Brahim's

Brahim's Holdings Berhad

(82731-A) (Incorporated in Malaysia)

We Deliver Halal Cuisine of the World

annual report 2018

01 CONTENTS

VISION STATEMENT

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

MISSION STATEMENT

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

02

CHAIRMAN'S MESSAGE

Dato' Seri Ibrahim bin Haji Ahmad,
Executive Chairman

Dear Fellow Shareholders,

SALAM SEJAHTERA.

On behalf of the Board of Brahim's Holdings Berhad (BHB), it is in a sombre note I present you my Eleventh Annual Message in the 37th Annual General Meeting.

The landscape in which we have operated for the better part of the last ten years has evolved dramatically in recent years due to challenging scenarios and the soft economy, locally as well as globally. In line with the economic challenges posed, your Group's performance was weakened in 2018. We have managed to respond with continued decisive and immediate action on the challenges 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.

ADVERSITY AND CHALLENGES

It is especially encouraging to see how much your Group has accomplished since 2015. Your Group has also responded to difficult market conditions and severe competition by continuously fine-tuning our business portfolio to increase operations efficiency and effectiveness.

The Group's subsidiaries and businesses performance, corporate social and sustainability activities are detailed in the Management Discussion & Analysis section.

REINVENTING AND CREATING PROSPECTS

Undoubtedly, your Group's performance and fortunes are heavily dependent on its largest customer Malaysian Airline Berhad (now known as MAB). The national airline has been trying to transform its operations and return to profitability by 2019 as it recovers from twin disasters in 2014. We are all fully aware that the present government is studying options and considering alternative solutions to its future.

Since 2014, when your Group performance suffered greatly under the MAS Restructuring Exercise and Recovery Plan, the management team was under pressure to improve the overall financial and business growth performance. I would like to draw your attention to note that Brahim's Holdings Berhad (BHB) through its 70% owned subsidiary, Brahim's SATS Food Services Sdn Bhd ("BSFS"), is the exclusive inflight caterer to MAB, which holds a 30% stake in BSFS. As our anchor customer, the suspension of routes and reduction of flight frequencies had directly impacted our performance and business due to the cut in the number of inflight meals.

We continued to work hard since to achieve solid outcomes for you. Despite the intentions of the MAS Recovery Plan, efforts taken by the Board which included a divestment of 49% stake in BSFS to SATS Ltd in 2016, our hopes of returning to the black were unrealised. On 28 February 2019, the Group has lapsed into Practice Note 17 ("PN17") status issued by Bursa Malaysia Securities Berhad (Bursa Securities) after its shareholder equity fell below the 25% threshold.

LAPSING INTO PN17 STATUS

Based on the unaudited interim financial results of your Group for Q4 ended 31 December 2018, the shareholders' equity of your Group on a consolidated basis of less than RM40mil represented 25% or less of its issued capital. Due to a breach in the Bursa Securities Main Market Listing Requirements and compliance, your Group had lapsed into PN17 status on 28 February 2019.

The cause is primarily from goodwill impairment which in over the past 5 years have been impaired from RM283m to RM102m. This means an impairment of RM181m against the Group's share capital of RM236m. Impairment arose from the shortfall in the value-in-use, due to declining cash flows from your Group's major subsidiary, BSFS. The business framework at BSFS is still encased in a model that whilst revenue has dropped by over 50% from its anchor customer MAB, the corresponding costs cannot be halved due to the inherent high fixed cost of the rental of the inflight kitchen premises and certain critical utility supplies.

With a PN17 status, the Group is now required to formulate a regularisation plan within the next 12 months.

I would like to point out that as long as the Group has not been delisted, the listing status still has value. Unfortunately, success is not an overnight phenomenon. It requires hard work and dedication, perseverance and time. The current uncertainty of MAB's future directions is a cause for concern of your Group. Still, your Board need to plan strategically and out-of-the box to formulate a regularisation plan to exit the PN17 status.

Your Group's strength lies in its firm-specific advantages which are internationally transferable, i.e. its Halal excellence and technical know-how and expertise. The global halal foods industry was valued at USD436.8 billion in 2016 and is estimated to grow at a compound annual growth rate of 6.1% over the next eight years. The global halal food market is expected to reach USD 739.59 billion by 2025, according to a report by Grand View Research, Inc (February 2018). The number of Muslims worldwide is 1.6 billion in 2010. The total Islamic population is expected to increase from 23% in the present numbers to around 30% of the total world population by 2030. The halal business is indeed growing fast and the halal food industry is burgeoning not only for Muslims but for non-Muslims too. It is more evident in the past decade.

We are in the RIGHT business. To this end, your Group will find the means to capitalise on this competency factor, as the formulae to restore your Group's status and sustainability. Your Board's priority is to look for complementary businesses as the preference for expansion and welcomes sincere suitors with viable business plans to turn the Group's business around. Our commitment to corporate governance best practices plays a key role in managing our risks and opportunities. As your Board is working hard on this, announcements will be made periodically to keep your abreast of developments. Transparent reporting is critical as we continue to value and build on the trust and long-term interests of our shareholders.

APPRECIATION

For years, the management team has been under pressure to improve the Group's overall financial and business growth performance. We acknowledge and thank:

- YB Datuk Seri Panglima Haji Abdul Azeez bin Abdul Rahim, Non-Independent Non-Executive Director; and
- Tan Sri Datuk Seri Panglima Sulong bin Mat Jeraie, Independent Non-Executive Director;

for their valuable guidance and commitment as board members during the Group's trying times. Their experience and guidance were of great assistance to the Board and myself.

On behalf of the Board, I would like to thank and recognise all employees of the Group for their commitment, diligent efforts, believe and resilience in delivering results in what continues to be a challenging environment. It is their commitment and focus to the Group that had enabled our progress through challenges and hurdles.

Our appreciation also goes to all our business partners for their support and advice through adversity and challenging times. It is with utmost importance that the Group exit the PN17 status as soon as possible. The Group will be united in an effort to boost your Group's value so that we can successfully evolve as a Group with sustainable growth.

And finally, THANK YOU, our esteemed shareholders, for your staunch support and continued confidence in us. We look forward to your continued understanding and support.

I look forward to seeing you at our 37th Annual General Meeting.

Dato' Seri Ibrahim bin Haji Ahmad
Executive Chairman

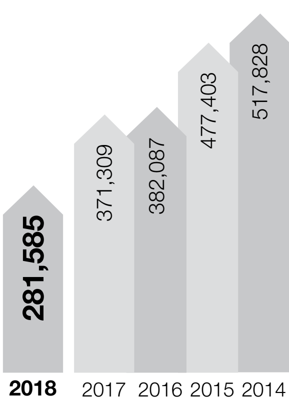
9 April 2019

04 FINANCIAL HIGHLIGHTS 2018

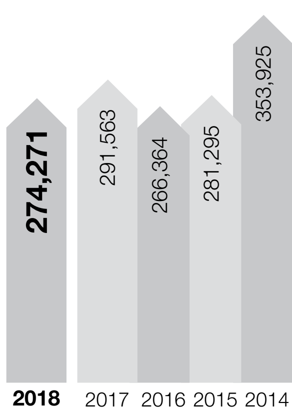
SUMMARY OF FINANCIAL STATEMENTS

	2014	2015	2016	2017	2018
Statements of Comprehensive Income (RM'000)					
Revenue	353,925	281,295	266,364	291,563	**274,271**
(Loss)/Profit before tax	(35,055)	(14,021)	(120,820)	678	**(121,145)**
Loss after tax	(33,832)	(15,418)	(122,422)	(2,168)	**(115,993)**
Loss attributable to equity holders of the Company	(31,962)	(15,680)	(74,957)	(6,937)	**(104,999)**
LPS (sen)	(13.64)	(6.64)	(31.72)	(2.94)	**(44.44)**
Statements of Financial Position (RM'000)					
Issued and paid-up capital	236,286	236,286	236,286	268,266	**268,266**
Total equity	273,361	257,944	245,522	243,354	**124,715**
Total assets	517,828	477,403	382,087	371,309	**281,585**

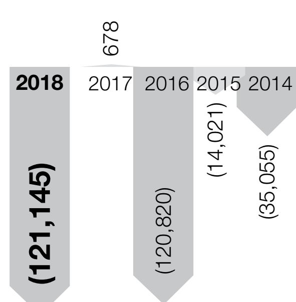
TOTAL ASSETS (RM'000)



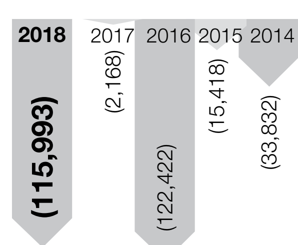
REVENUE (RM'000)



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

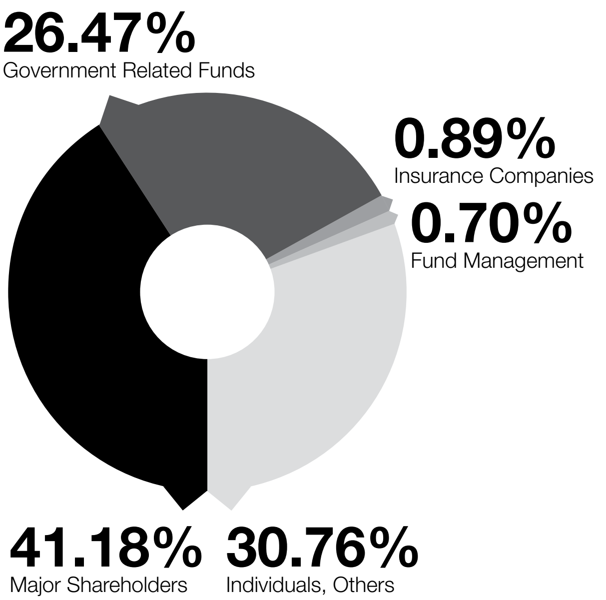


LOSS AFTER TAX (RM'000)



05 STOCK INFORMATION

As at 22 March 2019



STOCK SUMMARY

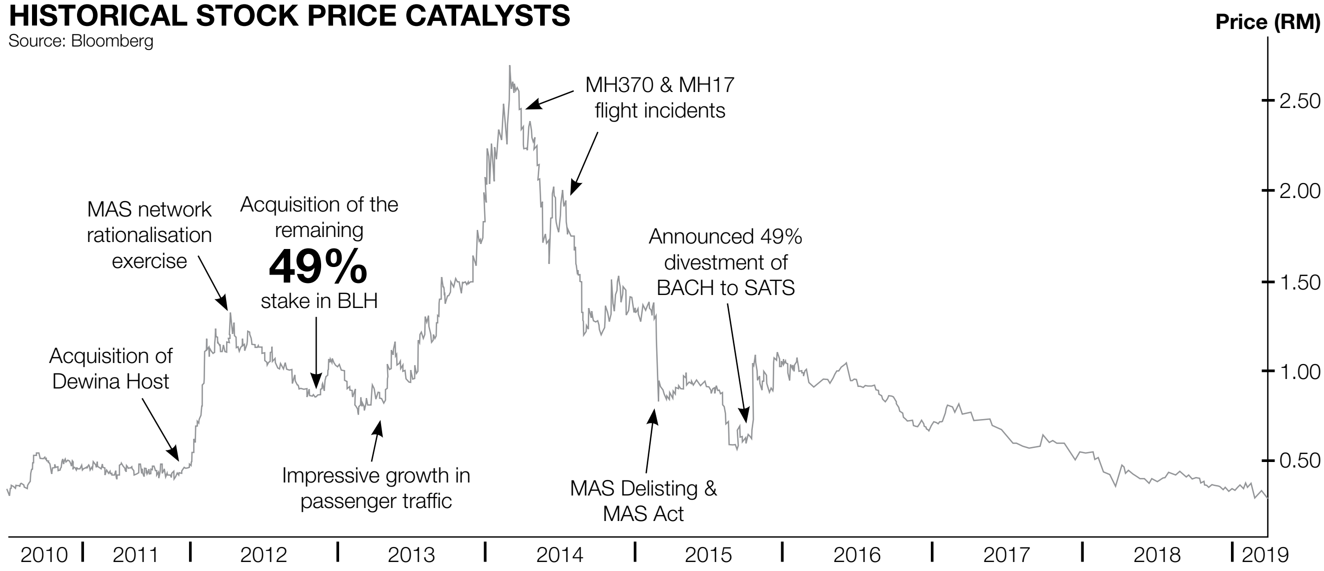
Stock Name	: BRAHIMS
Stock Code	: 9474
Number of Shares Issued	: 236,285,500 shares
Number of Shareholders	: 3,948

BREAKDOWN OF SHARES BY TYPE OF SHAREHOLDERS

No.	Type of Shareholders	No. of Shares	%
1	Major Shareholders	97,303,300	41.18
2	Government Related Funds	62,544,050	26.47
3	Insurance Companies	2,090,700	0.89
4	Funds Management	1,662,300	0.70
5	Individuals, Others	72,685,150	30.76
	TOTAL	**236,285,500**	**100**

HISTORICAL STOCK PRICE CATALYSTS

Source: Bloomberg



06 FINANCIAL & INVESTOR CALENDAR 2018

02

21 February
BOD & AC Meeting of BHB.

28 February
Announcement of Q4 2017 Results.

04

9 April
BOD, AC, NC & RC Meeting of BHB.

19 April
Announced 2017 BHB audited financial results and 2017 Annual Report.

05

11 May
36th AGM.
Change of Company Secretary.

24 May
BOD & AC Meeting of BHB.

25 May
Announcement of Q1 2018 Results.

07

15 July
Brahim's Dewina Group of Companies Hari Raya Open House & 30th Anniversary Celebrations.

08

29 August
BOD & AC Meeting of BHB.

30 August
Announcement of Q2 2018 Results.

11

27 November
BOD & AC Meeting of BHB.
Announcement of Q3 2018 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
(Resigned on 23 May 2018)

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

Tan Kok Siong
(LS0009932)
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

Boardroom 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 8199

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

DATO' SERI IBRAHIM BIN HAJI AHMAD
Executive Chairman

Nationality/Age Malaysian/72

Gender Male

Date of Appointment 15 May 2008

Length of Service (as at 28 February 2019) 10 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 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

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

Nationality/Age Malaysian/76

Gender Male

Date of Appointment 15 May 2008

Length of Service (as at 28 February 2019) 10 years 9 months

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

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

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

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

Nationality/Age Malaysian/65

Gender Male

Date of Appointment 9 July 2008

Length of Service (as at 28 February 2019) 10 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")

YB DATUK SERI PANGLIMA HAJI ABDUL AZEEZ BIN ABDUL RAHIM
Non-Independent Non-Executive Director
(Resigned on 23 May 2018)

Nationality/Age Malaysian/53

Gender Male

Date of Appointment 26 June 2014

Length of Service (as at 23 May 2018) 3 years 11 months

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

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

TAN SRI DATUK SERI PANGLIMA SULONG BIN MATJERAIE

Independent Non-Executive Director

Nationality/Age Malaysian/72

Gender Male

Date of Appointment 18 July 2013

Length of Service (as at 28 February 2019) 5 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

PROFESSOR DR JINAP BINTI SALAMET

Independent Non-Executive Director

Nationality/Age Malaysian/65

Gender Female

Date of Appointment 26 June 2014

Length of Service (as at 28 February 2019) 4 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
- Reviewer in International Journal of Food Microbiology, 2017
- Reviewer in International Journal of Food Safety, 2017
- Reviewer in Journal of Food Chem, 2017
- Tenaga Pengajar (SPTP) Latihan Pengendali Makanan, Kementerian Kesihatan Malaysia, 2017

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

- Board Member of Food Analysis Committee Malaysia
- 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 committees on Food Regulation, Food Contaminants, Food Additives, and Processed Food through the Ministry of Health
- Member of National Codex Committee of Food Additives, and Food Contaminants
- Member of ASEAN Risk Assessment Committee (ARAC)
- Committee Fellow of Academy of Science of Malaysia (FASc)
- Chief-in-Editor for International Food Research Journal
- International Editorial Board for Food Additives and Contaminants
- Editor In Chief, International Food Research Journal,2017
- Member of Food Industry Training Centre (FITC), 2017
- Member of Majlis Juruanalisis Makanan Malaysia, Kementerian Kesihatan Malaysia,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
- Selection Panel, Top Research Scientists Malaysia (TRSM), Academy of Sciences Malaysia, 2018
- Selection Panel, Fellow, Academy of Sciences Malaysia, 2018
- Member of Programme Advisory panel (PAP) Panel for Master of Science (Food Science) Programme, Kolej Universiti Tunku Abdul Rahman, 2018
- Chairman, Committee ITAFOS E-Newsletter, 2018
- Panel, Pemantau Projek Penyelidikan MARDI, 2018
- Member of Food Industry Training Centre, 2018
- Panel, Carian Calon Pangarah/Timbalan Pengarah Di bawah TNCPI, UPM, 2018
- Panel, Jawatankuasa Penilaian Permohonan Geran Penyeldikan peringkat Universiti Tahun 2018-2019

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)

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

Nationality/Age Malaysian/70

Gender Male

Date of Appointment 25 February 2016

Length of Service (as at 28 February 2019) 3 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

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

Nationality/Age Malaysian/35

Gender Male

Date of Appointment 1 February 2014

Length of Service (as at 28 February 2019) 5 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 2018 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 2018.

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 2018.

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

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

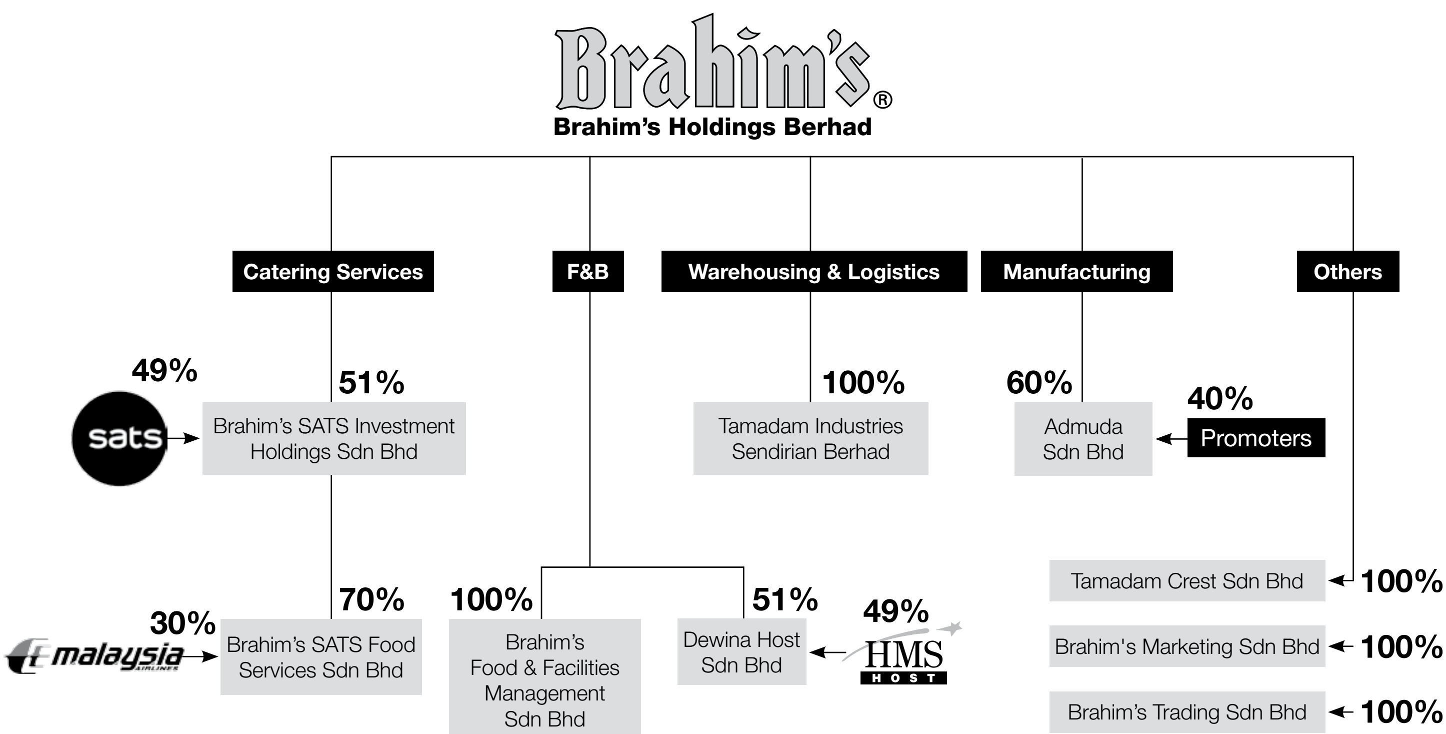
Details of Audit Fees	Group	Company
	(RM'000)	(RM'000)
Statutory Audit Fees	443	180
Non-Audit Fees	63	25
TOTAL	506	205

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

13

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 **35 international commercial airlines** out of KLIA and Penang with MAB as its major customer. BSFS **produces an average of 50,000 meals per day** out of its flight kitchen in Sepang, KLIA catering to over 200 flights daily.



14 MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

Brahim's Holdings Berhad is an investment holding company to a group of Food & Beverages ("F&B") related subsidiaries which one of them 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").

Apart from airline catering, 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 Kuala Lumpur International Airport 2 ("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).

DHSB operates two (2) existing Burger King outlets, one of which is located in the KLIA Satellite Building, which caters for international flights whilst another larger outlet is located at the Arrival section of main terminal building. DHSB also operates Kopitime and Food Paradise in the KLIA main terminal building.

In KLIA2, DHSB operates multiple concepts of outlets in the biggest food court in KLIA2. The Premium Urban Food Court located at the airside of international departure offers varieties of F&B concepts with Asia and International cuisine, 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 airport-centric food services business and other F&B business since 2008. The Group is in its transformation programme and will continue to seek opportunities driven by our core competencies and strength in food services and food related business to broaden and deepen the Group's earning base.

EXECUTIVE OVERVIEW

	(RM'000)		%
	2018	**2017**	**Change**
Selected Items from Statement of Comprehensive Income			
Revenue	274,271	291,563	(5.9)
Direct operating expenses	(155,356)	(159,467)	(2.6)
Gross profit	118,915	132,096	(10.0)
Other income	794	1,378	(42.4)
Less: Distribution expenses	-	-	-
Administrative expenses	(122,441)	(115,506)	6.0
Other operating expenses	(113,937)	(10,817)	953.3
Finance costs	(5,912)	(6,969)	(15.2)
Share of results in joint venture	1,436	496	189.5
Profit/(loss) before tax	(121,145)	678	(17,968.0)
Zakat	-	(383)	(100.0)
Income tax expense	5,152	(2,463)	(309.2)
Net loss after tax	(115,993)	(2,168)	5,250.2
Comprehensive (loss)/income			
- attributable to Owners of the Company	(104,999)	(6,937)	1,413.6
- to non-controlling interest	(10,994)	4,769	(330.5)
Selected Items from Statement of Financial Position			
Property, plant & equipment	54,525	49,712	9.7
Goodwill on consolidation	102,354	190,963	(46.4)
Trade and other receivables	56,687	61,925	(8.5)
Deposits with licensed financial institutions & cash/bank balances	14,684	18,862	(22.2)
Total assets	281,585	371,309	(24.2)
Total liabilities	156,870	127,955	22.6
Equity attributable to owners of the Company	(7,680)	98,812	(107.8)

In this discussion and analysis, management would like to first highlight that the Company is currently classified under Practice Note 17 (“PN17”) since the announcement of its Unaudited Interim Financial Results for the fourth quarter ended 31 December 2018 on 28th February 2019. The Company is now regarded as a PN17 Company as it has triggered the Prescribed Criteria under Paragraph 2.1(a) of PN17 of the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad.

“the shareholders’ equity of the listed issuer on a consolidated basis is 25% or less of the share capital (excluding treasury shares) of the listed issuer and such shareholders’ equity is less than RM40 million”

Thus, management wish to bring attention to discuss and analyse the potential future financial condition and results of operations of the Group. These statements are not based on historical facts, but instead represent the beliefs and commitment regarding future events, many of which, by their nature, are inherent uncertain and outside our control. This information includes statements of current condition and may relate to our future plans and objectives.

Commentary

In FY2018, the results of the Group was affected by impairment of goodwill allocated to the catering and related services of RM88.6 million due to weaker performance in the Group’s catering business. This was mainly due to lower air passenger volume from major customers of the Group and higher operating costs.

	2018	2017	% Change
Key Financial Ratios			
Liquidity			
Working capital (RM'000)	(56,612)	38,796	(245.9)
Quick ratio	0.56	1.55	(63.9)
Current ratio	0.61	1.65	(63.0)
Net sales per working capital	(4.8)	7.5	(164.0)
Leverage/Gearing			
Debt-to-equity ratio	0.51	0.25	104.0
Coverage			
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	(108,349)	15,579	(795.5)
EBITDA/Int Exp + Current Portion of Long Term Debt ("CPLTD")	(1.40)	0.94	(248.9)
Profitability			
Return on sales (%)	(42.3)	(0.7)	5,942.9
Return on assets (%)	(41.2)	(0.6)	6,766.7
Return on equity (%)	1,367.2	(7.0)	(19,631.4)
Gross profit margin (%)	43.4	45.3	(4.2)
Operating expenses (%)	(142.8)	(98.0)	45.7
Operating profit margin (%)	(42.5)	2.5	(1,800.0)
Profit after tax margin (%)	(42.3)	(0.7)	5,942.9
Dividend payout rate (%)	-	-	-
Activity Ratio			
Interest coverage ratio	(19.73)	1.03	(2,015.5)
Receivables turnover ratio (days)	62	64	(3.1)
Payables turnover ratio (days)	76	59	28.8
Asset turnover (net sales/total assets)	0.97	0.79	22.8
(Loss)/profit before tax/total assets (%)	(43.0)	0.2	(21,600.0)
Growth (%)			
Total assets growth	(24.2)	(2.8)	764.3
Total liabilities growth	22.6	(6.3)	(458.7)
Net worth growth	(48.8)	(0.9)	5,322.2
Operating profit growth	(1,731.5)	106.4	(1,727.3)
Net profit after tax growth	5,250.2	(98.2)	(5,446.4)
Sustainable growth	1,367.2	(7.0)	(19,631.4)
Other Financial Indicators			
NA per share (RM)	0.46	1.03	(55.3)
LPS (sen)	(44.44)	(2.94)	1,411.6
Share price at year end (RM)	0.28	0.47	(40.4)

Regardless of the above impairment, the Group still believes and pursue the current businesses with some enhanced strategies and process improvement at the operational level. Among others, the management has introduced the following initiatives:

a. Enhance and Increase Productivity initiative;
b. Enhance Internal Control on process and procedures

These effort is anticipated to reduce the Group’s operating cost, focusing on purchasing and payroll costs.

The Group recorded a net loss per share of 44.44 sen for the year ended December 2018, compared with a net loss per share of 2.94 for the year ended December 2017. This unfavorable loss per share was due to difficult business conditions such as reduction in air passenger traffic volume from our major customers and higher operating costs.

Return on Shareholders’ Equity (ROE) was 1,367.2% for 2018 compared to negative 7.0% for 2017. Share price decreased by 40.4% to RM0.28 at year end as compared to the 2017 closing at RM0.47.

BUSINESS OPERATIONS REVIEW

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

In 2018, BSFS serves 35 international airlines with Malaysia Airlines Berhad (“MAB”) remaining as the major customer. Other airlines include 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 and Air Hong Kong.

BSFS caters to an average of 213 aircraft per day and prepares an average of 45,000 to 50,000 inflight meals per day from its huge and highly sophisticated halal inflight kitchen located at KLIA. Menus are planned in collaboration with the inflight services team from the customer airline who will stipulate their requirements. The chefs at BSFS will then suggest and propose recipes and meals modification taking into consideration 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 i.e. "Sertu".

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 1,319 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.

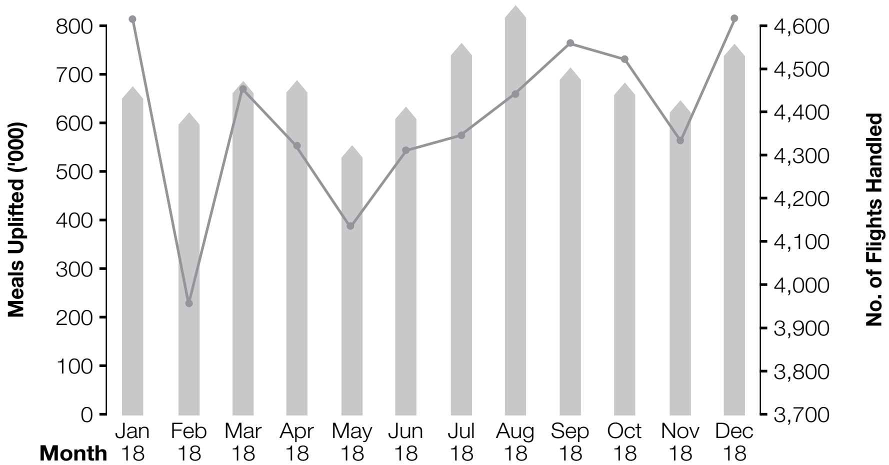
For future airlines business prospect, BSFS has successfully secured KLM Airlines in FY2019. BSFS is also actively participating in tenders and pursuing potential new customers which may contribute positively towards BSFS' profitability.

BSFS has also set up establishment in non-airline commercial catering business. With corporate customers as the main target, BSFS has already registered as the main catering operator for Keretapi Tanah Melayu Berhad ("KTMB"), Universiti Kebangsaan Malaysia ("UKM"), and many others.

This non-airline commercial catering business may and will open up a lot more possibilities and contribute towards maximising the utilisation of the kitchen capacity at KLIA in order to control the non-variable costs as most of the food and beverages are centrally supplied from the kitchen in KLIA.

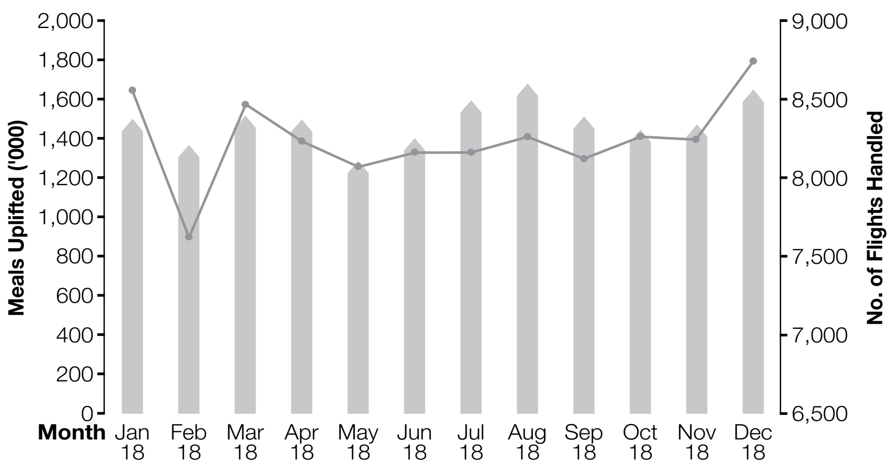
The Group's FY2018 operating statistics are tabulated in Table 4.

Table 1 – Quantity and no of flights catered - Foreign Airlines except MAB



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
						2017						
Meals Uplifted ('000)	682	625	691	697	560	638	766	854	717	693	658	773
No. of flight handled	4,604	3,969	4,462	4,315	4,114	4,309	4,345	4,422	4,378	4,515	4,323	4,603

Table 2 – BSFS Total Activity Summary 2018



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
						2017						
Meals Uplifted ('000)	1,490	1,384	1,508	1,490	1,291	1,389	1,598	1,676	1,511	1,452	1,470	1,657
No. of flight handled	8,546	7,601	8,479	8,234	8,057	8,172	8,160	8,253	8,111	8,274	8,237	8,755

Table 3 – Historical Statistics

	2013	2014	2015	2016	2017	2018
Meals uplifted (in Millions)						
Total meals	16.97	17.89	16.08	16.56	18.62	17.92
From MAB	11.48	12.08	10.66	9.96	9.42	8.61
From FOCA	5.49	5.81	5.30	5.59	8.05	8.35
From Non-Airline			0.12	1.01	1.16	0.96
Total Flights handled						
Total Flights	78,123	83,659	82,264	77,890	98,200	98,879
From MAB	55,967	60,028	57,780	51,027	49,424	46,520
From FOCA	22,156	23,631	24,484	26,863	48,776	52,359
Staff Strength						
Headcount	1,142	1,133	1,226	1,167	1,334	1,319

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

	2018 RM'000	2017 RM'000	2016 RM'000
Statement of Comprehensive Income			
Revenue	274,271	291,563	266,364
Direct operating expenses	(155,356)	(159,467)	(145,933)
Gross profit	118,915	132,096	120,431
Operating profit	(116,669)	7,151	(111,460)
Profit/(loss) before taxation	(121,145)	678	(120,820)
Loss after taxation	(115,993)	(2,168)	(122,422)
Comprehensive loss attributable to owners	(104,999)	(6,937)	(74,957)
Depreciation	(6,884)	(7,932)	(10,479)
Administrative and operating expenses	(236,378)	(126,323)	(232,872)
Finance cost	(5,912)	(6,969)	(8,992)
Statement of Financial Position			
Inventories	7,451	6,259	6,126
Current assets	89,849	98,028	103,387
Current liabilities	(146,461)	(59,232)	(62,378)
Total assets	281,585	371,309	382,087
Total liabilities	(156,870)	(127,955)	(136,565)
Share capital	(268,266)	(268,266)	(236,286)
Equity attributable to owners	7,680	(98,812)	(105,749)
Total equity	124,715	(243,354)	(245,522)
Receivables	56,687	61,925	55,660
Payables	(71,059)	(47,904)	(54,043)
Bank overdrafts	(587	(976)	(1,535)
Current portion term loan	(71,445)	(9,626)	(5,752)
Non-current portion term loan	-	(67,750)	(73,750)
Current portion hire purchase & lease	(1,625)	(92)	(116)
Non-current portion hire purchase & lease	(4,409)	(356)	(437)
Trade receivables	46,158	50,883	45,593
Trade payables	32,151	(25,665)	(29,133)

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 & Kitchen	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	2,572
	2.	Popeyes	International Departures	133

Restaurant Operations
DHSB operates an exciting portfolio of F&B concepts in KLIA and KLIA2. They provide a mix of international cuisine and local favorites that cater to different travelers' preferences.

The restaurants and cafes currently in operation at KLIA and KLIA2 are listed as Table 5.

With continuous review of food offerings, benchmarking of prices and upgrading of marketing tools, we hope to improve revenue in 2019.

Warehousing and Logistics
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 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 located on 15.134 acres of land with a build-up area 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 is divided into 4 blocks that is block A, B, C and D. Block A and B are bonded warehouse whilst block C and D are non-bonded areas. The biggest block in Tamadam is C which has an area of 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 and maximising value from investment in assets.

BUSINESS ENVIRONMENT

The Malaysian Economy
The Malaysian economy expanded at a more moderate pace of 4.7% in 2018 (2017: 5.9%). Despite a positive start to 2018, the economy subsequently was confronted with several external and domestic challenges. Major policy and political shifts, arising partly from the global

trade tensions and the historic change of government in Malaysia, became sources of uncertainty for the economy. Unanticipated supply disruptions in the mining and agriculture sectors, as well as commodity exports adversely affected Malaysia's economic performance, resulting in a larger-than-expected moderation in growth.

Domestic demand continued to anchor growth, supported mainly by private sector expenditure. Private consumption growth, in particular, recorded the fastest rate since 2012 at 8.1% (2017: 7.0%). Favourable wage and employment growth continued to drive household spending with additional support from the three-month tax holiday (1 June – 31 August) following the zerorisation of the Goods and Services Tax (GST) rate, as well as other Government measures such as the fixing of the retail fuel price of RON95 petrol and special payments to civil servants and pensioners.

In line with the Government's commitment to reprioritise expenditures, public consumption growth moderated to 3.3% (2017: 5.4%). Gross fixed capital formation (GFCF) expanded at a slower pace of 1.4% (2017: 6.2%) due to a contraction in public investment and the slower expansion in private investment. Public investment declined by 5.2% (2017: 0.1%) following lower spending by public corporations. Private investment grew at a slower pace of 4.5% (2017: 9.3%) amid heightened uncertainty stemming from both external and domestic developments. However, firms, particularly in the export-oriented sectors, continued to increase production capacity and improve efficiency to meet demand.

On the supply side, most economic sectors recorded an expansion, with the exception of commodity-related sectors. The services sector's growth improved to 6.8% (2017: 6.2%), the highest since 2011, as better consumer sentiments and favourable labour market conditions spurred spending, in particular during the tax holiday period.

In the labour market, employment growth was strong at 2.5% (2017: 2.0%), amounting to an additional employment gain of 360,250 persons. Meanwhile, the labour force grew by 2.5% (2017: 1.9%), which amounted to 372,875 persons entering the labour force. The labour force participation rate also rose to 68.4% (2017: 68.0%). As a result, the unemployment rate remained unchanged at 3.4%. Net employment gains were driven mainly by high- and mid-skilled workers, which grew by 1.6% and 4.2% respectively. Reported retrenchments continued on its decreasing trend (23,168 persons; 2017: 35,097 persons), below the long-run average of 29,628 persons per annum. Aggregate nominal wages in the private and public sectors grew by 6.0% and 4.5% respectively (2017: 6.4% and 6.2%, respectively).

In 2018, headline inflation declined to 1.0% (2017: 3.7%). The moderation mainly reflected the impact of the fixing of retail fuel prices and the zerorisation of the GST rate. These factors more than offset upward cost pressures that remained present for some parts of 2018. Core inflation averaged lower at 1.6% (2017: 2.3%) amid smaller cost pass-through to retail prices and the absence of excessive demand pressures.

Malaysia's external position remained resilient amid an increasingly challenging global economic environment. The current account of the balance of payments continued to register a healthy surplus of 2.4% of GNI (2017: 3.1% of GNI), contributed by a higher goods surplus and a smaller services deficit, which more than offset the deficit in the income accounts. Gross exports registered a more moderate growth of 6.8% in 2018 (2017: 18.8%) driven by manufactured exports which helped to partially offset the decline in commodity exports. Gross imports growth also moderated to 4.9% (2017: 19.7%), on account of weaker intermediate and capital imports.

During the year, movements in short-term flows dominated capital flow developments as the financial account of the balance of payments recorded a net inflow of RM18.6 billion (2017: net outflow of RM4.7 billion). A reversal of portfolio investments by non-residents, which took place amid increasingly more volatile global financial market conditions, were offset by substantial inflows in the other investment account. Meanwhile, long-term foreign direct investment (FDI) flows resumed at a more moderate pace, while domestic firms and institutional investors continued to undertake direct investments abroad (DIA).

Overall, the strong fundamentals and highly diversified structure of the Malaysian economy have accorded Malaysia the ability to weather the headwinds and challenges. Policies were flexible and pre-emptive to ensure risks were minimised. Malaysia's external position remained healthy, with a current account surplus, adequate international reserves and manageable external debt exposure. These strengths in the external position, along with a flexible exchange rate and a well-developed financial system, effectively mitigated the impact of volatile shifts in capital flows on domestic financial markets. Appropriate foreign exchange intervention and the implementation of financial market measures during this period of volatility also underscored the importance of pragmatic, timely policy responses in managing risks and supporting growth.

(Source: extracts from Bank Negara Malaysia Annual Report 2018)

SIGNIFICANT ACCOUNTING POLICIES

The adoption of the new accounting standards and interpretations (including the consequential amendments) are fully outlined in Note 2 to the Financial Statements. The financial impact arising from the adoption of MFRS 9 "Financial Instruments" are disclosed in Note 35 to the Financial Statements.

RESULTS OF OPERATIONS

The following discussion is on the operations results of the major subsidiaries. Summarised details can be found in the section under segmental reporting notes to the financial statements.

Catering Services
The revenue for catering services segment for 2018 was RM265.6 million from RM283.0 million in 2017. The reduction in revenue resulted from lower air passenger volume which cause lower customers order as well as the lower average selling price offered to customers.

The outlook for this segment is anticipated to be stable given that BSFS was successful in securing new contracts after the financial year end. BSFS will continue to actively participate in tenders of contracts and pursue potential new customers. The Group is also exploring the possibility of expanding its operations by extending to other international airports in Malaysia i.e. Kota Kinabalu International Airport ("KKIA") and Langkawi Airport. It is also expected for this segment to monitor and control the operating cost in order to achieve the optimal margin.

Warehousing and Logistic
The logistics segment continues to maintain its business volume and is looking into expanding its business models and operations to streamline its 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 from market fluctuations and clients' activities, and the opportunities of new businesses, the Group reflects on (i) our ability to tolerate risk, (ii) our ability to access alternative funding sources and (iii) the mix of debt and equity in our capital risk management to seize new business opportunities.

As the Group explores potential business opportunities, it is critical to have an efficient capital management mechanism and a strong finance function to dynamically manage 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 of maintaining BHB's system of internal control, which provides reasonable assessment of effective and efficient operations, risk management practices, internal financial controls and compliance with laws and regulations, as well as with internal procedures and guidelines, to safeguard the shareholders' investments and the Company's assets.

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

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

RISKS FACTORS THAT MAY AFFECT OUR BUSINESS

Overall, a slower global economy could have an unfavourable impact on tourist arrivals and air passenger traffic growth, which will adversely affect the performance of our catering services and F&B outlet operations at the airports. Concern over potential acts of terrorism and epidemic outbreaks could also serve to hurt the air travel industry and undermine our core businesses.

Rising cost, implementation of SST 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 will review the operation strategies on regular basis to enable the Group to react swiftly to changes in the industry to mitigate the industry risks.

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

20 CORPORATE SUSTAINABILITY STATEMENT

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

We 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 2018 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 2018, BSFS employed 1,319 staff. The demographics are as follows:

Age Range	Male	Female
Below 30 years old	238	125
Between 31-40 years	209	61
Between 41-50 years	374	116
Above 50 years old	176	20
TOTAL	**997**	**322**

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 2018 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.

We believe in supporting and giving back to society. During the year, our subsidiary BSFS was active in conducting both internal and external programmes for the benefits of the community and our staff. A more detailed calendar of activities for the year 2018 is listed as follows:

15 January 2018
Spiritual fulfilment is important to ensure a healthy mindset. Once a month, Surau Annur BSFS hosts a talk session during the break time between 12:30 p.m. to 2:00 p.m., where the current issues the company is facing is highlighted and a discussion is held on how it could be solved through a religious perspective.

22 February 2018
As part of the agenda to motivate and encourage staff to aim higher, the Group celebrates those who has contributed the best service. The Excellent Staff Award highlights the executives in this edition, with as many as 20 staff members receiving appreciation for their achivements throughout 2018.

28 February 2018
The Zakat distribution event and school aid 2018 was held at the Anjung Selera on the second floor this year. Close cooperation with the Selangor Zakat Board has given the Group a guideline as to the staff members eligible to receive monetary aid from the Zakat Redistribution programme. All eligible staff members were given an amount in hopes that it will help to lighten the burden of individual schooling costs.

16 March 2018
The Kembara Syahadah programme continues by providing aid to those who are in need in Sabag. As many as 146 students from schools who are in need of aid around Tuaran, Kiulu, and Ranau has received monetary aid. The 15 staff involved were Committee Members of Surau Annur BSFS, who were not only there to pass on the donation, but also to learn more about how they could help reduce the schools' burden.

28 April 2018
A donation presentation programme was held in conjunction with World Tapir Day. RM5000 was given for the care and management of the habitats of these endangered animals. BSFS also donated meals for all the participants who were involved in this programme hosted by PERHILITAN, at the Wildlife Conservation Centre in Sungai Dusun, Selangor.

1 June 2018
Continuing with the annual tradition, the Management team and staff members hosted the underpriviliged as part of their Iftar programme every Ramadhan. This time, birthday celebrations and honoured long service grants were awarded alongside with giving donations to an orphanage in Pinggiran Putera, Kajang.

8 September 2018
The Badminton Tournament 2018 organised by the Sports Club took place at the Nilai KLIA Sports complex. Teamwork and spirits were set on fire as teams of mixed doubles consisting of the Management team and staff members were pitted against each other.

20 September 2018
A Health Campaign is held to address the problems caused by work burden was held at the Anjung Selera. This programme, which target staff members who has orthopedic problems, was officiated by the General Manager of the Commercial Department – Mr. Haji Mohd Zaki Omar. A Healthy Lifestyle and Nutritional Diet Practices talk was also presented during the day by an invited speaker from Pusat Rawatan Mawar, Seremban.

27 December 2018
A friendly futsal competition was held at Ultimate Sport Haus Futsal in Nilai to strengthen the relationship as well as to encourage the spirit of sportsmanship between the Management team and staff members. The futsal competition, which has always garnered a number of enthusiastic participants, saw its highest number of participants this year, especially from amongst the Management team.

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.

24

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 Financial Officer ("CFO")

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 CFO.

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 CFO 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/CFO RELATIONSHIP

Being an investment holding company, the CFO 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 CFO 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.

26

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 2018.

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 2018, the Board size of seven (7) members comprises the Executive Chairman, three (3) Independent Non-Executive Directors, two (2) 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 composition of the Board is equal comprise of Non-Independent Directors, including that of the Executive Chairman and Independent Non-Executive Directors.

Throughout the financial year 2018, 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.

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 caliber 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 2018, five (5) 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	4/5
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	4/5
Dato' Choo Kah Hoe	4/5
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	4/5
Professor Dr Jinap binti Salamet	5/5
Kamil bin Dato' Haji Abdul Rahman	5/5

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	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	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**
  - 23 March 2018 - Attended ANUGA Foodtec (Cologne, Germany) an international Food and Beverage Industry Exhibition and Workshop
  - 29 September 2018 - Attended Sarajevo Halal Fair and Conference (Sarajevo) The first international halal industry exhibition in Bosnia and Herzegovina. Received "Best Global Brand" Award for Brahim's
  - 6 November 2018 – Attended 36th Jameca- Majeca Joint Conference (Tokyo) "Moving towards a renewed Japan-Malaysia Collaboration in High-Technology for the Digital Economy" organised jointly by Malaysia-Japan Economic Association (MAJECA)and Japan-Malaysia Economic Association (JAMECA)

- **Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain**
  - 3 December 2018 - attended The 10th Distinguished Tun Abdulo Razak lecture on "Synergy of Curiosity: From Acid to Art" by Ohio University's Professor John Sabraw at Sime Darby Convention Centre, Kuala Lumpur

- **Dato' Choo Kah Hoe**
  - 1 February 2018 - Malaysia as an Intermediary Hub: A tax Neutral, Islamic Approach at Bangkok, Thailand
  - 5 February 2018 - Talk on the Changes from Bankruptcy Act to Insolvency Act at Lanai Kijang, Malaysia
  - 5 February 2018 - FIDE Core Programme Module A: Bank-EWRM at The Ritz-Carlton, Malaysia

- **Professor Dr Jinap binti Salamet**
  - 23 January 2018 – Attended " Agriculture & Food Security 2050-Seminar and Workshop, Persatuan Alumni UPM
  - 1 March 2018 – Attended Blended Learning with PutraBlast by Centre for Academic Development (CADe), Universiti Putra Malaysia
  - 15-16 May 2018 – Presenter, Writing Journal 2018, Institute of Tropical Agricultures, UPM
  - 28 Jun 2018 – Attended 2018 'Top Research Scientists Malaysia (TRSM), Academy Science Malaysia
  - 9-17 July 2018 – Attended Mycotoxin Summer Academy 2018, at University of Natural Resources and Life Sciences (IFA), Vienna, Tulln, Austria
  - 18-19 July 2018 – Attended Basic Bacteriological Workshop, at Universiti Putra Malaysia
  - 30 July 2018 – Attended Public Lecture by Assoc. Prof. Dr. Franz Berthiller
    Title : Modern Analytical tools to tackle old problem: Mycotoxin in Foods
  - 1 – 3 August 2018 - Attended LC-MS/MS Method for Multi Mycotoxin Analysis in Food and Feed Workshop , at Universiti Putra Malaysia ,Trainer: Assoc. Prof. Dr. Franz Berthiller
  - 28 August 2018 – Attended Bengkel SCL Siri II: Pemantapan Modul Problem – Based Learning at Universiti Putra Malaysia
  - 25-26 September 2018 – As a Presenter in 2nd International Conference on Food Science and Engineering (ICFSE) 2018 , at Universitas Sebelas Maret, UNS, Surakarta, Indonesia
  - 19 – 23 November 2018 – As a guest lecturer : Visiting professor 3 in 1 at Brawijaya University, Indonesia

- 13 December 2018 – Attended The Sir John Monash Lecture at Monash University

- **Kamil bin Dato' Haji Abdul Rahman**
  - 24 Jan 2018 – Attended Malaysian Code on Corporate Governance 2017 Seminar conducted by Tricor
  - 10-11 Jul 2018 – Attended National Annual Conference conducted by Malaysian Institute of Chartered Secretaries and Administrators
  - 9 Aug 2018 – Attended Company Valuation Modeling Seminar conducted by Malaysian Institute of Accounts
  - 4 Sept 2018 – Attended Key Disclosure Obligations of a Listed Company Seminar conducted by Malaysian Institute of Accounts
  - 13 Sept 2018 – Attended Mergers and Acquisitions Workshop conducted by KL Business & Legal Institute
  - 9-10 Oct 2018 – Attended International Conference conducted by Malaysia Institute of Accountants
  - 26 Oct 2018 – Attended Bursa Malaysia Technical Briefing Seminar conducted by Bursa Malaysia

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 29.

REINFORCE INDEPENDENCE

Annual Assessment of Independence

Reinforce Independence
Annual Assessment of Independence

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

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

Descriptions	Chairman	Non-Executive Director	Total
	(RM'000)		
Fees	72	333	405
Salary and other emoluments	1,449	-	1,449
Benefits-in-kind ("BIK")	-	-	-
TOTAL	1,521	333	1,854

Range of Remuneration	Executive Director	Non-Executive Director	Total
RM0 to RM50,000	-	1	1
RM50,001 to RM100,000	-	4	4
RM1,500,001 to RM1,550,000	1	-	1
TOTAL	1	5	6

Poll Voting
In compliance with the Main Market Listing Requirements, all resolutions put forth for shareholders' approval at the forthcoming Thirty Seventh Annual General Meeting to be held on 4 May 2019 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 is 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 set up an in-house internal audit function to carry out internal audit assignment.

During the year, the following were audit activities carried out and presented to the Audit Committee for deliberation:
- follow-up audit on warehouse services 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 2018, 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 2018, 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.

32

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 as stipulated in the Malaysian Code of Corporate Governance 2017 relating to risk management and internal controls; guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board recognises and upholds its overall responsibility for the sound system of the Group's 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 2018, the adequacy and effectiveness of internal controls were reviewed by the Audit Committee ("AC") in relation to the internal controls matters highlighted by the internal auditors. One follow-up audit exercise was undertaken by the in-house Internal Audit ("IA") team as to put emphasis on the audit issues and action need to be taken by the Management. The report tabled by the IA to the AC was presented for the 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 internal control systems on a subsidiary. The management of the subsidiary 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 contemplation.

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, monitoring and reviewing of business and operation risks within the Group. Both the Audit Committee and Board of Directors deliberate on the risk management and internal control functions, processes and reports.

For 2018, the AC is assisted by the internal audit and alongside the operations staff to conduct review on a subsidiary and administer the importance of internal controls into the corporate culture, processes and structures within the Group.

KEY PROCESSES

The Board confirms that there is an established 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. Establishment of direct reporting from the significant subsidiaries within the Group.

b. A documented operating procedures manual, guidelines and directives are issued and updated from time to time if necessary, to ensure that the business objectives are achieved.

c. Monthly reporting of results and key performance indicators to assess actual performance against budget.

d. Quarterly review of the financial performance of the Group by the Audit Committee and the Board.

e. Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.

f. Any internal control related matters and concerns identified are raised and deliberated between management's and the Board's Audit Committee.

g. A clearly defined organisational structure with clear lines of delegation of responsibilities to Committees of the Board, the management of the Company and operating units including authorisation levels for all aspect of the businesses.

REVIEW BY BOARD

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

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

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.

REVIEW BY EXTERNAL AUDITOR

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

The Board is of the view that the current risk management and internal control system in place within the Group is sound, sufficient and effective to safeguard the Group's interest. In addition, improvement of risk management and internal control is an ongoing process and the Board will continue to take steps to strengthen and enhance the current system. All internal control weaknesses identified during the year have been or are being addressed by the Management. There are no major or material losses, contingency or uncertainties on risk management and internal control identified during the year which require disclosure in the Company's annual report.

The Board will consistently review the effectiveness of the Group's risk management and internal control in order to safeguard the shareholder's interest and Group's assets at all time.

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

34

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 2018.

7. Attendance at Meetings

During the financial year ended 31 December 2018, 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	4/5
Prof Dr Jinap binti Salamet	5/5
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 report. The Committee was briefed by the internal auditors that 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 2018

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 2018.

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	(115,993)	(59,646)
Attributable to:		
- Owners of the Company	(104,999)	(59,646)
- Non-controlling interests	(10,994)	-
	(115,993)	(59,646)

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 2018.

RESERVES AND PROVISIONS

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

DIRECTORS

The Directors who have held office during the 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 (Resigned on 23 May 2018)

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 during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Indirect Interests in the Company				
Dato' Seri Ibrahim bin Haji Ahmad[1]	96,005,000	248,300	-	96,253,300
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

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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 29 and 30 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 the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of 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 of 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 of 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	
Boo Hui Yee	(Resigned on 1 January 2019)
Dato' Choo Kah Hoe	
Dato' Seri Ibrahim Bin Haji Ahmad	
Dzamir Bin Elyas	
Felix Alexander E. Davidson Ellias Iskandar	
Kamil Bin Dato' Haji Abdul Rahman	
Kannan @ Saravanan a/l Mohan	
Kok Seng Hun	(Resigned on 12 March 2018)
Lau Yin May	(Appointed on 1 June 2018)
Mohd Fadhli Bin Abdul Rahman	(Appointed on 1 April 2018)
Nasser Bin Abu Bakar	(Resigned on 1 April 2018)
Nur Fatin Binti Ibrahim	
Seah Kok Khong	(Appointed on 12 March 2018)
Sharmi Bin Dzhari	
Siti Rafidah Binti Tan Sri Datuk Amar Haji Adenan	
Tan Chuan Lye	
Tan Kok Meng	(Resigned on 31 May 2018)
Yeow Tan Ling	(Appointed on 1 January 2019)
Zainuddin Bin Dollah	

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.

This report was approved by the Board of Directors on 9 April 2019.

Signed on behalf of the Board of Directors:

DATO' SERI IBRAHIM BIN HAJI AHMAD	**DATO' CHOO KAH HOE**
DIRECTOR	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 86 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 2018 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 2019.

DATO' SERI IBRAHIM BIN HAJI AHMAD
DIRECTOR

DATO' CHOO KAH HOE
DIRECTOR

41

STATUTORY DECLARATION

Pursuant to Section 251(1) 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 86 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
MIA CA-44302

Subscribed and solemnly declared by the abovenamed Mohd Fadhli Bin Abdul Rahman at Kuala Lumpur in Malaysia on 9 April 2019.

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 2018, 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 2018 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 86.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Group and the Company incurred a net loss after taxation of RM116.0 million and RM59.6 million respectively for the financial year ended 31 December 2018 and, as of that date, the Group and the Company's current liabilities exceeded the current assets by RM56.6 million and RM80.2 million respectively. These events and conditions, along with the other matters as set forth in Note 2 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and the Company to continue as going concerns. Our opinion is not modified in respect of this matter.

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 2018 amounted to RM102.3 million. Goodwill is allocated to the cash generating units ("CGU") of the Catering and related services (RM102.2 million) and Warehousing and logistics related services (RM0.1 million). During the financial year, the Group recognised an impairment loss on goodwill of RM88.6 million on the goodwill allocated to the catering and related services. We focused on the impairment of goodwill allocated to catering and related services due to the significant judgement involved in determining the key assumptions used in performing the impairment test, i.e. revenue growth, gross margin and discount rate, as well as the materiality of the goodwill to the financial statements of the Group. The recoverable amount of the goodwill was determined using the discounted cash flow model based on the value-in-use ("VIU") method. Refer to Notes 3(c)(i) and 3(e) on accounting policies, Note 4 on critical accounting estimates and judgements 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 projection, i.e. revenue growth and gross margin; • compared the revenue growth rates and gross margin to historical results and industry data where appropriate; • assessed the reliability of management's forecast by comparing past trends of actual financial performances against previous forecasted results; • involved our internal valuation expert to assess the discount rate; • assessed the appropriateness of sensitivity analysis performed by management on a reasonably possible change in revenue growth rate, gross margin and discount rate on the recoverable amount and the corresponding effect on the impairment; and • checked the adequacy of disclosures made by the Directors in the financial statements. Based on the above procedures, no material exceptions were noted.
Impairment assessment of cost of investment in a subsidiary	
The carrying amounts of the investments in subsidiaries of the Company as at 31 December 2018 amounted to RM99.3 million. During the financial year, the Company recognised impairment loss of RM51.5 million on its cost of investment in a subsidiary. The recoverable amount of the investment in the subsidiary was determined using the discounted cash flow model based on value-in-use ("VIU") method. We focused on the impairment assessment of the investment in the subsidiary because of the significant judgement involved in determining the key assumptions used in performing the impairment test, i.e. revenue growth, gross margin and discount rate. Refer to Notes 3(a)(v) and 3(e) on accounting policies and Note 11 to the financial statements.	Our procedures in relation to management's impairment assessment included the following: • evaluated the reasonableness of the assumptions used by management in the cash flow projection specifically on the revenue growth and gross margin which were also tested by us as part of the impairment assessment of the goodwill; • checked consistency of inputs and key assumptions used to those used in the impairment assessment of the goodwill; • involved our internal valuation expert to assess the discount rate; • assessed the appropriateness of sensitivity analysis performed by management on a reasonably possible change in revenue growth rate, gross margin and discount rate on the recoverable amount and the corresponding effect on the impairment; and • checked the adequacy of disclosures made by the Directors in the financial statements. Based on the above procedures, no material exceptions were noted.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the Annual Report for the financial year ended 31 December 2018, including the items below that are incorporated in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon:

- Directors' Report,
- Chairman's message,
- Financial highlights 2018,
- 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
02081/08/2020 J
Chartered Accountant

Kuala Lumpur
9 April 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	11	-	-	99,338	150,819
Investment in a joint venture	12	19,961	18,525	20,051	20,051
Property, plant and equipment	13	54,525	49,712	325	515
Intangible assets	14	-	4,248	-	-
Goodwill	15	102,354	190,963	-	-
Deferred tax assets	16	14,896	9,743	-	-
Trade and other receivables	18	-	90	-	-
Amount due from a subsidiary	19	-	-	2,699	3,524
		191,736	273,281	122,413	174,909
CURRENT ASSETS					
Inventories	17	7,451	6,259	-	-
Trade and other receivables	18	56,687	61,835	3	21
Amount due from a related company	19	55	48	-	-
Amounts due from subsidiaries	19	-	-	162	38
Amount due from a joint venture	20	34	62	34	62
Tax recoverable		10,938	10,962	25	70
Cash and bank balances	21	12,578	11,592	61	285
Deposits with licensed financial institutions	21	2,106	7,270	1,880	7,048
		89,849	98,028	2,165	7,524
TOTAL ASSETS		281,585	371,309	124,578	182,433
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	268,266	268,266	268,266	268,266
Reserves	23	(275,946)	(169,454)	(228,046)	(168,400)
Equity attributable to owners of the Company		(7,680)	98,812	40,220	99,866
Non-controlling interests		132,395	144,542	-	-
TOTAL EQUITY		124,715	243,354	40,220	99,866
NON-CURRENT LIABILITIES					
Trade and other payables	26	6,000	617	-	-
Amount due to a subsidiary	19	-	-	1,680	2,240
Lease and hire purchase payables	24	4,409	356	273	339
Term loans	25	-	67,750	-	67,750
		10,409	68,723	1,953	70,329
CURRENT LIABILITIES					
Trade and other payables	26	65,059	47,287	4,925	3,708
Lease and hire purchase payables	24	1,625	92	72	69
Term loans	25	71,445	9,626	67,750	6,000
Amounts due to related companies	19	866	868	377	386
Amount due to a subsidiary	19	-	-	2,198	1,099
Amount due to joint venture	20	450	-	450	-
Advances from a Director	27	6,046	-	6,046	-
Bank overdrafts	28	587	976	587	976
Provision for zakat		383	383	-	-
		146,461	59,232	82,405	12,238
TOTAL LIABILITIES		156,870	127,955	84,358	82,567
TOTAL EQUITY AND LIABILITIES		281,585	371,309	124,578	182,433

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	5	274,271	291,563	368	2,062
Direct operating expenses	6	(155,356)	(159,467)	-	-
Gross profit		118,915	132,096	368	2,062
Other income		794	1,378	108	260
Administrative expenses		(122,441)	(115,506)	(2,310)	(3,528)
Other operating expenses					
- impairment loss on goodwill		(88,609)	-	-	-
- impairment loss on intangible asset		(4,248)	-	-	-
- impairment loss on trade and other receivables		(2,587)	(856)	-	(53)
- impairment loss on property, plant and equipment		(140)	(478)	-	-
- impairment loss of amounts due from subsidiaries		-	-	-	(784)
- impairment loss of investments in subsidiaries		-	-	(51,481)	(1,700)
- others		(18,353)	(9,483)	-	-
		(113,937)	(10,817)	(51,481)	(2,537)
(Loss)/profit from operations		(116,669)	7,151	(53,315)	(3,743)
Finance cost	7	(5,912)	(6,969)	(6,331)	(6,449)
Share of results in joint venture	12	1,436	496	-	-
(Loss)/profit before taxation and zakat	8	(121,145)	678	(59,646)	(10,192)
Taxation	9	5,152	(2,463)	-	-
Zakat		-	(383)	-	-
Net loss/total comprehensive loss for the financial year		(115,993)	(2,168)	(59,646)	(10,192)
Net (loss)/profit for the financial year attributable to:					
Owners of the Company		(104,999)	(6,937)	(59,646)	(10,192)
Non-controlling interests		(10,994)	4,769	-	-
		(115,993)	(2,168)	(59,646)	(10,192)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(104,999)	(6,937)	(59,646)	(10,192)
Non-controlling interests		(10,994)	4,769	-	-
		(115,993)	(2,168)	(59,646)	(10,192)
Basic loss per share (sen)	10	(44.44)	(2.94)		

46

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2018

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 2018, as previously stated	268,266	-	(169,454)	98,812	144,542	243,354
Restatements arising from the changes in accounting policy (Note 35)	-	-	(1,493)	(1,493)	(1,153)	(2,646)
At 1 January 2018, as restated	268,266	-	(170,947)	97,319	143,389	240,708
Total comprehensive loss for the financial year	-	-	(104,999)	(104,999)	(10,994)	(115,993)
At 31 December 2018	268,266	-	(275,946)	(7,680)	132,395	124,715
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 (Notes 22 and 23)	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

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 2018	268,266	-	(168,400)	99,866
Total comprehensive loss for the financial year	-	-	(59,646)	(59,646)
At 31 December 2018	268,266	-	(228,046)	40,220
At 1 January 2017	236,286	31,980	(158,208)	110,058
Transition to no-par value regime on 31 January 2017 (Notes 22 and 23)	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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
OPERATING ACTIVITIES					
(Loss)/profit before taxation and zakat		(121,145)	678	(59,646)	(10,192)
Adjustments for:					
Impairment loss on:					
- investment in subsidiaries		-	-	51,481	1,700
- goodwill		88,609	-	-	-
- intangible asset		4,248	-	-	-
- trade and other receivables		2,587	856	-	53
- property, plant and equipment		140	478	-	-
- amounts due from subsidiaries		-	-	-	784
(Writeback of)/allowance for stock obsolescence		(221)	33	-	-
Inventories written off		279	-	-	-
Depreciation of property, plant and equipment		6,884	7,932	178	203
Provision for utilities claims and dispute		6,000	-	-	-
Interest expense		5,912	6,969	6,331	6,449
Share of results in joint venture		(1,436)	(496)	-	-
Unrealised loss/(gain) on foreign exchange		69	(275)	-	-
Interest income		(155)	(457)	(35)	(260)
Net gain on disposal of property, plant and equipment		(47)	-	(47)	-
Property, plant and equipment written off		1,057	-	-	-
Dividend received from a joint venture		-	-	-	(1,700)
Operating (loss)/profit before working capital changes		(7,219)	15,718	(1,738)	(2,963)
Increase in inventories		(1,250)	(166)	-	-
Decrease/(increase) in trade and other receivables		5	(7,206)	18	(4)
Increase/(decrease) in trade and other payables		17,142	(6,151)	1,204	856
(Increase)/decrease in intercompany balances		(9)	19	(9)	-
NET CASH GENERATED FROM/(USED IN) OPERATIONS		8,669	2,214	(525)	(2,111)
Tax refund/(paid)		23	(120)	45	27
Interest paid:					
- borrowings		(5,834)	(6,697)	(5,473)	(5,598)
- hire purchase liabilities		(65)	(26)	(20)	(22)
NET CASH FLOW GENERATED FROM/(USED IN) OPERATING ACTIVITIES		2,793	(4,629)	(5,973)	(7,704)
INVESTING ACTIVITIES					
Dividend received from a joint venture		-	1,700	-	1,700
Repayment from/(advances to) a joint venture		28	(19)	28	(30)
Interest income		155	457	35	260
Purchase of property, plant and equipment	(a)	(6,806)	(6,126)	-	(3)
Withdrawal/(placement) of deposits pledged with licensed banks		5,168	(422)	5,168	(422)
Proceeds from disposal of property, plant and equipment		59	-	59	-
Advances to subsidiaries		-	-	(124)	(781)
NET CASH FLOW (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(1,396)	(4,410)	5,166	724
FINANCING ACTIVITIES	(b)				
Advances from a subsidiary		-	-	539	3,948
Repayment of term loans		(6,000)	(2,000)	(6,000)	(2,000)
Repayment of lease and hire purchase payables		(514)	(105)	(63)	(47)
Advances from a Director		6,046	-	6,046	-
Advances from a joint venture		450	-	450	-
NET CASH FLOW (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(18)	(2,105)	972	1,901
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,379	(11,144)	165	(5,079)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		10,838	21,982	(691)	4,388
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	21	12,217	10,838	(526)	(691)

NOTES TO STATEMENTS OF CASH FLOWS

(a) The principal non-cash transactions during the financial year are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total purchase of property, plant and equipment during the financial year	(12,906)	(6,126)	-	(3)
Less: Purchases settled using lease and hire purchase	6,100	-	-	-
Net cash used in purchase of property, plant and equipment	(6,806)	(6,126)	-	(3)

(b) Reconciliation of liabilities arising from financing activities

	Advances from a Director RM'000	Amount due to a joint venture RM'000	Term loans RM'000	Interest payable RM'000	Lease and hire purchase payables RM'000	Total RM'000
2018						
Group						
As at beginning of the financial year	-	-	77,376	1,352	448	79,176
Repayments during the financial year	-	-	(6,000)	-	(514)	(6,514)
Advances received during the financial year	6,046	450	-	-	-	6,496
Interest paid during the financial year	-	-	-	(5,834)	(65)	(5,899)
Non-cash changes:						
Additions during the year	-	-	-	-	6,100	6,100
Interest expense during the year	-	-	-	5,847	65	5,912
Effects of foreign exchange movement	-	-	69	-	-	69
As at end of the financial year	6,046	450	71,445	1,365	6,034	85,340

	Term loans RM'000	Interest payable RM'000	Lease and hire purchase payables RM'000	Total RM'000
2017				
Group				
As at beginning of the financial year	79,502	1,348	553	81,403
Repayments during the financial year	(2,000)	-	(105)	(2,105)
Interest paid during the financial year	-	(6,697)	(26)	(6,723)
Non-cash changes:				
Interest expense during the year	242	6,701	26	6,969
Effects of foreign exchange movement	(368)	-	-	(368)
As at end of the financial year	77,376	1,352	448	79,176

	Advances from a Director RM'000	Amount due to a joint venture RM'000	Amounts due to subsidiaries RM'000	Term loans RM'000	Interest payable RM'000	Lease and hire purchase payables RM'000	Total RM'000
2018							
Company							
As at beginning of the financial year	-	-	19,613	73,750	1,352	408	95,123
Repayments during the financial year	-	-	-	(6,000)	-	(63)	(6,063)
Advances received during the year	6,046	450	539	-	-	-	7,035
Interest paid during the year	-	-	-	-	(5,473)	(20)	(5,493)
Non-cash changes:							
Interest expense during the year	-	-	825	-	5,486	20	6,331
As at end of the financial year	6,046	450	20,977	67,750	1,365	345	96,933

	Amounts due to subsidiaries RM'000	Term loans RM'000	Interest payable RM'000	Lease and hire purchase payables RM'000	Total RM'000
2017					
Company					
As at beginning of the financial year	14,840	75,750	1,348	455	92,393
Repayments during the financial year	-	(2,000)	-	(47)	(2,047)
Advances received during the year	3,948	-	-	-	3,948
Interest paid during the year	-	-	(5,598)	(22)	(5,620)
Non-cash changes:					
Interest expense during the year	825	-	5,602	22	6,449
As at end of the financial year	19,613	73,750	1,352	408	95,123

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2018

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 judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 4 to the financial statements.

On 28 February 2019, the Directors of the Company announced that the Company had triggered the prescribed criteria under Paragraph 2.1(a) of Practice Note 17 ("PN 17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), as the shareholders' equity of the Group is less than RM40.0 million and is 25% or less of its issued and paid-up capital. The regularisation plan is required to be submitted to Securities Commission Malaysia and Bursa Securities within a period of twelve months from the date of the first announcement on 28 February 2019. The Company is currently looking into formulating a plan to regularise its financial condition ("Regularisation Plan") for submission to the relevant authorities for approval.

<u>Cash flows of the Group and the Company</u>

The Group and the Company incurred a net loss after taxation of RM116.0 million and RM59.6 million respectively for the financial year ended 31 December 2018 and, as of that date, the Group and the Company's current liabilities exceeded the current assets by RM56.6 million and RM80.2 million respectively.

As disclosed in Note 25 to the financial statements, the Group and the Company did not meet certain financial covenants for a term loan as at 31 December 2018. Accordingly, the carrying value of the term loan of RM67.8 million was classified as current liabilities as at that date.

The losses incurred by the Group and the Company for the financial year ended 31 December 2018, the net current liabilities of the Group and the Company as at that date, the ability of the Group to generate positive cash flows from its operating activities to make timely repayments for borrowings of the Group and the Company indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Group and the Company to continue as going concerns, and therefore, the Group and the Company may be unable to realise the assets and discharge the liabilities in the normal course of business.

In order to ensure that the Group and the Company would have sufficient cash inflows within the next twelve months from the reporting date to repay the existing borrowings and meet working capital, the Directors have negotiated with a financial institution to defer the instalment payable by the Group and the Company in April 2019. In response to the Group and Company's request, the financial institution has then agreed to defer the payment of instalment payable by the Group and the Company on 1 April 2019, subject to the Group and the Company appointing an advisor by 15 April 2019 on the regularisation plan to exit PN17 status, the Group and the Company arranging a meeting between the advisor and the financial institution to discuss the regularisation plan by 19 April 2019 and the advisor to provide the financial institution with a comprehensive regularisation plan by 30 April 2019, which will entail a full settlement of the facility upon implementation of the regularisation plan.

On 6 April 2019, the Group completed the appointment of the advisor and has engaged the advisor in establishing the framework to the regularisation plan. The Group will put in place a process for the preparation of the comprehensive regularisation plan. The Group has also engaged the financial institution to discuss the possible extension of the timelines, in view of the progress that the Group has made in working on the regularisation plan. The financial institution has indicated that it will work together with the Group and its advisor to reach an agreement on the proposed repayment terms for the term loan to the financial institution and will grant extension of timelines to the Group if necessary.

In addition, the financial institution has also indicated that it will not call for the repayment of the entire outstanding loan amount of RM67.8 million immediately and will review the repayment terms together with the submission of the comprehensive regularisation plan.

The Directors will also continue to undertake the following measures to manage and strengthen the Group's cash flow position:

- Actively participate in tenders of potential customers' contracts by a subsidiary as disclosed in Note 15 to the financial statements;
- During the financial year, the Group has successfully obtained an indulgence from the financial institution to defer the loan repayment, as disclosed in Note 25 to the financial statements. The Group will continue to negotiate with financial institutions to defer and/or restructure the repayment terms of the facility of the Group, if necessary;
- Endeavour to identify potential business opportunities to be injected into the Group;
- Managing cost of operations of the Group; and
- Monetisation of identified assets of the Group.

Based on the measures taken above, the Directors, therefore, believe that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis.

2. BASIS OF PREPARATION (CONT'D)

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

The Group and Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- Amendments to MFRS 2 'Share-based Payment – Classification and Measurement of Share-based Payment Transactions'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 128 'Investments in Associates and Joint Ventures'

The Group has adopted MFRS 9 and MFRS 15 for the first time in the financial statements for the year ended 31 December 2018, which resulted in changes in accounting policies.

The Group has applied MFRS 9 retrospectively with the date of initial application of 1 January 2018. In accordance with the transitional provisions provided in MFRS 9, comparative information for 2017 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139. The cumulative effects of initially applying MFRS 9 were recognised as an adjustment to the opening balance of accumulated losses as at 1 January 2018.

The Group has also applied MFRS 15 retrospectively with the date of application of 1 January 2018. The Group carried out a detailed review of the recognition criteria for revenue by applying the requirements of MFRS 15 to assess the impact of adopting this new standard. Arising from this assessment, MFRS 15 does not have a material impact on the amount or timing of recognition of reported revenue as the Group's current accounting policy conforms to the requirements of MFRS 15, hence no adjustments have been made to the financial statements.

The detailed impact of changes in accounting policies are set out in Note 35 to the financial statements. Other than that, the adoption of other amendments listed above 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 2018. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- 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.

  Impact of initial application of MFRS 16 'Leases'

  The Group and the Company is currently assessing all of the Group's leasing arrangements in light of the new lease accounting rules in MFRS 16. The standard will affect primarily the accounting for the Group's operating leases, which comprise mainly the operating leases for land and building.

  The Group will apply the standard from its mandatory adoption date on 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

- 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.

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 2018. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below: (cont'd)

- 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.
  - 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.

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 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated 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.

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

(a) Consolidation (cont'd)

(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.

(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 or 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%

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

(b) Property, plant and equipment (cont'd)

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

Accounting policies applied from 1 January 2018

(i) Classification

From 1 January 2018, the Group classifies its financial assets as amortised cost.

(ii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments - amortised cost

Subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

The Group measures its debt instruments at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

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

(d) Financial assets (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(iv) Subsequent measurement - impairment for debt instruments

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has three types of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables
- Amounts due from related parties

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(a) General 3-stage approach for other receivables and amounts due from related parties

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 18 sets out the measurement details of ECL.

(b) Simplified approach for trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 18 sets out the measurement details of ECL.

(v) Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information. The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

(vi) Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

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

(d) Financial assets (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(vii) Groupings of instruments for ECL measured on collective basis

(a) Collective assessment
To measure ECL, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

(b) Individual assessment
Trade receivables and other receivables which are in default or credit-impaired are assessed individually.

Amounts due from related parties and amounts due from subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each amount.

(viii) Write-off

Trade receivables
Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within (loss)/profit from operations. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ix) 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.

Accounting policies applied until 31 December 2017

(i) Classification

Until 31 December 2017, 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', 'amount due from a joint venture', 'cash and bank balances' and 'deposits with licensed financial institutions' in the statement of financial position (Notes 18, 19, 20 and 21).

(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 assesses 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 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.

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

(d) Financial assets (cont'd)

Accounting policies applied until 31 December 2017 (cont'd)

(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 has 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 has 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 will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Group 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.

(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.

Upon adoption of MFRS 15, the volume discounts to customers based on aggregate sales of a stipulated time frame shall be accounted in accordance with MFRS 15 instead of MFRS 137. This arrangement shall be accounted as variable consideration under MFRS 15, where revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A refund liability (a financial liability) shall be recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e. amounts not included in the transaction price). The refund liability shall be updated at the end of each reporting period for for changes in expectations about the amount of refunds, with corresponding adjustments as revenue (or reductions of revenue).

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

(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.

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 Company and its 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

<u>Revenue from contracts with customers</u>

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Warehousing revenue

The Group provides warehousing services to customers, which is charged by fixed monthly rates. Warehousing revenue is recognised over the period in which the services are rendered.

(ii) Logistics - forwarding and related services

Revenue from providing services is recognised at a point in time upon performance of services to customers. The Group provides forwarding service where the Group will be the customers' representatives in securing customs' clearance for customers' goods. This may also include preparation of documentation for the customs' clearance. These services are charged based on fixed rate per unit.

The Group also provides haulage services, where the customers' goods are transferred from the port to the designated premises. These services are charged based on per trip basis and is dependent on the proximity from the port. Revenue from haulage services is recognised over the period of performance of services to customers.

(iii) Catering and related services revenue and café related services

The Group supplies meals, dry store products and other related items to customers. Revenue is recognised at a point in time when control of the products has transferred, being when the customer accepts the delivery of the products and services rendered. The products is often sold with volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

(iv) Management fees

The Group provides management and support services to a joint venture. These services are charged based on a percentage of gross revenue earned by the joint venture. Management fees revenue is recognised over the period in which the services are rendered.

<u>Revenue from other sources</u>

(i) Dividend income

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

<u>Other income</u>

(i) Interest income

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

(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.

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

(p) Earnings/loss per ordinary share

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

(q) Operating segments

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

(r) Trade and other receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group's accounting policy on impairment of financial assets are set out in Note 3(d) to the financial statements.

(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 net of transaction costs incurred, which includes transfer taxes and duties. 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 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgements 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 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.

Impairment of investment in a subsidiary

In the Company's separate financial statements, the recoverable amount of the Company's investment in a subsidiary was determined using value-in-use, based on the net present value of the projected future cash flows from the cash generating unit, discounted at the cost of equity of the investment. Projected future cash flows are based on historical 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 the investment in a subsidiary and are satisfied that the impairment loss on the investment in a subsidiary where necessary, is adequate. The carrying amount of the investment in a subsidiary, estimates used in the calculation and sensitivity analysis are disclosed in Note 11 to the financial statements.

5. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue from contract with customers:				
Catering and related services	265,592	282,973	-	-
Restaurant and café related services	-	542	-	-
Warehousing revenue	6,334	5,923	-	-
Logistics related services	1,977	1,763	-	-
Management fees from a joint venture	368	362	368	362
	274,271	291,563	368	362
Revenue from other sources:				
Dividend income from a joint venture	-	-	-	1,700
	274,271	291,563	368	2,062

(a) The timing of revenue recognition for the Group from contract with customers is set out below:

	Management fees from a joint venture	Warehousing and logistic related services	Food and beverage	Catering services	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
2018					
Timing of revenue recognition:					
- At a point in time	-	1,492	-	265,592	267,084
- Over time	368	6,819	-	-	7,187
	368	8,311	-	265,592	274,271
2017					
Timing of revenue recognition:					
- At a point in time	-	1,277	542	282,973	284,792
- Over time	362	6,409	-	-	6,771
	362	7,686	542	282,973	291,563

6. DIRECT OPERATING EXPENSES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Raw materials and consumables	105,947	111,059	-	-
Direct labour:	38,825	38,153	-	-
- salaries, wages, bonuses and allowances	32,880	32,178	-	-
- defined contribution plans	3,702	3,641	-	-
- others	2,243	2,334	-	-
Depreciation of property, plant and equipment	4,720	4,885	-	-
Others	5,864	5,370	-	-
	155,356	159,467	-	-

7. FINANCE COST

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
- bank borrowings and charges	5,841	5,894	5,480	5,602
- intercompany loan	-	-	825	825
- finance lease liabilities	65	26	20	22
- guarantee on performance and operational bonds	-	1,049	-	-
- interest on late payments	6	-	6	-
Total finance costs	5,912	6,969	6,331	6,449

8. (LOSS)/PROFIT BEFORE TAXATION AND ZAKAT

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation and zakat is arrived at after charging/(crediting):				
Administrative expenses				
Audit fee:				
- current year	443	483	180	180
- under accrual in the previous financial year	-	30	-	30
Depreciation of property, plant and equipment	2,164	3,047	178	203
(Writeback of)/allowance for stock obsolescence	(221)	33	-	-
Inventories written off	279	-	-	-
Rental of leasehold land	46	46	-	-
Utilities and related expenses	24,457	19,322	4	4
Rental of buildings	23,713	22,602	246	229
Directors' remuneration	1,854	1,967	1,067	1,179
Staff costs:	53,065	51,848	386	610
- salaries, wages, bonuses and allowances	37,618	36,786	342	506
- defined contribution plans	4,614	4,145	44	60
- others	10,833	10,917	-	44
Net realised loss on foreign exchange	132	91	-	-
Other operating expenses				
Unrealised loss/(gain) on foreign exchange	69	(275)	-	-
Provision for utilities claims and dispute	6,000	-	-	-
Professional services fee	1,877	3,149	-	-
Information technology related services	1,607	1,623	-	-
Cafeteria operating expenses	1,457	1,277	-	-
Property, plant and equipment written off	1,057	-	-	-
Revenue sharing arrangement with a customer of a subsidiary	-	360	-	-
Net gain on disposal of property, plant and equipment	(47)	-	(47)	-
Interest income	(155)	(457)	(35)	(260)
Rental income	(79)	(32)	-	-
Dividend received from a joint venture	-	-	-	(1,700)

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive directors:				
Fees	72	72	72	72
Salaries and allowances	1,286	1,291	601	606
Defined contribution plan	163	163	60	60
	1,521	1,526	733	738
Non-executive directors:				
Fees and allowances	333	441	334	441
	1,854	1,967	1,067	1,179

9. TAXATION

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- current year tax	-	267	-	-
- underaccrual in the previous financial year	1	175	-	-
	1	442	-	-
Deferred tax (Note 16):				
- origination and reversal of temporary difference	(5,153)	2,021	-	-
Tax (credit)/expense	(5,152)	2,463	-	-

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation and after zakat	(121,145)	295	(59,646)	(10,192)
Tax calculated at the applicable Malaysian tax rate of 24% (2017: 24%)	(29,075)	71	(14,315)	(2,446)
Tax effects of:				
- Effects of non-taxable income	-	-	-	(408)
- Effects of non-deductible expenses	24,400	2,514	13,978	2,425
- Deferred tax assets not recognised during the financial year	394	612	337	429
- Share of results in joint venture	(345)	(119)	-	-
- (Over)/underaccrual of tax in prior financial year	(526)	(615)	-	-
Tax (credit)/expense	(5,152)	2,463	-	-

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period amounting to RM71,919,000 as at 31 December 2018 will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

Subject to agreement with the tax authorities, the unutilised tax losses (subject to time limit of utilisation of 7 years) and deductible temporary differences (for which there are no expiry dates) of the Group and the Company available at the end of the reporting period for which no deferred tax assets are recognised are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	23,898	22,180	13,024	11,618
Unabsorbed capital allowances	1,537	1,481	-	2
Unrecognised deductible temporary differences	831	962	-	-

Deferred tax assets has not been recognised as it is not probable that these entities will be able to generate sufficient future profits for the realisation of the tax benefits as above.

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	
	2018	**2017**
Net loss attributable to owners of the Company (RM'000)	(104,999)	(6,937)
Weighted average number of ordinary shares in issue ('000)	236,286	236,286
Basic loss per share (sen)	(44.44)	(2.94)

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

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2018	**2017**
	RM'000	**RM'000**
Unquoted shares:		
At 1 January	150,819	152,519
Less: Impairment loss during the financial year	(51,481)	(1,700)
At 31 December	99,338	150,819
Cost	191,334	191,334
Less: Accumulated impairment losses	(91,996)	(40,515)
	99,338	150,819

The details of the subsidiaries are as follows:

	Effective equity interests			
	2018	**2017**		**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
Brahim's Food & Facilities Management Sdn. Bhd. (formerly known as Café Barbera (SEA) Sdn. Bhd.)	100	100	Dormant	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	
	2018	**2017**	**2018**	**2017**
	%	**%**	**RM'000**	**RM'000**
Brahim's SATS Investment Holdings Sdn. Bhd. Group	64.3	64.3	136,878	149,017
Admuda Sdn. Bhd.	40	40	(4,483)	(4,475)
			132,395	144,542

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:

	2018 RM'000	2017 RM'000
Brahim's SATS Investment Holdings Sdn. Bhd. Group		
As at 31 December		
Goodwill	102,270	190,879
Non-current assets	43,827	33,077
Current assets	83,948	85,185
Non-current liabilities	(10,128)	(617)
Current liabilities	(55,010)	(37,916)
	62,637	79,729
Net assets	164,907	270,608
Brahim's SATS Investment Holdings Sdn. Bhd. Group		
For the financial year ended 31 December		
Revenue	265,834	282,973
(Loss)/profit for the financial year	(105,701)	7,473
Total comprehensive (loss)/profit	(105,701)	7,473
(Loss)/profit attributable to non-controlling interests	(10,986)	4,810
Net cash inflows from operating activities	7,772	2,237
Net cash outflows for investing activities	(6,350)	(6,038)
Net cash outflows for financing activities	(1,046)	-
Admuda Sdn. Bhd.		
As at 31 December		
Non-current assets	5	7
Current assets	31	31
Current liabilities	(11,243)	(11,225)
Net assets	(11,207)	(11,187)
For the financial year ended 31 December		
Loss for the financial year	(20)	(103)
Total comprehensive loss	(20)	(103)
Loss attributable to non-controlling interests	(8)	(41)

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 of value-in-use calculations and fair value less costs to sell.

During the previous financial year, the Company reviewed its cost of investment in Café Barbera (SEA) Sdn Bhd ("CBSB") 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 fully impaired its investment in CBSB of RM1.7 million in the financial year ended 31 December 2017.

During the financial year, the Company's investment in BSIH was reviewed for impairment as the Company's share of the net assets in 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 9.2% (2017: 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) to the financial statements.

Arising from the above assessment, the recoverable amount of the Company's cost of investment in BSIH is measured at RM69.5 million. Accordingly, the Company recognised an impairment loss of RM51.5 million (2017:nil) on its cost of investment in BSIH for the financial year ended 31 December 2018.

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

Base parameters	Increase/(decrease)	Additional impairment loss (RM'000)
Discount rate of 9.2%	+0.5%	1,287
Revenue growth rate – airline catering	-1.0%	8,740
Revenue growth rate – non airline catering	-1.0%	427
Gross margin range from 60% to 62%	-1.0%	15,888

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

12. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2018	**2017**	**2018**	**2017**
	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	(90)	(1,526)	-	-
At 31 December	19,961	18,525	20,051	20,051

	Effective equity interests		Principal Activities
	2018	**2017**	
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 is the summarised financial information for the joint venture that is material to the Group:

	2018	**2017**
	RM'000	**RM'000**
Dewina Host Sdn. Bhd.		
At 31 December		
Non-current assets	697	1,128
Cash and bank balances	14,967	11,256
Other current assets	3,477	3,211
Financial liabilities	(6,237)	(5,506)
Net assets	12,904	10,089
For the financial year ended 31 December		
Revenue	42,972	42,126
Depreciation of property, plant and equipment	(718)	(1,803)
Profit for the financial year	2,815	973
Total comprehensive income	2,815	973
Group's share of total comprehensive income for the financial year	1,436	496
Dividend received	-	1,700

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

	2018	**2017**
	RM'000	**RM'000**
Net assets		
At 1 January	10,089	10,816
Total comprehensive income	2,815	973
Less: Dividend received during the year	-	(1,700)
At 31 December	12,904	10,089
Group's share of net assets	6,581	5,145
Goodwill	14,702	14,702
Additional dividend income recognised based on agreement with joint venture partner	(1,322)	(1,322)
Carrying amount of the Group's interests in joint venture	19,961	18,525

Impairment assessment of investment in a joint venture

Investment in a 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's share of the net assets of Dewina Host Sdn Bhd has declined to be below the Company's carrying amount of the investment. 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 2% (2017: 5%) per annum from 2019 to 2023.
- Gross margin to remain constant at 11.2% (2017: 9.0% to 9.1%) throughout the 5-year period.
- Discount rate of 11.5% (2017: 11.1%), representing the cost of equity in the investment.
- Terminal value with nil growth rate (2017: nil) 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. The Directors are of the view that there are no reasonable possible changes in any key assumptions that would cause the carrying amount of the investment in joint venture to materially exceed the recoverable amount.

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 2018	22,324	15,606	1,586	4,006	1,399	4,791	49,712
Additions	517	1,528	23	1,884	2,757	6,197	12,906
Reclassification	-	1,667	-	1,318	-	(2,985)	-
Disposal	-	-	-	-	(12)	-	(12)
Depreciation charge	(625)	(2,968)	(242)	(1,974)	(1,075)	-	(6,884)
Impairment	-	-	(2)	(138)	-	-	(140)
Write off	-	(1,005)	-	(52)	-	-	(1,057)
At 31 December 2018	22,216	14,828	1,365	5,044	3,069	8,003	54,525
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

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 RM140,000 (2017: 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							
2018							
At cost	34,888	111,625	3,706	83,305	45,902	8,003	287,429
Accumulated depreciation	(12,672)	(96,797)	(1,861)	(78,123)	(42,833)	-	(232,286)
Accumulated impairment	-	-	(480)	(138)	-	-	(618)
Net book value	22,216	14,828	1,365	5,044	3,069	8,003	54,525
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

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				
2018				
Net book value				
At 1 January 2018	11	45	459	515
Depreciation charge	(9)	(36)	(133)	(178)
Disposal	-	-	(12)	(12)
At 31 December 2018	2	9	314	325
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
31 December 2018				
At cost	93	398	605	1,096
Accumulated depreciation	(91)	(389)	(291)	(771)
Net book value	2	9	314	325
31 December 2017				
At cost	93	398	786	1,277
Accumulated depreciation	(82)	(353)	(327)	(762)
Net book value	11	45	459	515

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	
	2018 RM'000	2017 RM'000
Motor vehicles	2,906	673
Office equipment	18	27
Plant and equipment	747	-
Capital work in progress	5,397	822
	9,068	1,522

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

	Group	
	2018 RM'000	2017 RM'000
Warehouse buildings and improvements	22,216	22,324

14. INTANGIBLE ASSETS

	Computer software RM'000	License RM'000	Total RM'000
Group			
2018			
Net book value			
At 1 January	-	4,248	4,248
Impairment loss during the financial year	-	(4,248)	(4,248)
At 31 December 2018	-	-	-
31 December 2018			
Cost	7,883	19,748	27,631
Accumulated amortisation	(7,883)	-	(7,883)
Accumulated impairment loss	-	(19,748)	(19,748)
Net book value	-	-	-
2017			
Net book value			
At 1 January/31 December	-	4,248	4,248
31 December 2017			
Cost	7,883	19,748	27,631
Accumulated amortisation	(7,883)	-	(7,883)
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. As the Group has not commenced sugar refinery operations and based on the Group's strategy and short-term plans, an impairment loss of RM4,248,000 has been recognised on the license for the financial year ended 31 December 2018.

15. GOODWILL

	Group	
	2018 RM'000	2017 RM'000
At 1 January	190,963	190,963
Impairment loss during the financial year	(88,609)	-
At 31 December	102,354	190,963
Cost	282,563	282,563
Accumulated impairment	(180,209)	(91,600)
At 31 December	102,354	190,963

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

	Group	
	2018 RM'000	2017 RM'000
Catering and related services	102,270	190,879
Warehouse and logistics related services	84	84
	102,354	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 airline catering of between 1% and 101% (2017: -7% to 86%), based on management's assessment of individual customer's strategic plan and passenger capacity over the 5-year period, taking into consideration the overall economic and market conditions
- Revenue growth rates for non-airline catering of 0% to 39% (2017: 3% to 65%) over the 5-year period, based on expected sales to each customer on contracted terms or management's assessment of individual customer's future demand level.
- The value-in-use calculations include the net cash flows from four potential contracts (2017: Nil), for which the Directors have assessed and are confident that the Group will be successful in securing the tender award. The Group has subsequently secured two of the potential contracts after the financial year end, with another two contracts being assessed as high probability of success in securing the award.
- Gross margin ranges from 60% to 62% (2017: 63%) throughout the 5-year period.
- Discount rate of 11.4% (2017: 11.4%), representing risk of similar industry in the specific market.
- Terminal value with 1% (2017: 1%) growth rate is used.

Arising from the above assessment, the Group recognised an impairment loss of RM88.6 million for the financial year ended 31 December 2018.

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

Base parameters	Increase/(decrease)	Additional impairment loss (RM'000)
Discount rate of 11.4%	+0.5%	8,288
Revenue growth rate – airline catering	-1.0%	17,222
Revenue growth rate – non airline catering	-1.0%	813
Gross margin ranging from 60% to 62%	-1.0%	31,331

The sensitivity analysis above does not include the effect that a change in one of the four parameters would have on the other three 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	
	2018	2017
	RM'000	RM'000
Deferred tax assets	14,896	9,743
At 1 January	9,743	11,764
Recognised in profit or loss (Note 9)		
- accruals	2,803	(228)
- unutilised tax losses	1,307	(2,281)
- property, plant and equipment	1,043	488
	5,153	(2,021)
At 31 December	14,896	9,743
<u>Subject to income tax</u>		
Deferred tax assets (before offsetting)		
- accruals	3,307	504
- unutilised tax losses	11,514	10,207
- property, plant and equipment	75	-
	14,896	10,711
Offsetting	-	(968)
Deferred tax assets (after offsetting)	14,896	9,743
Deferred tax liabilities (before offsetting)		
- property, plant and equipment	-	(968)
Offsetting	-	968
Deferred tax liabilities (after offsetting)	-	-

17. INVENTORIES

	Group 2018 RM'000	Group 2017 RM'000
Catering stores	3,996	3,489
Maintenance stores	2,489	2,125
General stores	966	580
Trading stocks	-	247
Food and beverage and other consumables	-	39
	7,451	6,480
Less: Impairment for inventory obsolescence	-	(221)
	7,451	6,259

During the financial year, the Group recorded a reversal of allowance for inventory obsolescence amounting to RM221,000 (2017: allowance of inventory obsolescence of RM33,000).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Deposits	-	27	-	-
Prepayments	-	63	-	-
	-	90	-	-
Current				
Trade receivables				
- corporate shareholder	15,432	16,264	-	-
- others	37,512	36,331	-	-
	52,944	52,595	-	-
Accumulated impairment of trade receivables	(6,786)	(1,712)	-	-
	46,158	50,883	-	-
Other receivables	1,512	1,455	38	47
Accumulated impairment of other receivables	(790)	(787)	(38)	(38)
	722	668	-	9
Deposits	9,120	11,036	47	47
Accumulated impairment of deposits	(3,010)	(3,005)	(47)	(47)
	6,110	8,031	-	-
Prepayments	2,184	1,738	3	12
Accumulated impairment of prepayments	(7)	-	-	-
	2,177	1,738	3	12
Goods and services tax ("GST") receivable	1,520	515	-	-
	56,687	61,835	3	21
Total trade and other receivables	56,687	61,925	3	21

The normal trade credit terms granted by the Group and the Company range from 30 to 60 days (2017: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group applies the simplified approach under MFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

18. TRADE AND OTHER RECEIVABLES (CONT'D)

The loss allowance as at 31 December 2018 was determined as follows:

Catering and related services

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	More than 150 days past due	Individual Assessment	Total
31 December 2018								
Expected loss rate	0.04% - 2.98%	0.04% - 4.29%	0.05% - 5.23%	0.08% - 11.11%	0.21%- 38.12%	0.86%- 100.00%	100.00%	
Gross carrying amount – trade receivables	29,695	8,905	4,634	1,261	1,397	2,405	2,622	50,919
Loss allowance	(258)	(139)	(85)	(3)	(610)	(2,268)	(2,622)	(5,985)
Carrying amount (net of loss allowance)	29,437	8,766	4,549	1,258	787	137	-	44,934

Warehousing and logistic related services

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	More than 150 days past due	Individual Assessment	Total
31 December 2018								
Expected loss rate	4.36% - 8.04%	5.58% - 8.04%	10.92% - 21.06%	51.56% - 59.42%	100.00%	100.00%	100.00%	
Gross carrying amount – trade receivables	347	551	403	74	28	209	413	2,025
Loss allowance	(23)	(42)	(48)	(38)	(28)	(209)	(413)	(801)
Carrying amount (net of loss allowance)	324	509	355	36	-	-	-	1,224

In the previous financial year, the Group and the Company assessed the impairment based on incurred impairment loss model. Individual gross debtors and other receivables (excluding prepayments and GST receivable) are categorised into impaired and not impaired as follows:

	Group 2017 RM'000	Company 2017 RM'000
Not impaired		
- not past due	45,849	9
- past due by 1 to 90 days	12,405	-
- past due by 91 to 180 days	367	-
- past due by more than 181 days	988	-
	59,609	9
Impaired	5,504	85
Carrying amount at end of the year	65,113	94

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 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 accumulated impairment for trade receivables as at 31 December 2018 reconciles to the opening accumulated impairment as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
At 1 January before restatement				
- calculated under MFRS 139	1,712	1,389	-	-
Amount restated through opening accumulated losses	2,646	-	-	-
At 1 January after restatement - calculated under MFRS 9	4,358	1,389	-	-
Additional impairment during the financial year (net)	2,572	803	-	-
Write off during the financial year	(144)	(480)	-	-
At 31 December	6,786	1,712	-	-

18. TRADE AND OTHER RECEIVABLES (CONT'D)

The impact on the carrying value of other receivables (excluding prepayments and GST receivable) presented by the stages are as follows:

	Performing Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
31 December 2018				
Group				
Gross carrying amount	6,832	-	3,800	10,632
Loss allowance	-	-	(3,800)	(3,800)
Net carrying amount	6,832	-	-	6,832
Company				
Gross carrying amount	-	-	85	85
Loss allowance	-	-	(85)	(85)
Net carrying amount	-	-	-	-

The accumulated impairment for other receivables (excluding prepayments and GST receivables) using the general 3-stage approach as at 31 December 2018 reconciles to opening accumulated impairment for that provision as follows:

	Performing Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
Group				
At 1 January 2018 before restatement - calculated under MFRS 139	-	-	3,792	3,792
Amount restated through opening accumulated losses	-	-	-	-
At 1 January 2018 after restatement - calculated under MFRS 9	-	-	3,792	3,792
Additional impairment during the financial year	-	-	8	8
At 31 December 2018	-	-	3,800	3,800
Company				
At 1 January 2018 before restatement - calculated under MFRS 139	-	-	85	85
Amount restated through opening accumulated losses	-	-	-	-
At 1 January 2018 after restatement - calculated under MFRS 9	-	-	85	85
Additional impairment during the financial year	-	-	-	-
At 31 December 2018	-	-	85	85

The basis of classification of the other receivables into the three different stages is set out in Note 34(a)(ii)(b) to the financial statements.

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	54,407	58,772	3	21
United States Dollar	2,280	3,153	-	-
	56,687	61,925	3	21

During the financial year, net sales of goods and services by a subsidiary of the Group to a corporate shareholder amounted to RM130,502,000 (2017: RM154,464,000). For the same period, rental and other charges made by the corporate shareholder to the subsidiary amounted to RM41,129,000 (2017: RM37,050,000).

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

		Group		Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-current	(i)				
Gross amount due from a subsidiary		-	-	19,798	19,798
Gross amount due to a subsidiary		-	-	(17,099)	(16,274)
Net amount due from a subsidiary		-	-	2,699	3,524
Current					
Amount due from subsidiaries		-	-	13,348	13,224
Less: Accumulated impairment losses of amounts due from subsidiaries		-	-	(13,186)	(13,186)
		-	-	162	38
Amount due from a related company		55	48	-	-
		55	48	162	38
Non-current					
Amount due from a subsidiary	(ii)	-	-	(1680)	(2,240)
Current					
Amount due to a subsidiary	(ii)	-	-	(2,198)	(1,099)
Amounts due to related companies		(866)	(868)	(377)	(386)
		(866)	(868)	(2,575)	(1,485)

(i) 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% (2017: 5.89%) per annum.

(ii) The non-current amount due to a subsidiary and RM1,120,000 (2017: RM560,000) of the amount due to a subsidiary classified as current liability are non-trade in nature, unsecured, bears interest at 7.00% (2017: 7.00%) per annum and is payable to the subsidiary from 2019 to 2022.

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

The impact on the carrying value of other intercompany receivables presented by the stages are as follows:

	Performing Stage 1	Under Performing Stage 2	Not Performing Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount	2,861	-	13,186	16,047
Loss allowance	-	-	(13,186)	(13,186)
Net carrying amount	2,861	-	-	2,861

The basis of classification of the intercompany receivables into the three different stages is set out in Note 34(a)(ii)(b) to the financial statements.

The accumulated impairment for intercompany receivables using the general 3-stage approach as at 31 December 2018 reconciles to opening accumulated impairment for that provision as follows:

	Performing Stage 1	Under Performing Stage 2	Not Performing Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018 before restatement - calculated under MFRS 139	-	-	13,186	13,186
Amount restated through opening accumulated losses	-	-	-	-
At 1 January 2018 after restatement - calculated under MFRS 9	-	-	13,186	13,186
Additional impairment during the financial year	-	-	-	-
At 31 December 2018	-	-	13,186	13,186

20. AMOUNT DUE FROM/(TO) A JOINT VENTURE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Amount due from a joint venture	34	62	34	62
Amount due to a joint venture	(450)	-	(450)	-

The amount due (to)/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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	2,106	7,270	1,880	7,048
Cash and bank balances	12,578	11,592	61	285
Total cash and bank balances	14,684	18,862	1,941	7,333
Bank overdrafts (Note 28)	(587)	(976)	(587)	(976)
Less: Deposits pledged to licensed banks	(1,880)	(7,048)	(1,880)	(7,048)
Total cash and cash equivalents	12,217	10,838	(526)	(691)

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 1.9% to 3.27% (2017: 1.48% to 2.99%) per annum. The fixed deposits have maturity period of 1 day (2017: 1 to 181 days).

22. SHARE CAPITAL

	Group and Company	
	2018	2017
	RM'000	RM'000
Authorised:		
Ordinary shares		
At 1 January	-	500,000
Abolishment of the concept of authorised share capital on 31 January 2017*	-	(500,000)
At 31 December	-	-
Issued and fully paid up:		
At 1 January	268,266	236,286
Transition to no-par value regime on 31 January 2017*	-	31,980
At 31 December	268,266	268,266

* 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 RM'000	Accumulated losses RM'000	Total RM'000
Group			
At 1 January 2018, as previously stated	-	(169,454)	(169,454)
Restatement arising from the change in accounting policy (Note 35)	-	(1,493)	(1,493)
At 1 January 2018, as restated	-	(170,947)	(170,947)
Net loss/total comprehensive loss for the financial year	-	(104,999)	(104,999)
At 31 December 2018	-	(275,946)	(275,946)
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)
Company			
At 1 January 2018	-	(168,400)	(168,400)
Net loss/total comprehensive loss for the financial year	-	(59,646)	(59,646)
At 31 December 2018	-	(228,046)	(228,046)
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)

* 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 3.36% (2017: 5.36%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current	1,625	92	72	69
Non-current				
Later than 1 year and not later than 5 years	4,409	302	273	285
Later than 5 years	-	54	-	54
	4,409	356	273	339
Total lease and hire purchase payables	6,034	448	345	408
Minimum lease and hire purchase payables:				
- not later than 1 year	1,604	107	82	82
- later than 1 year and not later than 5 years	5,100	345	307	328
- later than 5 years	-	61	-	61
	6,704	513	389	471
Less: future finance charges	(670)	(65)	(44)	(63)
Present value of lease and hire purchase payables	6,034	448	345	408

25. TERM LOANS

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current				
Within 1 year	71,445	9,626	67,750	6,000
Non-current				
Between 1 year and 2 years	-	13,000	-	13,000
Between 2 and 5 years	-	54,750	-	54,750
More than 5 years	-	-	-	-
	-	67,750	-	67,750
	71,445	77,376	67,750	73,750

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

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Term loan				
I	3,695	3,626	-	-
II	67,750	73,750	67,750	73,750
	71,445	77,376	67,750	73,750

Term loan I is a fixed rate loan secured by a fixed charge on the financed machinery. This term loan is with a financial institution which has common directors with the company. Term loan I has matured on 30th June 2018. The financial institution has granted an indulgence to the subsidiary to defer the repayment of the term loan to 30 September 2019

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.

The Group and the Company did not meet certain financial covenants for Term Loan II as at 31 December 2018. Accordingly, the carrying value of the loan was classified as current liabilities at that date. The Group and the Company are in negotiations with the financial institution to restructure the repayment terms of the facility, as disclosed in Note 2 to the financial statements.

26. TRADE AND OTHER PAYABLES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current				
Provision for utilities claims and disputes	6,000	-	-	-
Other payables	-	617	-	-
	6,000	617	-	-
Current				
Trade payables	32,151	25,665	359	83
Accruals	18,528	4,558	196	195
Other payables	12,952	15,681	3,005	2,078
Interest payable	1,365	1,352	1,365	1,352
Goods and services tax ("GST") payable	-	31	-	-
Sales and services tax ("SST") payable	63	-	-	-
	65,059	47,287	4,925	3,708
	71,059	47,904	4,925	3,708

The normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2017: 30 to 60 days).

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

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Ringgit Malaysia	71,059	47,844	4,925	3,708
Euro	-	60	-	-
	71,059	47,904	4,925	3,708

27. ADVANCES FROM A DIRECTOR

Advances from a Director is interest free, unsecured and is repayable on demand.

28. BANK OVERDRAFTS

The bank overdrafts bear interest ranging from 8.46% to 9.60% (2017: 8.46% to 9.25%) 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.

29. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons 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	
	2018	2017
	RM'000	RM'000
Salaries and other short-term employee benefits	3,400	2,893
Post-employment benefits	412	319
Other long term benefits	3	3
	3,815	3,215

30. 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 companies	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	Related party
Dato' Seri Ibrahim bin Haji Ahmad	Director
Dewina Host Sdn Bhd	Joint venture

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Net advances received from subsidiaries	-	-	(415)	(3,167)
Interest expense paid/payable to a subsidiary	-	-	825	825
Management fees received from a joint venture	368	362	368	362
Dividend received from a joint venture	-	-	-	1,700
Advances from/(to) a joint venture	478	(19)	478	(30)
Advances received from a Director	6,046	-	6,046	-
Professional services fee payable to a related party	1,877	3,149	-	-
Purchase of supplies from a related party	401	112	-	-

The details of the amounts due from/(to) the subsidiaries, related companies, a joint venture and a Director are disclosed in Notes 19, 20 and 27 to the financial statements respectively.

31. OPERATING SEGMENTS

In the previous financial year, the Group had four reportable segments, as described below, which were the Group's strategic business units. The strategic business units offered different products and services, and were 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) Catering services - catering and other related services.
(c) Investment holding - provision of management services.
(d) Food and beverage - restaurant and café related services.

During the current financial year, following the cessation of the Group's food and beverage activities, the Group only has three reportable segments, i.e. warehousing and logistics related services, catering services and investment holding. Comparatives has not been restated as the change in the reportable segments occurred during the financial year.

	Warehousing and logistic related services RM'000	Catering services RM'000	Investment holding RM'000	Consolidation adjustment and elimination RM'000	Group RM'000
2018					
Revenue					
External sales	8,311	265,592	368	-	274,271
Total revenue	8,311	265,592	368	-	274,271
Segment operating profit/(loss)	1,253	(110,599)	(57,582)	50,259	(116,669)
Finance cost					(5,912)
Share of results in a joint venture					1,436
Consolidated loss before tax and zakat					(121,145)
Included in operating profit/(loss) are as follows:					
Interest income	2	943	35	(825)	155
Depreciation of property, plant and equipment	(1,004)	(5,628)	(180)	(72)	(6,884)
Impairment loss on goodwill	-	(88,609)	-	-	(88,609)
Impairment loss on intangible asset	-	-	(4,248)	-	(4,248)
Impairment loss on trade and other receivables	139	(2,704)	(22)	-	(2,587)
Impairment loss on property, plant and equipment	-	-	(140)	-	(140)
Impairment loss on investment in subsidiary	-	-	(51,481)	51,481	-
Provision for utilities claims and dispute	-	(6,000)	-	-	(6,000)

	Warehousing and logistic related services RM'000	Catering services RM'000	Investment holding RM'000	Consolidation adjustment and elimination RM'000	Group RM'000
2018					
Assets					
Segment assets	28,181	205,302	2,228	79	235,790
Investment in a joint venture					19,961
Unallocated assets					
- Deferred tax assets					14,896
- Tax recoverable					10,938
Consolidated total assets					281,585
Liabilities					
Segment liabilities	2,237	62,359	88,288	3,986	156,870
Consolidated total liabilities					156,870
Other segment items					
Additions to non-current assets other than financial instruments:					
- property and equipment	648	12,258	-	-	12,906

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
2017						
Revenue						
External sales	7,686	542	282,973	2,062	(1,700)	291,563
Inter-segment 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 loss in a 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	-
Impairment losses on trade and other receivables	(18)	(191)	(594)	(53)	-	(856)
Impairment loss on property, plant and equipment	-	(478)	-	-	-	(478)
Impairment loss on investment in subsidiary	-	-	-	(1,700)	1,700	-

	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

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 the Group's revenue, amounting to RM130,502,000 (2017: RM154,464,000) arose from sales of the catering services segment.

32. CONTINGENT LIABILITIES AND COMMITMENTS

Commitments are as follows:

(a) Capital commitments

	Group 2018 RM'000	Group 2017 RM'000
Approved and contracted for:		
Purchase of plant and equipment	642	6,322
Purchase of computer software	21	237

(b) Non-cancellable operating lease commitments

	Group 2018 RM'000	Group 2017 RM'000
Commitments under non-cancellable operating leases:		
Not later than 1 year	288	288
Later than 1 year but not later than 5 years	315	552
More than 5 years	198	248
	801	1,088

The Company does not have any non-cancellable operating lease as at 31 December 2018 (2017: 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.

Following the petition, a settlement agreement was negotiated between the plaintiff, Admuda and the Company. Based on the terms of the draft settlement agreement, the Company was 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 was to transfer 38% of its shareholding in Admuda to the plaintiff. The winding-up petition was withdrawn on 19 March 2018.

To date, the parties have not executed the settlement agreement.

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 2018 as adequate provision had 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.

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	
	2018	**2017**
	RM'000	**RM'000**
(Increase)/decrease in loss after taxation		
Increase of 100 basis points	(677)	(738)
Decrease of 100 basis points	677	738
(Decrease)/increase in equity		
Increase of 100 basis points	(677)	(738)
Decrease of 100 basis points	677	738

34. FINANCIAL INSTRUMENTS (CONT'D)

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. (Cont'd)

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

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables 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 120 days, which are deemed to have higher credit risk, are monitored individually.

<u>Measurement of Expected Credit Loss ("ECL")</u>

(a) Trade Receivables using simplified approach

The expected loss rates are based on the payment profiles of sales over a period of 12 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the exchange rate of USD against MYR and Gross Domestic Product ("GDP") growth rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

(b) Intercompany receivables and other receivables using general 3-stage approach

The Group and the Company use three categories for intercompany receivables and other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing (Stage 1)	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Under Performing (Stage 2)	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Not Performing (Stage 3)	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjust for forward-looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

(c) Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

<u>Maximum 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.

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

<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 30% (2017: 32%) of its trade receivables as at the end of the reporting period.

34. FINANCIAL INSTRUMENTS (CONT'D)

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. (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
Group					
2018					
Lease and hire purchase payables	3.26 – 5.22	6,034	6,704	1,604	5,100
Term loans	7.35 – 7.65	71,445	82,019	82,019	-
Amounts due to related companies	-	866	866	866	-
Amount due to a joint venture	-	450	450	450	-
Advances from a Director	-	6,046	6,046	6,046	-
Bank overdrafts	8.46 – 9.60	587	587	587	-
Trade and other payables (excluding SST payable and provision utilities claims and disputes)	-	64,996	64,996	64,996	-
		150,424	161,668	156,568	5,100

	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

	Contractual interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	1 - 5 years RM'000
Company					
2018					
Lease and hire purchase payables	5.22	345	389	82	307
Term loans	7.35 – 7.65	67,750	78,324	78,324	-
Trade and other payables	-	4,925	4,925	4,925	-
Amount due to a subsidiary (interest bearing)	7.00	2,800	3,584	1,316	2,268
Amount due to a subsidiary (non-interest bearing)	-	1,078	1,078	1,078	-
Amount due to a related company	-	377	377	377	-
Amount due to a joint venture	-	450	450	450	-
Advances from a Director	-	6,046	6,046	6,046	-
Bank overdrafts	8.46 – 9.60	587	587	587	-
		84,358	95,760	93,185	2,575

	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
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	-	3,708	3,708	3,708	-	-
Amount due to a subsidiary (interest bearing)	7.00	2,800	3,780	756	3,024	-
Amount due to a subsidiary (non-interest bearing)	-	539	539	539	-	-
Amount due to a related company	-	386	386	386	-	-
Bank overdrafts	8.90	976	976	976	-	-
		82,567	96,499	16,833	79,605	61

34. FINANCIAL INSTRUMENTS (CONT'D)

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. (Cont'd)

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

(iii) Liquidity risk (Cont'd)

As at 31 December 2018, the Group's and the Company's current liabilities exceeded the current assets by RM56.6 million and RM80.2 million respectively. As at that date, as disclosed in Note 34(b), the Group and the Company did not meet certain financial covenants for a term loan totalling RM67.8 million. Accordingly, the carrying value of this term loan of RM67.8 million was classified as current liabilities as at 31 December 2018. In order to ensure that the Group and the Company would have sufficient cash flows within the next twelve months from the reporting date to repay the existing borrowings and meet working capital, the Directors will continue to undertake measures to manage and strengthen the Group's cash flow position, as disclosed in Note 2 to the financial statements.

(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 bank balances 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	
	2018 RM'000	2017 RM'000
Lease and hire purchase payables	6,034	448
Term loans	71,445	77,376
Bank overdrafts	587	976
	78,066	78,800
Less: Fixed deposits with licensed banks	(2,106)	(7,270)
Less: Cash and bank balances	(12,578)	(11,592)
Net debt	63,382	59,938
Total equity	124,715	243,354
Debt-to-equity ratio	0.51:1	0.25:1

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

The Group and the Company did not meet certain financial covenants for a term loan as at 31 December 2018. Accordingly, the carrying value of the loan was classified as current liabilities at that date. The Group and the Company are in negotiations with the financial institution to restructure the repayment terms of the facility, as disclosed in Note 2 to the financial statements.

(c) Classification of financial instruments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial assets				
Financial assets at amortised cost (2017: Loans and receivables)				
Trade and other receivables (excluding prepayments and GST receivable) (Note 18)	52,990	59,609	-	9
Amounts due from subsidiaries (Note 19)	-	-	2,861	3,562
Amount due from a related company (Note 19)	55	48	-	-
Amount due from a joint venture (Note 20)	34	62	34	62
Deposits with licensed financial institutions (Note 21)	2,106	7,270	1,880	7,048
Cash and bank balances (Note 21)	12,578	11,592	61	285
	67,763	78,581	4,836	10,966
Financial liabilities				
Other financial liabilities at amortised cost (2017: Other financial liabilities at amortised cost)				
Lease and hire purchase payable (Note 24)	6,034	448	345	408
Term loans (Note 25)	71,445	77,376	67,750	73,750
Trade and other payables (excluding GST/SST payable and provision for utilities claims and disputes) (Note 26)	64,996	47,873	4,925	3,708
Amount due to a subsidiary (Note 19)	-	-	3,878	3,339
Amounts due to related companies (Note 19)	866	868	377	386
Amount due to a joint venture (Note 20)	450	-	450	-
Advances from a Director (Note 27)	6,046	-	6,046	-
Bank overdrafts (Note 28)	587	976	587	976
	150,424	127,541	84,358	82,567

34. FINANCIAL INSTRUMENTS (CONT'D)

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. (Cont'd)

(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 RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2018				
Financial assets				
Amount due from a subsidiary	-	-	2,699	2,699
Financial liabilities				
Lease and hire purchase payables	4,409	4,388	273	268
Amount due to a subsidiary	-	-	1,680	1,680

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value 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

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	
	2018 %	2017 %	2018 %	2017 %
Lease and hire purchase payables	3.26 - 5.22	5.22 - 6.80	5.22	5.22
Term loans	7.35 - 7.65	7.30 - 7.50	7.35 - 7.65	7.30 - 7.35

35. CHANGES IN ACCOUNTING POLICIES

As disclosed in Note 2(a) to the financial statements, the Group and the Company adopted MFRS 15 and 9 retrospectively with the date of initial application of 1 January 2018. The adoption of these accounting standards resulted in changes in accounting policies as disclosed in Note 3(d) and Note 3(n) to the financial statements. The main changes arising from the adoption of MFRS 9 are disclosed below.

Until 31 December 2017, the Group and the Company assessed the impairment of loan and receivables based on the incurred impairment loss model. Note 3(d) set out the details of accounting policies for impairment of financial assets under MFRS 139.

From 1 January 2018, the Group and the Company apply expected credit loss ('ECL') model to determine impairment on investment in debt instruments that are measured at amortised cost. The new accounting policies for impairment under MFRS 9 are set out in Note 3(d).

(i) Trade receivables that do not contain significant financing components

For all trade receivables that do not contain significant financing components, the Group applies the MFRS 9 simplified approach which is to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life. This resulted in the recognition of additional loss allowances for trade receivables on 1 January 2018 of RM2.6 million.

35. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(ii) Other receivables and amounts due from subsidiaries

Other receivables and amounts due from subsidiaries that are repayable on demand and interest bearing are classified as amortised cost in the Company's separate financial statements because the Company's business model is to hold and collect the contractual cash flows and those cash flows represent solely payments of principal and interest ("SPPI"). The Company applied the general 3-stage approach when determining ECL for these other receivables and amounts due from subsidiaries.

There is no additional loss allowances required over other receivables and amounts due from subsidiaries following this change in accounting policy.

The total impact of the changes in accounting policies on the Group's and the Company's accumulated losses as at 1 January 2018 are as follows:

	Accumulated losses		Non-controlling interests
	Group RM'000	**Company RM'000**	**Group RM'000**
As previously reported at 31 December 2017	(169,454)	(168,400)	144,542
Impacts of adoption of MFRS 9 (net of tax effects):			
Increase in loss allowance for trade receivables that do not contain significant financing components	(1,493)	-	(1,153)
As restated at 1 January 2018	(170,947)	(168,400)	143,389

The Director have assessed and concluded that there is no material impact arising from the adoption of MFRS 15, hence no adjustment has been made to the financial statements.

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 2019.

86

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	22,402,173	Tamadam Industries Sdn. Bhd./ 1 November 1991	19 years

ANALYSIS OF SHAREHOLDINGS

As at 22 March 2019

ISSUED SHARE CAPITAL : 236,285,500 ORDINARY SHARES
CLASS OF SHARES : ORDINARY SHARES
VOTING RIGHTS : ONE (1) VOTE PER ORDINARY SHARE
NUMBER OF SHAREHOLDERS : 3,948

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
1 – 99	148	3.75	5,014	0.00
100 – 1,000	868	21.99	704,390	0.29
1,001 – 10,000	1,926	48.78	9,525,396	4.04
10,001 – 100,000	869	22.01	29,492,150	12.48
100,001 to less than 11,814,274 of issued shares	131	3.32	61,400,100	25.99
11,814,275 and above of issued shares	6	0.15	135,158,450	57.20
TOTAL	**3,948**	**100.00**	**236,285,500**	**100.00**

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct		Indirect	
No.	Directors	No. of shares held	%	No. of shares held	%
1.	Dato' Seri Ibrahim bin Haji Ahmad	-	-	96,253,300[2]	40.74
2.	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	1,050,000	0.04	71,005,000[3]	30.05
3.	Dato' Choo Kah Hoe	-	-	25,000,000[4]	10.58
4.	Datuk Seri Panglima Sulong Bin Matjeraie	-	-	-	-
5.	Professor Dr. Jinap Binti Salamet	-	-	-	-
6.	Kamil Bin Dato' Haji Abdul Rahman	-	-	-	-
7.	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.	Substantial shareholders	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	-	-	96,253,300[2]	40.74
5.	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	1,050,000	0.04	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.	Urusharta Jamaah Sdn. Bhd.	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 22 MARCH 2019

No.	Name	No. of shares held	%
1.	Urusharta Jamaah Sdn. Bhd.	45,553,450	19.28
2.	IBH Capital (Labuan) Limited	25,000,000	10.58
3.	Brahim's International Franchises Sdn. Bhd.	17,605,000	7.45
4.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Brahim's International Franchises Sdn. Bhd. (44-00002-000)	17,000,000	7.19
5.	HLIB Nominees (Tempatan) Sdn. Bhd. Brahim's International Franchises Sdn. Bhd.	15,800,000	6.69
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.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Yayasan Sarawak (JG281)	2,532,000	1.07
10.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Vicknaraj A/L Thanarajah (E-SJA)	2,017,100	0.85
11.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Universiti Malaya (JG488)	1,947,900	0.82
12.	Yayasan Guru Tun Hussein Onn	1,919,100	0.81
13.	Chai Yune Loong	1,643,200	0.70
14.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Takaful Ikhlas Berhad (JS487)	1,290,700	0.55
15.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Batu Bara Resources Corporation Sdn. Bhd.	1,050,000	0.44
16.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Ibrahim Bin Mohd Zain (Margin)	1,050,000	0.44
17.	Maybank Nominees (Tempatan) Sdn. Bhd. Lim Siew Wah	1,045,000	0.44
18.	Sharifah Bahiyah Binti Wan Omar	1,020,200	0.43
19.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Renesas Semiconductor (M) Sdn. Bhd. (JF290)	1,000,000	0.42
20.	Jeannie Ooi Chin Nee	1,000,000	0.42
21.	Lee Tong Seng	1,000,000	0.42
22.	Neng Aik Hong	1,000,000	0.42
23.	Goh Ten Fook	980,000	0.41
24.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. MIDF Amanah Asset Management Berhad for Perbadanan Nasional Berhad (JC492)	962,000	0.41
25.	Sharifah Bahiyah Binti Wan Omar	900,500	0.38
26.	Lim Fong Yee	800,000	0.34
27.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	800,000	0.34
28.	Yu Kok Ann	700,000	0.30
29.	Othman Bin Mohd Noor	600,100	0.25
30.	Cheong See Choong	600,000	0.25
	Total	174,291,950	73.73

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of BRAHIM'S HOLDINGS BERHAD ("the Company") will be held at Dataran Canseloria, Universiti Kebangsaan Malaysia, 43600 Bangi Selangor Darul Ehsan on Saturday, 4 May 2019 at 3.00 p.m. for the following purposes:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 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 RM405,000.00 for the financial year ended 31 December 2018.	**Ordinary Resolution 1**
3. To approve the payment of Directors' Remuneration (excluding Director's Fee) payable to the Board an amount of RM50,000.00 for the period from 5 May 2019 until the next Annual General Meeting.	**Ordinary Resolution 2**
4. To re-elect the following Director who retire in accordance with Article 98 of the Constitution of the Company: (i) Kamil Bin Dato' Haji Abdul Rahman	**Ordinary Resolution 3**
5. To re-appoint Messrs. PricewaterhouseCoopers (LLP0014401-LCA & AF 1146) as Auditors of the Company until the conclusion of the next AGM and authorise the Directors to fix their remuneration.	**Ordinary Resolution 4**
Special Business To consider and, if thought fit, to pass the following ordinary resolutions with or without modification:	
6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** "THAT subject to Section 75 of the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors to issue not more than ten percent (10%) of the issued capital (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company in accordance with Section 76 of the Companies Act 2016 and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."	**Ordinary Resolution 5**
7. **PROPOSED ADOPTION OF NEW COMPANY'S CONSTITUTION** ""THAT the existing Memorandum and Articles of Association of the Company be hereby deleted in its entirety and a new Constitution, as set out in the Circular to Shareholders dated 12 April 2019 (a copy of which is attached) be replaced thereof and adopted as the Company's Constitution. THAT henceforth, the Constitution shall bind the Company, the members and the Directors to the same extent as if the Constitution had been signed and sealed by each member and contain covenants on the part of each member and Director to observe all the provisions of the Constitution. AND THAT the Secretaries be authorised and instructed to do all the necessary and deemed fit to lodge the Constitution as adopted herewith with the Companies Commission of Malaysia on behalf of the Company in accordance with Section 36 of the Companies Act 2016."	**Special Resolution 1**
8. To transact any other business for which due notice has been given in accordance with the Companies Act 2016.	

By Order of the Board

TEO MEE HUI (MAICSA 7050642)
TAN KOK SIONG (LS0009932)
Company Secretaries

Kuala Lumpur

12 April 2019

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, Boardroom Share Registrars Sdn Bhd at Level 6, Symphony House, 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, 26 April 2019.

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 37th 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 2018; and
- Resolution 2 on payment of Directors' Remuneration (excluding Directors' Fees) payable to Directors for the financial period from 5 May 2019 until the next AGM.

The payment of the Directors' Fees in respect of the financial year ended 31 December 2018 will only be made if the proposed Resolution 1 has been passed at the 37th 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 3
Tan Sri Datuk Seri Panglima Sulong Bin Matjeraie has informed the Board in writing of his intention to retire as a Independent Non-Executive Director and therefore would not be seeking election at this AGM under Article 98 of the Constitution of the Company. Hence, he will retain office until the conclusion of this AGM.

Ordinary Resolution 5 - 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.

Special Resolution 1

Adoption of New Company's Constitution
The proposed Special Resolution is to seek shareholders' approval to adopt a new Constitution to align with the provisions of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Corporate Governance Requirements ("Proposed New Constitution"). Please refer to the Appendix A for detailed information on the Proposed New Constitution.

The Proposed New Constitution shall take effect once the proposed Special Resolution 1 has been passed by a majority of not less than 75% of members who are entitled to vote and do vote in person or by proxy at the Thirty-seven AGM.

FORM OF PROXY

No. of Shares Held	CDS Account No.

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

* 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 37th Annual General Meeting of the Company to be held at Dataran Canseloria, Universiti Kebangsaan Malaysia, 43600 Bangi Selangor Darul Ehsan on Saturday, 4 May 2019 at 3.00 p.m. or at any adjournment thereof and to vote as indicated below:

Resolutions			For	Against
1.	To approve the payment of Directors' Fees.	Ordinary Resolution 1		
2.	To approve the payment of Directors' Remuneration (excluding Directors' Fee).	Ordinary Resolution 2		
3,	To re-elect Kamil Bin Dato' Haji Abdul Rahman as Director.	Ordinary Resolution 3		
4.	To re-appoint Messrs PricewaterhouseCoopers (LLP0014401-LCA & AF 1146) as Auditors.	Ordinary Resolution 4		
5.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 5		
6.	Proposed Adoption of new Company's Constitution.	Special Resolution 1		

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 ……….................. 2019

……………………………………….............……
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, Boardroom Share Registrars Sdn Bhd at Level 6, Symphony House, 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, 26 April 2019.

Please fold here

PLEASE
AFFIX
STAMP

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

Please fold here

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

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

Telephone : 03-2072 0730 **Facsimile :** 03-2072 0732
Email : info@brahimsgroup.com
www.brahimsgroup.com