverage RM'000	Catering services RM'000	Investment holding RM'000	Group RM'000
2017					
Assets					
Segment assets	28,030	519	291,424	12,106	332,079
Investment in joint venture					18,525
Unallocated assets					
- Deferred tax assets					9,743
- Tax recoverable					10,962
Consolidated total assets					371,309
Liabilities					
Segment liabilities	1,864	4,100	34,967	87,024	127,955
Consolidated total liabilities					127,955
Other segment items					
Additions to non-current assets other than financial instruments:					
- property and equipment	85	-	6,038	3	6,126

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
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 (loss)/profit	(75)	(1,684)	(83,991)	(78,549)	52,839	(111,460)
Finance cost						(8,992)
Share of loss in joint venture						(368)
Consolidated loss before tax and zakat						(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 RM'000	Food and beverage RM'000	Catering services RM'000	Investment holding RM'000	Group 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 for 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

(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
2017					
Impairment losses on trade and other receivables	18	191	594	53	856
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

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 RM154,464,000 (2016: RM154,342,000) arose from sales of the catering services segment.

32. CONTINGENT LIABILITIES AND COMMITMENTS

Commitments are as follows:

(a) Capital commitments

	Group 2017 RM'000	Group 2016 RM'000
Approved and contracted for:		
Purchase of plant and equipment	6,322	88
Purchase of computer software	237	309

(b) Non-cancellable operating lease commitments

	Group 2017 RM'000	Group 2016 RM'000
Commitments under non-cancellable operating leases:		
Not later than 1 year	9,794	20,113
Later than 1 year but not later than 5 years	192	10,337
More than 5 years	248	296
	10,234	30,746

The Company does not have any non-cancellable operating lease as at 31 December 2017 (2016: 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 against Admuda for the sum of RM6.9 million together with interest thereon from 24 June 2014 until full and final settlement. 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 construction of a sugar refinery factory. A winding-up petition against Admuda was filed by the plaintiff on 9 June 2017, and is fixed for hearing on 28 June 2018.

Following the petition, a settlement agreement is being negotiated between the plaintiff, Admuda and the Company. Based on the terms of the draft settlement agreement, the Company is to propose a settlement sum in cash payable to the plaintiff by 16 May 2018. In the event that the settlement in cash is not fulfilled, the Company is to transfer 38% of its shareholding in Admuda to the plaintiff. The winding-up petition was withdrawn on 16 March 2018.

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 2017 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 interest bearing assets are primarily short-term bank deposits with financial institutions. The Group considers the risk of significant changes to interest rates on deposits to be unlikely. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates.

34. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market risk (cont'd)

(b) *Interest rate risk (cont'd)*

Interest rate risk sensitivity analysis

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

	Group/Company	
	2017	2016
	RM'000	RM'000
Effects on loss after taxation		
Increase of 100 basis points	(738)	(758)
Decrease of 100 basis points	738	758
Effects on equity		
Increase of 100 basis points	(738)	(758)
Decrease of 100 basis points	738	758

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables as well as deposits with licensed banks. 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.

<u>Credit risk concentration profile</u>

The Group's major concentration of credit risk relates to the amount owing by a corporate shareholder of a subsidiary which constituted approximately 32% (2016: 46%) of its trade receivables as at the end of the reporting period.

<u>Exposure to credit risk</u>

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.

<u>Ageing analysis</u>

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

34. FINANCIAL INSTRUMENTS (CONT'D)

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

(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 ensuring the availability of funding through adequate amount of 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	1 - 5 years RM'000	Over 5 years RM'000
Group						
2017						
Lease and hire purchase payables	5.22 – 6.80	448	513	107	345	61
Term loans	7.30 – 7.50	77,376	90,279	14,026	76,253	-
Amounts due to related companies	-	868	868	868	-	-
Bank overdrafts	8.90	976	976	976	-	-
Trade and other payables (excluding GST payable)	-	47,873	47,873	47,256	617	-
		127,541	140,509	63,233	77,215	61
2016						
Lease and hire purchase payables	5.22 – 6.80	553	651	139	376	136
Term loans	7.10 – 7.60	79,502	97,142	10,591	71,368	15,183
Amounts due to related companies	-	867	867	867	-	-
Bank overdrafts	8.90	1,535	1,535	1,535	-	-
Trade and other payables (excluding GST payable)	-	54,019	54,019	54,019	-	-
		136,476	154,214	67,151	71,744	15,319
Company						
2017						
Lease and hire purchase payables	5.22	408	471	82	328	61
Term loans	7.30 - 7.35	73,750	86,639	10,386	76,253	-
Trade and other payables (excluding GST payable)	-	3,708	3,708	3,708	-	-
Amount due to a subsidiary	7.00	3,339	4,319	1,295	3,024	-
Amounts due to a related company	-	386	386	386	-	-
Bank overdrafts	8.90	976	976	976	-	-
		82,567	96,499	16,833	79,605	61
2016						
Lease and hire purchase payables	5.22	455	546	82	328	136
Term loans	7.10 - 7.60	75,750	93,155	6,604	71,368	15,183
Trade and other payables (excluding GST payable)	-	2,848	2,848	2,848	-	-
Amounts due to a related company	-	386	386	386	-	-
Bank overdrafts	8.90	1,535	1,535	1,535	-	-
		80,974	98,470	11,455	71,696	15,319

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. Net debt is calculated as loans and borrowings from financial institutions less cash and cash equivalents and fixed deposits. Equity capital is equivalent to 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:

	Group	
	2017	2016
	RM'000	RM'000
Lease and hire purchase payables	448	553
Term loans	77,376	79,502
Bank overdrafts	976	1,535
	78,800	81,590
Less: Fixed deposits with licensed banks	(7,270)	(6,842)
Less: Cash and bank balances	(11,592)	(23,301)
Net debt	59,938	51,447
Total equity	243,354	245,522
Debt-to-equity ratio	0.25:1	0.21:1

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 2017 and 31 December 2016.

(c) Classification of financial instruments

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables				
Trade and other receivables (excluding prepayments and GST receivable) (Note 18)	59,609	53,257	9	58
Amounts due from subsidiaries (Note 19)	-	-	3,562	4,999
Amount due from a related company (Note 19)	48	66	-	-
Amount due from a joint venture (Note 20)	62	43	62	32
Fixed deposits with licensed banks (Note 21)	7,270	6,842	7,048	6,626
Cash and bank balances (Note 21)	11,592	23,301	285	5,923
	78,581	83,509	10,966	17,638
Financial liabilities				
Other financial liabilities at amortised cost				
Lease and hire purchase payable (Note 24)	448	553	408	455
Term loans (Note 25)	77,376	79,502	73,750	75,750
Trade and other payables (excluding GST payable) (Note 26)	47,873	54,019	3,708	2,848
Amount due to a subsidiary (Note 19)	-	-	3,339	-
Amounts due to related companies (Note 19)	868	867	386	386
Bank overdrafts (Note 27)	976	1,535	976	1,535
	127,541	136,476	82,567	80,974

(d) Fair value information

The fair values of the financial assets and financial liabilities of the Group and of the Company that are 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 carrying amounts and fair values of long-term financial assets and liabilities measured at amortised cost:

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
2017				
Financial assets				
Trade and other receivables (excluding prepayments)	27	27	-	-
Amount due from a subsidiary	-	-	3,524	3,524
Financial liabilities				
Term loans	67,750	67,750	67,750	67,750
Lease and hire purchase payables	356	351	339	335
Trade and other payables	617	609	-	-
Amount due to a subsidiary	-	-	2,240	2,240

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value information (cont'd)

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2016				
Financial assets				
Amount due from a subsidiary	-	-	4,349	4,349
Financial liabilities				
Term loans	73,750	73,750	73,750	73,750
Lease and hire purchase payables	437	432	402	399

The fair values of the Group's long-term financial instruments are categorised as Level 2 in the fair value hierarchy as they are estimated by discounting the future contractual cash flows at the current market rate available for similar instruments.

The fair values of lease and hire purchase payables and term loans are determined by discounting the estimated future contractual 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:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Lease and hire purchase payables	5.22 - 6.80	5.22 - 6.80	5.22	5.22
Term loans	7.30 - 7.50	7.10 - 7.60	7.30 - 7.35	7.10 - 7.60

35. EVENTS AFTER THE REPORTING PERIOD

On 21 February 2018, the Company announced its proposal to undertake a private placement of up to 23,628,550 new ordinary shares ("Placement Shares"), representing up to 10% of the existing issued shares of the Company.

The issue price of the Placement Shares will be based on the 5-day volume-weighted average market price ("VWAMP") as at a fixed date in the future, which is yet to be determined. The actual price may be priced at a discount of not more than 10%, the actual quantum of which will be determined at a later date.

Based on management's estimation, the gross proceeds to be raised from the private placement is approximately RM9.9 million. These proceeds are intended to be utilised for repayment of bank borrowings and funding of working capital of the Group and the Company.

On 23 February 2018, the Company has submitted its application in respect of this private placement to Bursa Securities. The private placement is expected to be completed within 6 months from the date of approval from Bursa Securities in relation to the aforementioned application.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with their resolution on 9 April 2018.

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	18 years

ANALYSIS OF SHAREHOLDINGS

As at 23 March 2018

ISSUED SHARE CAPITAL : 236,285,500 ORDINARY SHARES
CLASS OF SHARES : ORDINARY SHARES
VOTING RIGHTS : ONE (1) VOTE PER ORDINARY SHARE
NUMBER OF SHAREHOLDERS : 3,957

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	145	3.66	5,061	#
100 – 1,000	876	22.14	715,551	0.30
1,001 – 10,000	2,034	51.40	9,985,386	4.23
10,001 – 100,000	772	19.51	24,321,052	10.29
100,001 – 11,814,274 (*)	124	3.13	68,600,000	29.03
11,814,275 and above (**)	6	0.15	132,658,450	56.14
Directors' Shareholdings	-	0.00	-	0.00
TOTAL	**3,957**	**100.00**	**236,285,500**	**100.00**

* Less than 5% of issued holdings
** 5% and above of issued holdings
# Negligible

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 23 MARCH 2018

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	6,875,700	2.91
8.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Brahim's International Franchises Sdn. Bhd.	6,400,000	2.71
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (MIDF AM IS EQ)	5,948,500	2.52
10.	CIMB Group Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Yayasan Sarawak (JG281)	2,660,000	1.13
11.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Brahim's International Franchises Sdn. Bhd. (SFC)	2,500,000	1.06
12.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Takaful Ikhlas Berhad (JS487)	2,378,700	1.01
13.	CIMB Group Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Universiti Malaya (JG488)	2,019,900	0.85
14.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Vicknaraj a/l Thanarajah (E-SJA)	2,017,100	0.85
15.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. CIMB Islamic Trustee Bhd for BIMB I Dividend Fund	1,919,800	0.81
16.	Amanahraya Trustees Berhad MIDF Amanah Strategic Fund	1,826,200	0.77
17.	Chai Yune Loong	1,643,200	0.70
18.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Batu Bara Resources Corporation Sdn. Bhd.	1,050,000	0.44
19.	CIMB Group Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Renesas Semiconductor (M) Sdn. Bhd. (JF290)	1,000,000	0.42
20.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Perbadanan Nasional Berhad (JC492)	1,000,000	0.42
21.	Yayasan Guru Tun Hussein Onn	1,000,000	0.42
22.	Sharifah Bahiyah binti Wan Omar	900,500	0.38
23.	Lim Fong Yee	850,000	0.36
24.	Leong You Tong	800,000	0.34
25.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	800,000	0.34
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	700,000	0.30
27.	Desmond Chiong Chung Seng	700,000	0.30
28.	Yu Kok Ann	700,000	0.30
29.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Sharifah Bahiyah binti Wan Omar	666,600	0.28
30.	Othman Bin Mohd Noor	600,100	0.25
	Total	179,614,750	76.01

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 36th Annual General Meeting of BRAHIM'S HOLDINGS BERHAD ("the Company") will be held at Auditorium, Level G, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan on Friday, 11 May 2018 at 10.30 am for the following purposes:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.	**Please refer to Explanatory Note**
2. To approve the payment of Directors' Fees amounting to RM432,000.00 for the financial year ended 31 December 2017.	**Ordinary Resolution 1**
3. To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board an amount of RM50,000.00 for the period from 12 May 2018 until the next Annual General Meeting.	**Ordinary Resolution 2**
4. To re-elect Dato' Seri Ibrahim bin Haji Ahmad who retires by rotation as a Director of the Company pursuant to Article 98 of the Constitution of the Company.	**Ordinary Resolution 3**
5. To re-elect Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim who retires by rotation as a Director of the Company pursuant to Article 98 of the Constitution of the Company.	**Ordinary Resolution 4**
6. To re-appoint Messrs. PricewaterhouseCoopers (LLP0014401-LCA & AF1146) as Auditors of the Company until the conclusion of the next AGM and authorise the Directors to fix their remuneration.	**Ordinary Resolution 5**

Special Business

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

7. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** — **Ordinary Resolution 6**

"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."

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** — **Ordinary Resolution 7**

"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 19 April 2018 ("**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."

9. 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
19 April 2018

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 Friday, 4 May 2018.

Explanatory Notes

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.

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 36th AGM on the Directors' remuneration in two (2) separate resolutions as below:

- Resolution 1 on payment of Directors' fees for the year ended 31 December 2017; and

- Resolution 2 on payment of Directors' Remuneration (excluding Directors' Fees) payable to Directors for the financial period from 12 May 2018 until the next AGM.

The payment of the Directors' Fees in respect of the financial year ended 31 December 2017 will only be made if the proposed Resolution 1 has been passed at the 36th AGM 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	Non-Executive Directors
1.	Meeting Allowance: Board of Directors' Meeting	RM500.00 (per meeting)

Ordinary Resolution 6 - Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6, 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.

Ordinary Resolution 7 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 7, 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 19 April 2018.

Brahim's®

Brahim's Holdings Berhad

(82731-A) (Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	CDS Account No.

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

of ……………………………………………………………………...........…………………………………………………..…...…..….........

being a Member(s) of **BRAHIM'S HOLDINGS BERHAD** (82731-A), hereby appoint …..........…………………………………….................

.......……………………...…....***NRIC No./Passport No.** ....

of ………………....……………………………………………...

and/or ……………….......…………………………….............................…***NRIC 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 36th Annual General Meeting of the Company to be held at Auditorium, Level G, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan on Friday, 11 May 2018 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 2017.		
2.	To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board for the period from 12 May 2018 until the next Annual General Meeting.		
3.	To re-elect Dato' Seri Ibrahim bin Haji Ahmad as Director.		
4.	To re-elect Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim as Director.		
5,	To re-appoint Messrs PricewaterhouseCoopers (LLP0014401-LCA & AF1146) as Auditors.		
6.	**Special Business** Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
7.	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%

* Delete if not applicable.

Dated this….…...... day of ……….................... 2018

………………………………….............……
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 Friday, 4 May 2018.

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PLEASE
AFFIX
STAMP

The Share Registrar
Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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Brahim's Holdings Berhad
(Company No.: 82731-A)

Corporate Office
7-05, 7th Floor, Menara Hap Seng
Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

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